9:30 A.M.  YUBA COUNTY BOARD OF SUPERVISORS - Welcome to the Yuba County Board of Supervisors meeting. As a courtesy to others, please turn off cell phones, pagers, or other electronic devices, which might disrupt the meeting. All items on the agenda other than Correspondence and Board and Staff Members Reports are considered items for which the Board may take action. The public will be given opportunity to comment on action items on the agenda when the item is heard.

I.  **PLEDGE OF ALLEGIANCE** - Led by Supervisor Abe

II.  **ROLL CALL** - Supervisors Vasquez, Nicoletti, Griego, Abe, Fletcher

III.  **CONSENT AGENDA:** All matters listed under the Consent Agenda are considered to be routine and can be enacted in one motion.

A.  Administrative Services

   1.  (021-15) Declare four Sheriff vehicles as surplus property and authorize Purchasing Agent to dispose of items in accordance with Yuba County Ordinance Code 2.50.060.

   2.  (022-15) Approve permanent vehicle assignments pursuant to Yuba County Ordinance Code 2.150.060 and Administrative Policy D-3 Automotive Transportation.

B.  Board of Supervisors

   1.  (023-15) Reappoint Frank Hall to the Fish and Game Advisory Commission as the District One representative with a term ending December 31, 2018.

   2.  (024-15) Reappoint Steve Wigley to the Library Advisory Commission as the District One representative with a term ending December 31, 2018.

   3.  (025-15) Approve Board Standing Committee appointments for calendar year 2015.

C.  Clerk of the Board of Supervisors

   1.  (026-15) Approve minutes of the special meeting of January 5, 2014.

D.  Community Development and Services

   1.  (027-15) Adopt resolution authorizing execution of contract 15F-2053 for 2015 Community Services Block Grant program and authorize the Executive Director of Community Services Commission to execute all necessary documents for program.

   2.  (028-15) Approve Floodplain Development Variance for agricultural storage building at 2500A Hoffman Road.

E.  County Administrator

   1.  (029-15) Approve extending appointment of Interim Human Resources Director for additional 90 days, effective February 1, 2015.
2. (030-15) Adopt resolution approving the updated AB 939 Local Task Force Membership list dated January 2015.

3. (031-15) Adopt resolutions reauthorizing the Secure Rural Schools and Community Self Determination Act of 2000 and seeking reauthorization of the Federal Payment in Lieu of Taxes.

F. Health and Human Services

1. (032-15) Adopt resolution authorizing Director of Health and Human Services Department to execute Memorandums of Understanding for government authorized alternate care sites.

G. Human Resources and Organizational Services

1. (033-15) Adopt resolution electing to be subject to section 22922 of the Public Employee's Medical and Hospital Care Act with respect to unrepresented extra help employees and setting the employer’s contribution for an employee as that prescribed by section 22892 of the Government Code. (Ten minute estimate)

IV. PUBLIC COMMUNICATIONS: Any person may speak about any subject of concern provided it is within the jurisdiction of the Board of Supervisors and is not already on today's agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes. Prior to this time speakers are requested to fill out a "Request to Speak" card and submit it to the Clerk of the Board of Supervisors. Please note: No Board action can be taken on comments made under this heading.

V. COUNTY DEPARTMENTS

A. County Administrator

1. (034-15) Adopt resolution authorizing the issuance of Certificates of Participation to finance a portion of the project costs for the Sheriff’s Yuba Street Facility project. (Twenty minute estimate)

VI. RECESS and CONVENE AS PUBLIC FACILITIES CORPORATION

1. Adopt resolution authorizing the issuance of Certificates of Participation to finance a portion of the project costs for the Sheriff’s Yuba Street Facility. (Ten minute estimate)

2. Adjourn

VII. RECONVENE AS YUBA COUNTY BOARD OF SUPERVISORS

B. Community Development and Services

1. (035-15) Approve contract change orders for State Route 70/Feather River Boulevard Interchange project and authorize Public Works Director to execute. (Ten minute estimate)

2. (036-15) Approve lease with Tsi Akim Maidu Tribe for a 2.5 acre portion of Sycamore Ranch Park and authorize Chair to execute. (Ten minute estimate)

3. (037-15) Receive update on public comments received from review period of Draft Development Code and provide policy direction to staff on changes to draft development code. (Twenty minute estimate)

VIII. ORDINANCES AND PUBLIC HEARINGS: If you challenge in court the action or decision of the Yuba County Board of Supervisors regarding a zoning, planning, land use or environmental protection matter made at any public hearing described in this notice, you may be limited to raising only those issues you or someone else raised at such public hearing, or in written correspondence delivered to the Yuba County Board of Supervisors at, or prior to, such public hearing and such public comments will be limited to three minutes per individual or group.

A. (038-15) Public Hearing - Hold public hearing and adopt resolution adopting amendment to Reuse Plan for new Housing and Community Development Community Development Block Grant. (Ten minute estimate)

B. (039-15) Public Hearing - Hold public hearing and adopt 2014 amendment to Yuba County Conflict of Interest Code. (Ten minute estimate)
IX. **CORRESPONDENCE:** The Board may direct any item of informational correspondence to a department head for appropriate action.

A. (040-15) Letter from Yuba County Office of Education regarding disposal of surplus property.

X. **BOARD AND STAFF MEMBERS’ REPORTS:** This time is provided to allow Board and staff members to report on activities or to raise issues for placement on future agendas.

X. **ADJOURN**

1/30/2015 8:30 A.M. Tri-County Juvenile Rehabilitation Facility Oversight Committee
1023 14th Street
Marysville, CA 95901

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Clerk of the Board's office at (530) 749-7510 or (530) 749-7353 (fax). Requests must be made two full business days before the start of the meeting. To place an item on the agenda, contact the office of the Clerk of the Board of Supervisors at (530) 749-7510.
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Administrative Services Memorandum

To: Board of Supervisors
CC: Robert Bendorf, County Administrator
From: Doug McCoy, Director, Administrative Services
Date: January 27, 2015
Re: Surplus Property Disposal – Sheriff Vehicles

Recommendation
It is recommended that the Board declare the attached lists as surplus property and authorize the Purchasing Agent to dispose of items in accordance with Yuba County Ordinance Code 2.50.060.

Background
Departments have declared the items on the attached list as surplus property. Pursuant to County ordinance, items with an original purchase price of $1,000 or more must have Board approval to be declared surplus property.

Discussion
The attached list is for Sheriff Vehicles that are no longer operable, missing substantial parts or no longer useful to the department.

Committee Action
Due to the routine nature of this action, it has been brought directly to your Board for consideration.

Fiscal Impact
There is no cost to the County. Proceeds will be deposited in to account 330-0000-371-9899 and appropriately distributed.
| ASSET  | VEHICLE # | VIN NUMBERS     | Year, Make, Model         | CURRENT LOCATION  | CONDITION                |
|--------|-----------|-----------------|----------------------------|--------------------|--------------------------|
| 15987  | 09-08     | 2FALP7TV55X115532 | 2009 FORD CROWN VICTORIA | MILLER DAY HALL    | NO RUN                   |
| 15454  | 08-03     | 2FALP7TV58X143277 | 2008 FORD CROWN VICTORIA | HUDGINS            | NO RUN NO FRONT END      |
| 11531  | 99-03     | 1FMVU1861XL552478 | 1999 FORD EXPEDITION      | MILLER DAY HALL    | NO RUN                   |
| 15455  | 08-05     | 2FALP7TV38X143276 | 2008 FORD CROWN VICTORIA | MILLER DAY HALL    | NO RUN                   |
Administrative Services Memorandum

To: Board of Supervisors
CC: Robert Bendorf, County Administrator
From: Doug McCoy, Director, Administrative Services
Date: January 27, 2015
Re: County Vehicle Take Home Assignments

Recommendation

Recommend the Board authorize the revised permanent vehicle assignments pursuant to County Ordinance 2.150.060 and Administrative Policy D-3 Automotive Transportaton.

Background

County Ordinance 2.150.060 and Administrative Policy D-3 Automotive Transportation allows for the permanent assignment of a vehicle where a continuing assignment of a vehicle is considered to be in the best interest of the County and is authorized by the Board of Supervisors. Beginning in 2014, the policy requires that departments submit justifications as to why a take home vehicle is necessary. Such justifications are attached.

Discussion

These vehicle assignments must be reviewed annually. The current vehicle assignments are for the Public Works Superintendent, two Assistant Public Works Superintendents, Emergency Operations Manager, Emergency Operations Planner, and seven (7) Deputy Sheriffs.

Committee Finding

Due to the routine nature of this action, it has been brought directly to the Board of Supervisors for consideration.

Financial Impact

Cost associated for a permanently assigned vehicle are budgeted and expenses by the associated departments.
Permanent Vehicle Assignments/Take Home Vehicles

Calendar Year 2015

Qty – Job Classification

1 – Public Works Superintendent

2 – Assistant Public Works Superintendent

1 – Emergency Operations Manager

1 – Emergency Operations Planner

7 – Deputy Sheriffs
TAKE-HOME VEHICLE JUSTIFICATION FOR PUBLIC WORKS

This summary is intended to provide the necessary justification for the Board of Supervisors to approve on an annual basis the ability for the Public Works Superintendent and two Assistant Superintendents to take home County trucks. The Superintendent lives in Yuba City and responds to calls countywide as needed. One Assistant Superintendent lives in the foothills and responds to call outs in the foothills as needed. The other Assistant Superintendent lives in Yuba City and responds to call outs in the valley as needed.

- **Cost savings**
  - In consideration for Supervisors (Superintendent, Assistant Superintendents) to be on call 24 hours/day, 7 days/week, to respond to emergencies, it is a responsible policy to provide a vehicle for this response. Otherwise, the County is obligated to schedule non-exempt employees for stand-by in order to properly cover emergency response. Standby time will cost $250/week ($13,000 annually) for two employees, as well as additional staff time spent scheduling various employees and continually updating on-call lists with the SO. The two Assistant Superintendents are not exempt employees, but it is inherently understood that being available for call outs is a responsibility of their position.

- **Faster emergency response times**
  - The Public Works Department responds to an estimated 200 to 250 after hour emergency call outs per year.
  - Supervisors are able to respond to the following types of emergency calls immediately from home: snow removal, fallen rock or loose debris, fallen trees, traffic signal & regulatory signage issues, and traffic control in support of the SO, CHP and Fire. The cumulative hours of response time savings (not having to first commute to the nearest corporation yard and then on to the location of the emergency) is invaluable to public safety.
- This gives Supervisors the ability to evaluate the situation quicker and task our limited resources more efficiently, saving on total overtime costs for road crew employees.
- Most emergency call outs require a Supervisor to evaluate the situation, then make an appropriate response based on safety of the public, and availability of Public Works crews and resources. So, even if we pay non-exempt employees for standby time, Supervisors will still need to respond to most incidents.
- County pickups are equipped with the necessary tools required to handle most common emergency call outs.
- With faster emergency response times Public Works is able to reduce the total time on scene for other public safety agencies, ie. SO, CHP, and Fire.
- Limits the total time a road hazard affects the traveling public, reducing the County’s liability.

• Perform daily duties more effectively and efficiently
  - Allows Supervisors to plan meetings with the public, perform permit inspections, and project planning in the early morning or late afternoon hours (if needed) that would normally be reserved for travel time to and from the corporation yard.
  - Allows Supervisors to start or end the day at the main office or in the field as our duties often require.
Date: July 29, 2014

To: Doug McCoy
Admin Services Director

Fr: Scott Bryan
Emergency Operations Manager

Re: Take Home County Vehicles

The incumbent Emergency Operations Manager (EOM) is the sole position in this classification. As such, the EOM is required to be on call 24 hours a day, 365 days a year to respond directly to emergency incidents within the county from their home. Through the use of a take home car, the EOM is able to expedite their response as needed. Without the use of a take home car, the EOM would be forced to waste valuable response time by having to first respond to the Government Center to pick up their assigned command vehicle. The OES command vehicles are also each outfitted with approximately $10,000 of equipment which can be more easily protected at the incumbents home and avoid damages and theft that has affected county vehicles previously.

The incumbent Emergency Operations Planner (EOP) is the sole position in this classification. As such, the EOP is required to be on call for OES when the EOM is on vacation, on extended sick leave or otherwise unavailable. While on call for OES, the EOP is responsible for responding directly to emergency incidents from their home. Under the circumstances above and during times of emergency, it is in the best interest of the County and its citizens for the EOP to be provided the use of their assigned OES command vehicle.

Please let me know if you have any questions.
Andrea,

The list of positions assigned a take-home vehicle are listed below. They include both canine handlers and hill deputies.

- **K-9 handlers** – 3 officers. Vehicles are equipped with special cages/equipment for canine transportation. Officers are on 24 hour call out; canines are housed at officers residence.
- **Hill Deputies** – 4 officers. Officers live in hill area and respond to calls (24 hour callout). Assigning a take-home vehicle saves the department considerable costs, as the deputies do not have to travel to the valley to pick up a vehicle daily.

Thanks,

Michelle
To: Board of Supervisors
From: Donna Stottlemyer, Clerk of the Board
Subject: Fish and Game Advisory Commission
Date: January 27, 2015

Recommendation

Reappoint Frank Hall to the Fish and Game Advisory Commission as the District One representative for a term ending December 31, 2018.

Background and Discussion

The Local Appointment List of all Boards/Commissions/Committees is continually posted indicating vacancies, appointees, terms of office, qualifications and meeting information. This is a scheduled vacancy due to the expiration of Mr. Hall’s term. Mr. Hall has been serving on the commission since January 2011 and wishes to continue. Supervisor Vasquez recommends reappointment.

In light of the expressed interest, it would be appropriate to appoint at this time.

Fiscal Impact

None

Committee Action

None required.

Attachments
The County of Yuba

Application for Board/Commission/Committee
Appointed by the Board of Supervisors

RETURN APPLICATION WITH ORIGINAL SIGNATURE

CLERK OF THE BOARD OF SUPERVISORS
YUBA COUNTY GOVERNMENT CENTER
915 EIGHTH STREET, SUITE 109
MARYSVILLE, CA 95901
(530) 749-7510

PLEASE FILL IN NAME OF BOARD/COMMISSION/COMMITTEE ON WHICH YOU WOULD LIKE TO SERVE

APPLICANT NAME: FRANK HALL

MAILING ADDRESS:

PHYSICAL ADDRESS: SAME AS ABOVE

TELEPHONE: HOME: WORK:

EMAIL ADDRESS:

OCCUPATION/PROFESSION: JOURNEYMAN MECHANIC
SUPERVISOR/ DISTRICT NUMBER: DISTRICT #1 ANDY VASQUEZ

REASONS YOU WISH TO SERVE ON THIS BODY: MY EXPERIENCE AND KNOWLEDGE OF WILDLIFE; THE KNOWLEDGE TO GET MONEY THAT BELONGS TO THE COMMISSION; ABILITY TO

QUALIFICATIONS: 28 yrs wildlife/sportsman exp
Knowledge of the area

LIST PAST AND CURRENT PUBLIC POSITIONS HELD: POLICE OFFICER FOR CITY OF WHEATLAND

DO YOU HAVE ANY CRIMINAL CONVICTION THAT MAY BE CONSIDERED A CONFLICT OF INTEREST WITH THE COMMITTEE YOU WISH TO SERVE UPON? ☐ YES ☑ NO
IF YES, PLEASE EXPLAIN. NOTE: THAT A FELONY CONVICTION SHALL PRECLUDE YOU FROM SERVICE.

I UNDERSTAND THAT IF APPOINTED TO A BOARD/COMMISSION/COMMITTEE AND WHAT MAY BE CONSIDERED A CONFLICT OF INTEREST ARISES, THAT I HAVE A DUTY TO GIVE WRITTEN NOTICE OF SUCH TO THE COUNTY.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

SIGNATURE: [Signature]
DATE: 12-26-10

THIS SECTION FOR OFFICE USE ONLY

☐ NO VACANCY CURRENTLY EXISTS ON ABOVE-MENTIONED BODY. APPLICANT NOTIFIED.

☑ APPLICANT APPOINTED: 1-11-11

☐ OTHER:

REV 11/09

2-29-11 CLERK TO ANDY VASQUEZ
Work with local women in getting revenue from tickets in wildlife areas.

Ability to work hard and go after money and land to be used for wildlife.
To: Board of Supervisors

From: Donna Stottlemyer, Clerk of the Board

Subject: Yuba County Library Advisory Commission District One Representative

Date: January 27, 2015

Recommendation

Reappoint Steve Wigley to the Library Advisory Commission as the District One Representative with a term ending date of December 31, 2018.

Background and Discussion

The Local Appointment List of all Boards/Commissions/Committees is continually posted indicating vacancies, appointees, terms of office, qualifications and meeting information. This is a scheduled vacancy due to the expiration of Mr. Wigley’s term. Mr. Wigley has been serving on the commission since April 2014 and wishes to continue. Supervisor Vasquez recommends appointment.

In light of the expressed interest, it would be appropriate to appoint at this time.

Fiscal Impact

None

Committee Action

None required.

attachments
The County of Yuba

RECEIVED
DEC 8, 2014

Application for Board/Commission/Committee
Appointed by the Board of Supervisors

RETURN APPLICATION WITH ORIGINAL SIGNATURE TO:
CLERK OF THE BOARD OF SUPERVISORS
YUBA COUNTY GOVERNMENT CENTER
915 EIGHTH STREET, SUITE 109
MARYSVILLE, CA 95901
(530) 749-7510

BOARD/COMMISSION/COMMITTEE
ON WHICH YOU WOULD LIKE TO SERVE: Library Advisory Commission

APPLICANT NAME: Stevens R. Whaley

MAILING ADDRESS -
(Street/P.O. Box, City, Zip):

PHYSICAL ADDRESS
(Street, City, Zip):

TELEPHONE:
HOME: WORK:

EMAIL ADDRESS:

OCCUPATION/PROFESSION: Commodity Inspector

SUPERVISOR/DISTRICT NUMBER:

REASONS YOU WISH TO
SERVE ON THIS BODY: Continued Service

QUALIFICATIONS: US & Yuba County citizen interested in helping

LIST PAST AND CURRENT
PUBLIC POSITIONS HELD: LAC 2014

DO YOU HAVE ANY CRIMINAL CONVICTION THAT MAY BE CONSIDERED A CONFLICT OF INTEREST WITH THE COMMITTEE YOU WISH TO SERVE UPON? □ YES □ NO
IF YES, PLEASE EXPLAIN. NOTE: THAT A FELONY CONVICTION SHALL PRECLUDE YOU FROM SERVICE.

I UNDERSTAND THAT IF APPOINTED TO A BOARD/COMMISSION/COMMITTEE, AND WHAT MAY BE CONSIDERED A CONFLICT OF INTEREST ARISES, THAT I HAVE A DUTY TO GIVE WRITTEN NOTICE OF SUCH TO THE COUNTY.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

SIGNATURE

DATE: 12-8-14

THIS SECTION FOR OFFICE USE ONLY

□ NO VACANCY CURRENTLY EXISTS ON ABOVE MENTIONED BODY. APPLICANT NOTIFIED.

□ APPLICANT APPOINTED: ____________________________

□ OTHER: __________________________________________

Rev 07/12  GC - Supervisor Whaley
January 27, 2015

TO: Board of Supervisors

FROM: Mary Jane Griego, Chair

SUBJECT: Board Standing Committee Appointments

Recommendation:

Approve Board Standing Committees Appointments for calendar year 2015.

Background and Discussion:

Each year after conferring with Board members, the Chair has recommended appointments for Board Standing Committees. Attached are those recommendations.

Committee Action:

None required.

Fiscal Impact:

None.

Ds:
Attachment
| AGENDA SETTING | AREA 4 AGENCY ON AGING-GOVERNING | ARTS COUNCIL Board of Directors |
|---------------|----------------------------------|----------------------------------|
| Rep: Chair Mary Jane Griego | Rep: Randy Fletcher | Rep: Mary Jane Griego |
| Alt: Vice Chair Roger Abe | Alt: Andy Vasquez | Alt: John Nicoletti |
| Chair and Vice-chair as Alternate. Meets weekly or Tuesday. Time varies | Meets 2nd Friday of each month at 10 a.m. at different locations within seven counties. Mileage reimbursement for out of county meetings. Phone: (916) 486-1876 (Tai) 1 Rep/1 Alt | Meets last Monday of each month, except in Dec., at 4 p.m. at 630 "E" Street, Marysville. Telephone: 742-2787 1 Rep/1 Alt |

| BEALE ENHANCEMENT TEAM | BL-CO. SOLID WASTE IND. HRG. | BI-COUNTY TRANSPORTATION |
|------------------------|-----------------------------|--------------------------|
| Rep: Andy Vasquez | Rep: John Nicoletti | Rep: John Nicoletti |
| Rep: Roger Abe | | Alt: Roger Abe |
| Alt: John Nicoletti | | Meets as needed. Only 1 Rep. \nContact Environmental Health, 749-5450 1 Rep |
| Meets 1st Tuesday of every other month beginning April at noon. Exec. Comm. meets 3rd Friday of every other month beginning in Jan. at 10 a.m. includes Executive Comm. meeting. Brenda Stranix Contact 751-8555. Also includes Beale Military Liaison Committee (Janice Nall) and Association of Defense BealeAFB: 634-8890 | Meets as needed. | |

| CA STATE ASSN. of COUNTIES | CHAMBER of COMMERCE | CMSP/Co. Medical Services Program |
|-----------------------------|--------------------|----------------------------------|
| Rep: Roger Abe | Rep: Randy Fletcher | Group 2 Region/Elected \nMark Lovelace/Humboldt |
| Alt: Randy Fletcher | Alt: Roger Abe | Term Ends 12/31/2016 |
| Meets 2/19, 5/28, and 9/3, at 10 a.m. in Sac. 12/1-4 Annual Conference in Monterey. Includes Private Partnership Project. Rep/Alt appointed in October. Telephone: (916) 327-7500 (Sue/Agenda) 1 Rep/1 Alt | Govt. Affairs Committee - Meets 1st Tuesday at 7:30 a.m. of each month at 1500 Franklin Road, Yuba City. Telephone: Rikki Shaffer 743-6501 1 Rep/1 Alt | Yuba is a member County. Representatives are elected by the 34 member county. Meets 4th Thurs of each month except Nov and Dec at 1451 River Park Drive, Suite 213 \nSacramento, CA 95815 \n(916) 649-2631 (Lee Kemper Exec, Dir) \nMark - 707-476-2393 |

| EMERGENCY MEDICAL CARE | FEATHER RIVER AIR QUALITY MGMT | FINANCE & ADMINISTRATION |
|------------------------|--------------------------------|--------------------------|
| Rep: Roger Abe | Rep: MJ Griego/J Nicoletti | Rep: Mary Jane Griego |
| Alt: Andy Vasquez | Rep: Roger Abe | Rep: Roger Abe |
| Meets 3rd Wednesday at 7:30 a.m. of each month at 1700 Poole Blvd., Yuba City. Telephone: 674-2780 (Ron Welch) 1 Rep/1 Alt | Meets 1st Monday at 4 p.m. every other month beginning February 5, at Government Center Conference Room 1. Stipend of $100 per meeting including committee meetings. 2 Rep/1Alt for 2012 Telephone: 634-7659 ext. 204 (LJ Ann) ext. 203 Chris Brown | Auditor/Controller, Assessor, CAO, Clerk of the Board, Clerk/Recorder, Counsel, Human Resources, Treasurer/Tax Collector, |

* Indicates Rep Serving on Sub-committee
| Committee Name                                  | Representative(s)       | Alternate(s)       | Meeting Information                                                                 |
|------------------------------------------------|-------------------------|--------------------|-------------------------------------------------------------------------------------|
| **FIRST 5 YUBA COMMISSION**                    | Andy Vasquez            | John Nicoletti     | Meets every month on the 4th Thursday beginning Jan. (except Nov. and Dec the 3rd Thursday) at 3:30 p.m. at Govt. Center, Conf. Room 1. Includes Healthy Kids Healthy Future Governing Board Telephone: 749-4877 (Claudia) 1 Rep/1 Alt |
| **HUMAN SERVICES**                             | Mary Jane Griego        | John Nicoletti     | Health & Human Services, Housing & Comm. Services, Library, Bi-County Mental Health. * Committee member serves on Library Advisory Commission |
| **LAFCO/LOCAL AGENCY FORMATION CO**            | Mary Jane Griego-Term 2017 | Andy Vasquez-Term 2017 | Meets 1st Wednesday at 6 p.m. in the Board Chambers as needed. Terms end 1st Mon of May Telephone: 749-5467 (Paige) |
| **LAND USE & PUBLIC WORKS**                    | Mary Jane Griego        | Roger Abe          | Planning, Building Services, Community Services, Public Works                        |
| **LAW & JUSTICE**                              | John Nicoletti          | Roger Abe          | Child Support Services, DA, Probation, Sheriff/Coroner. * Rep. also serves on Tri-County Juvenile Rehabilitation Facility Oversight Committee (Meets last Friday of month at 8:30 a.m. in Jan., Apr., July, & Oct. Brent Hungriqe 741-6371) |
| **LINDA LIAISON**                              | Andy Vasquez            | John Nicoletti     | Meets 2nd Wednesday at 5 p.m. of even numbered months (Feb., April, ..) when needed. Location announced. Telephone: 749-7510 (Donna) 1 Rep/1 Alt |
| **MARYSVILLE CITY/COUNTY LIAISON**            | John Nicoletti          | Mary Jane Griego   | Meets as needed on 1st Thursday at 4:30 p.m. of each month at Marysville City Hall. Telephone: 749-7510 (Donna) Billie F. 749-3901 (City) 1 Rep/1 Alt |
| **NACO/NATIONAL ASSN. OF COUNTIES**            | Roger Abe               |                   | Membership Suspended FY 12-13 Meets four times per year in various parts of the U.S. Funds. |
| **NO. CENTRAL COUNTIES CONSORTIUM**            | Roger Abe               | Andy Vasquez       | Meets quarterly -2/18, 5/20, 8/19, 11/18. Stipend of $100 per meeting, travel reimbursed at IRS rate per mile, plus lunch expense if coming from out of area. Rep. Colusa, Glenn, Sutter, Yuba Counties Telephone: 822-7145 1 Rep/1 Alt |
| **OPUD/COUNTY LIAISON**                       | Mary Jane Griego        | Roger Abe          | Meets on the 2nd Friday of each month at 11 a.m. at OPUD Board Chambers, 1970 9th Avenue Jan.-June and at the Government Center, Suite 115, July - Dec. Telephone: 749-7510 (Donna) 1 Rep/1 Alt |
| **PEACH TREE HEALTH CARE BOARD DIRE**          | John Nicoletti          | Andy Vasquez       | Meets last Wednesday at 4 p.m. of each month at clinic. Greg Stone Exc. Director Telephone: 741-6245 ext. 105 (Michelle) 1 Rep/1 Alt |
| **PROTECTIVE INSPECTION**                      | Andy Vasquez            |                   | Agricultural Commissioner, Emergency Services, Environmental Health |

* Indicates Rep Serving on Sub-committee
| BOARD OF SUPERVISORS' COMMITTEES - 2015 | Page 3 |
|-----------------------------------------|--------|
| **PUBLIC FACILITIES**                  |        |
| Rep: Mary Jane Griego                  |        |
| Rep: Andy Vasquez                       |        |
| Alt: John Niccletti                    |        |
| Administrative Services                 |        |
| **RCRC/RURAL COUNTY REPRESENTATIVE OF CA** |        |
| Rep: Roger Abe                          |        |
| Alt: Andy Vasquez                       |        |
| Meets 01/15, 3/18, 4/15, 6/17 & 18, 8/19, 9/23-25, 12/9 @ 9 a.m. Lunch provided. Mileage reimbursed (includes Natl Forest & Schools Coalition (Forest Receipts) and Ca. Rural Home Mortgage Finance Authority. (916) 447-4806 1 Rep/1 Alt - | Form 700 Filing |
| **REGIONAL HOUSING AUTHORITY**          |        |
| Rep. John Nicoletti                     |        |
| Meets at 12:15 on the 1st and 3rd Wednesdays of each month at 655 Joann Way, Yuba City. $50 stipend per meeting. Linda Nichols Executive Director Jennifer Ruiz Exec. Asst. 671-0220 ext. 122 1 Rep. | Form 700 Filing |
| **REGIONAL WASTE MGMT AUTHORITY**       |        |
| Rep: John Niccletti                     |        |
| Alt: Mary Jane Griego                   |        |
| Meets 3rd Thursday at 4:30 p.m. of each month at Yuba County Government Center Board Chambers. Stipend of $50 per meeting. Telephone: 634-6890 (Sandra) 1 Rep/1 Alt | Form 700 Filing |
| **S.Y BEHAVIORAL HEALTH ADV. BRD.**     |        |
| Rep: Andy Vasquez                       |        |
| Alt: Randy Fletcher                     |        |
| Meets 1st Thursday at 5:30 p.m. except Aug. and Dec. at 1965 Live Oak Blvd., Yuba City Telephone 822-7200 ext. 2275 (Sue Hopper) Fax 822-7627 1 Rep/1 Alt | Form 700 Filing |
| **SAC MOTHERLODE REG. ASSN. OF CO.**    |        |
| Suspend Membership since FY 04/05 - Full Name: Sacramento Motherloide Regional Association of County Supervisors. Meets in conjunction with CSAC & RCRC Annual conferences. Maximum of 3 mtgs per year. Placer County Supervisor Jim Holmes Telephone: 885-3695 | Form 700 Filing |
| **SACOG/SAC AREA COUNCIL OF GOVMTS.**   |        |
| Rep: Mary Jane Griego                   |        |
| Alt: John Niccletti                     |        |
| Meets 3rd Thursday at 9 a.m. of each month. Involves at least 1 additional committee meeting. Stipend of $100 per meeting, plus mileage at IRS rate. Includes Capitol Valley Regional SAFE Telephone: (916) 321-9000 - Rebecca Sloan 1 Rep/1 Alt - | Form 700 Filing |
| **SACO AREA COMMERCE & TRADE**          |        |
| Rep:                                   |        |
| Alt:                                   |        |
| Membership Suspended 09/10 Meetings 3rd Wednesday every other month (odd numbered) at 12 p.m. (location varies) Telephone: (916) 441-2144 (Kim) 1 Rep/1 Alt | Form 700 Filing |
| **SIERRA-NEVADA CONSERVANCY**           |        |
| **SIERRA-SACTO VALLEY EMS**             |        |
| Rep: Roger Abe                          |        |
| Alt: Randy Fletcher                     |        |
| Meets 2nd Friday at 1 p.m. of odd numbered months at 5995 Pacific St., Rocklin. Stipend of $50 per meeting, plus travel at IRS rate. Telephone: (916) 625-1701 1 Rep/1 Alt - | Form 700 Filing |
| **TRAILA DISPLACED PERSONS APPEALS BR** |        |
| Rep: Roger Abe                          |        |
| Alt: Andy Vasquez                       |        |
| Meets as needed. Representative serves as an alternate in the event a member is unable to attend meetings. TRLIA Executive Director Paul Brunner 749-5679 1 Rep. | Form 700 Filing |
| **WHEATLAND CITY/COUNTY LIAISON**      |        |
| Rep: Roger Abe                          |        |
| Alt: Andy Vasquez                       |        |
| Meets as needed on 2nd Tuesday at 5:00 p.m. of each month at Wheatland City Hall, 111 C Street Wheatland. Telephone: 749-7510 (Donna) City Administrator Steve Wright 633-2761 1 Rep/1 Alt | Form 700 Filing |

* Indicates Rep Serving on Sub-committee

Jan 21, 2015
| Board of Supervisors' Committees - 2015 | Page 4 |
|----------------------------------------|-------|
| **Y-S ECONOMIC DEVELOPMENT CORP.**    |       |
| Rep: *John Nicoletti                   |       |
| Rep: Randy Fletcher                    |       |
| Alt: Andy Vasquez                      |       |
| Meets at 7:30 a.m. on Feb. 6 and May 5 |       |
| * Committee member serves on the      |       |
| Comprehensive Economic Development    |       |
| Strategy Committee.                   |       |
| Telephone: 751-8555 (Brynda Strain)   |       |

| **YUBA CO. CHILDREN'S CO.**           |       |
| Rep: Randy Fletcher                   |       |
| Alt: Andy Vasquez                      |       |
| Meets 1st Wednesday at 8:00 a.m. at Yuba One Stop Beckworth Room. *Member also sits on Juvenile Justice Coordinating Council and Child Abuse Prevention Council (Dr. Brad Luz 822-7200) Nancy 822-7200 ext 2275 1 Rep/1 Alt |

| **YUBA COUNTY YOUTH COMMISSION**      |       |
| Rep:                                  |       |
| Currently not active due to lack of representatives. Meets 2nd and 4th Monday at 5:30 p.m. of each month at the Yuba County Government Center Board Chambers. Telephone: (530) 749-7510 |

| YUBA SUTTER TRANSIT AUTHORITY          |       |
| Rep: Mary Jane Griego                  |       |
| Rep: Randy Fletcher                     |       |
| Alt: John Nicoletti                     |       |
| Meets 3rd Thursday at 4:00 p.m. of each month at Yuba County Government Center Board Chambers. Stipend of $50 per meeting. Telephone: Sandra 634-6880 |

* Indicates Rep Serving on Sub-committee

Jan 21, 2015
I. **PLEDGE OF ALLEGIANCE** - Led by Ms. Darlene Hartman.

II. **ROLL CALL** - Supervisors Vasquez, Nicoletti, Griego, Abe, Stocker - Supervisor Stocker absent.

III. **CHAIR OF THE BOARD STATEMENT**: Chair Nicoletti commended employees, staff, and Board members for their service throughout the year and expressed gratitude for being able to serve as Chair.

IV. **ADJOURN SINE DIE**

V. **OATH OF OFFICE**: Clerk of the Board Donna Stottlemyer introduced and administered the oath of office to the following elected officials:

- District One Supervisor Andy Vasquez
- District Five Supervisor-elect Randy Fletcher
- Assessor Bruce Stottlemyer
- Auditor-Controller-elect Richard Eberle
- Clerk-Recorder/Registrar of Voters Terry Hansen
- District Attorney Patrick McGrath
- Sheriff-Coroner Steven L. Durfor
- Superintendent of School Scotia Holmes Sanchez
- Treasurer-Tax Collector Dan Mierzwa

VI. **ELECTION OF OFFICERS** - Chair and Vice Chair (Clerk of the Board)

Supervisor Vasquez nominated Supervisor Griego for 2015 Chair.

**MOTION**: Move to cast unanimous ballot for Supervisor Griego as Chair for 2015
**MOVED**: John Nicoletti **SECOND**: Andy Vasquez
**AYES**: John Nicoletti, Andy Vasquez, Mary Jane Griego, Roger Abe, Randy Fletcher
**NOES**: None **ABSENT**: None **ABSTAIN**: None

Supervisor Nicoletti nominated Supervisor Abe for 2015 Vice Chair.
MOTION: Move to cast unanimous ballot for Supervisor Abe as Vice Chair for 2015
MOVED: Randy Fletcher      SECOND: John Nicoletti
AYES: Randy Fletcher, John Nicoletti, Andy Vasquez, Mary Jane Griego, Roger Abe
NOES: None     ABSENT: None     ABSTAIN: None

Chair Griego thanked the Board for their support.

VII.  ADJOURN: 12:09 p.m.

__________________________
Chair

ATTEST: DONNA STOTTERMeyer
CLERK OF THE BOARD OF SUPERVISORS

__________________________
Approved:
January 27, 2014

TO: Board of Supervisors

FROM: Wendy Hartman, Director of Planning

SUBJECT: Authorize Contract for 2015 CSBG Program and Execution of all Documents (Contract 15F-2053)

Recommendation:

It is recommended that the Yuba County Board of Supervisors approve and authorize execution of contract 15F-2053 between the Department of Community Services and Development (CSD) and the Yuba County Community Services Commission for the 2015 Community Services Block Grant (CSBG) program and authorize and empower the Executive Director of the Community Services Commission to execute all necessary documents in connection with this program.

Background:

The Yuba County Community Services Commission is approved to receive and administer approximately $253,327 in Community Services Block Grant funds for 2015. The State is operating under a continuing resolution and has authorized an initial allocation in the amount of $68,435. The remainder of the allocation will be released under contract amendments as the funds become available. The Board has approved prior agreements for calendar years 1989 through 2014. It is the general policy of the County that the Chairman of the Board of Supervisors executes contracts. The CSD contract requires a resolution specific to this contract, with provisions that the Executive Director of the Community Services Commission has authority to sign any amendments or execute all other necessary documents in connection with this program. For purposes of this program and contract, the Executive Director shall be the CDSA Director or the Director of Planning.
The Board of Supervisors previously authorized, empowered, and designated the Executive Director of the Community Services Commission to execute all necessary documents and act in all matters in connection with the CSBG programs in Resolution No. 1990-15. The 2015 CSD contract requires that a new resolution specific to contract 15F-2053 be submitted. This does not alter the action previously taken by the Board of Supervisors, but satisfies this requirement.

Discussion:

The attached contract contains many provisions, including budget information reflecting the 2015 distribution of funds previously approved by the Yuba County Community Services Commission.

Fiscal Impact:

These activities are at no cost to the General Fund.

Attachments:

- Resolution Authorizing CSBG Contract 15F-2053
- A complete copy of the contract is on file in the Clerk of the Board's office for review.
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

IN RE:

RESOLUTION AUTHORIZING THE
SUBMISSION OF THE STATE CSBG
CONTRACT NO. 15F-2053 REGARDING
COMMUNITY SERVICES BLOCK GRANT,
AMENDMENTS AND REQUIRED REPORTS

WHEREAS, the State of California Department of Community Services and Development has made available Community Services Block Grant (CSBG) funds for 2015, and

WHEREAS, the State of California Department of Community Services and Development has offered CSBG Contract No. 15F-2053 to the Yuba County Community Services Commission, and

WHEREAS, the Yuba County Community Services Commission and the Board of Supervisors have determined that there is a need for anti-poverty programs and are willing to accept the aforementioned contract, and

WHEREAS, should the Yuba County Community Services Commission accept a contract from the California State Department of Community Services and Development, the organization certifies that all uses of funds will be in compliance with the California State Department of Community Services and Development regulations, guidelines and contract provisions, and

WHEREAS, the Chairman of the Board of Supervisors, or Executive Director of the Community Services Commission can act on behalf of the Yuba County Community Services Commission and will sign all necessary documents required to complete the contract.
NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby authorizes the Chair of the Board of Supervisors, or the Executive Director of the Community Services Commission, subject to approval of County Counsel, to apply for and to enter into contract #15F-2053 and any amendments thereto with the California State Department of Community Services and Development. The Executive Director is further authorized to sign subsequent required fiscal and programmatic reports, and to perform any and all responsibilities in relationship to such contract.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Yuba, State of California, on the __________ day of _______________ 2015, by the following vote:

AYES:
NOES:
ABSENT:

______________________________
Chairman of the Board of Supervisors

ATTEST: DONNA STOTTERMeyer
CLERK OF THE BOARD OF SUPERVISORS

______________________________
ANGIL P. MORRIS-JONES
YUBA COUNTY COUNSEL
APPROVED AS TO FORM:

______________________________
[Signature]

C:\Users\tstedman\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\WYWQRQCDL2015 BOS REPORT-RESOLUTION.DOCX
STATE OF CALIFORNIA
STANDARD AGREEMENT
STD. 213 (Rev. 6/03)

AGREEMENT NUMBER
15F-2053
AMENDMENT NUMBER
0
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below

STATE AGENCY’S NAME
Department of Community Services and Development

CONTRACTOR’S NAME
Yuba County Community Services Commission

2. The term of this Agreement is: January 1, 2015 through December 31, 2015

3. The maximum amount of this Agreement is: Total $68,435.00

4. The parties agree to comply with the terms and conditions of the following exhibits that are by this reference made a part of the Agreement:

Part I
Preamble
Article 1 - Scope of Work
Article 2 - Contract Construction, Administration, Procedure

Part II*
Subpart A - Administrative Requirements*
Subpart B - Financial Requirements*
Subpart C - Programmatic Requirements*
Subpart D - Compliance Requirements*
Subpart E - Certification and Assurances*
Subpart F - State Contracting Requirements*
Subpart G - Definitions*
Subpart H - Table of Forms and Attachments*

Items shown with an Asterisk (*) are hereby incorporated by reference and made a part of this agreement as if attached hereto. These documents can be accessed at https://providers.csd.ca.gov/.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

Yuba County Community Services Commission

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING
Mary Jane Griego, Chair Board of Supervisors

APPROVED AS TO FORM
ANGIL P. MORRIS-JONES

ADDRESS
915 - 8th Street, Suite 130, Marysville, CA 95901

COUNTY COUNSEL
BY:

STATE OF CALIFORNIA

AGENCY NAME
Department of Community Services and Development

CALIFORNIA
Department of General Services
Use Only

BY (Authorized Signature)

DATE SIGNED (Do not type)

“I hereby certify that all conditions for exemption have been complied with, and this document is exempt from the Department of General Services approval.”

☐ Exempt per __________
PREAMBLE

This subvention agreement, for the funding of Community Service Block Grant (CSBG) programs in 2015 ("Agreement"), is entered into between the Department of Community Services and Development ("CSD") and the contractor named on Form STD. 213, the face sheet of this document ("Contractor"), and shall be enforceable on the date last signed.

NOW THEREFORE, in consideration of the promises and of the mutual agreements and covenants hereinafter set forth, the CSD and Contractor hereby agree as follows:

ARTICLE 1 – SCOPE OF WORK

1.1 General

A. Contractor shall administer and/or operate community-based programs designed to reduce poverty, revitalize low-income communities, and empower low-income families and individuals within Contractor’s service area (described in Section 1.3) to achieve greater self-sufficiency, pursuant to Title 42 of the United States Code (USC) Section 9901 et seq. (the Community Services Block Grant Act, as amended) and Government Code Section 12085 et seq., as amended. Unless otherwise specified in the Contractor’s Community Action Plan or elsewhere in this Agreement, Contractor shall make its services and activities available to the low-income community within its service area throughout the entire term of this Agreement. Contractor shall ensure that all services funded in whole or in part through this Agreement will support state and federal policies and goals of the CSBG Act as set forth in the above-referenced statutes.

B. The CSBG Catalog of Federal Domestic Assistance number is 93.569. The award is made available through the United States Department of Health and Human Services.

1.2 Term and Amount of Agreement

A. The term of this Agreement shall be as specified on the face sheet (STD. 213).

B. The Maximum Amount of this Agreement shall be as specified on the face sheet and is subject to adjustment(s), in accordance with the following terms:

1. The initial amount shall be based on a partial allocation of the federal Community Services Block Grant for federal fiscal year (FFY) 2015, awarded to the State pursuant to one or more continuing resolutions passed by the Congress prior to the execution of this Agreement.

ARTICLE 1 – SCOPE OF WORK
STANDARD AGREEMENT
PART I

2. Upon the issuance of each subsequent federal allocation, including the full annual allocation to the State for FFY 2015, CSD shall issue an amendment to this Agreement to increase the Maximum Amount by the amount to be distributed to Contractor as calculated pursuant to CA Government Code §§ 12750 – 776 and applicable CSBG State Plan provisions.

1.3 Service Area

The services shall be performed in the following service area:

See Part II, Subpart H. The 2015 CSBG Numbers, Contractors, and Service Territories listing may be accessed at http://providers.csd.ca.gov.

1.4 Legal Authorities – Program Requirements, Standards and Guidance

A. All services and activities are to be provided in accordance with all applicable federal, state, and local laws and regulations, and as those laws and regulations may be amended from time to time, including but not limited to, the following:

1. The Community Services Block Grant Act, as amended, 42 U.S.C. §9901 et seq., and 45 Code of Federal Regulations (CFR) Part 96;

2. The California Community Services Block Grant Program, Government Code §12085 et seq., as amended, and Title 22, California Code of Regulations (CCR) §§100601-100795;

3. The Single Audit Act, 31 U.S.C. §7301 et seq., and Office of Management and Budget (OMB) Circular A-133 and its appendices and supplements, except as otherwise provided in this Agreement.

B. Conflict of laws. Contractor shall comply with all of the requirements, standards, and guidelines contained in the authorities listed below, as they may be amended from time to time, with respect to procurement requirements, administrative expenses, and other costs claimed under this Agreement, including those costs incurred pursuant to subcontracts executed by Contractor, notwithstanding any language contained in the following authorities that might otherwise exempt Contractor from their applicability. To the extent that the requirements, standards, or guidelines directly conflict with any State law or regulation at Government Code §12085 et seq. or 22 CCR §100601 et seq., or any provision of this Agreement, then that law or regulation or provision shall apply, unless, under specified circumstances, a provision of federal law applicable to block grants, such as 45 CFR 96.30, allows for the application of state law.

1. OMB Circular A-102 (Common Rule for State and Local Governments), as codified by the Department of Health and Human Services (HHS) at 45 CFR Part 92;

ARTICLE 1 – SCOPE OF WORK
2. OMB Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Non-Profit Organizations), as codified by HHS at 45 CFR Part 74;

3. OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments) as codified at 2 CFR Part 225;

4. OMB Circular A-122 (Cost Principles for Non-Profit Organizations) as codified at 2 CFR Part 230.

5. Contractor further agrees to abide by all requirements in California Contractor Certification Clauses 307 (CCC-307).

C. CSD shall provide Contractor with specific program guidance which shall be binding on the Contractor as a condition of the Contractor’s eligibility to receive CSBG funds, PROVIDED:

1. That such guidance shall be issued by CSD in writing in the form of “CSD Program Notice (CPN) No. XX-XX” posted at https://providers.csd.ca.gov.

2. That such guidance shall be issued by CSD in the most timely and expeditious manner practicable;

3. That such guidance shall be reasonably necessary to realize the intent and purposes of the CSBG Act;

4. That major and material changes in program requirements which substantially affect the Contractor’s and/or CSD’s ability to fulfill contractual obligations, or which otherwise create a substantial hardship on either the Contractor or CSD, shall be subject to an amendment to this Agreement;

5. That the parties’ failure or inability to execute a mutually acceptable amendment, under circumstances described in the preceding subparagraph 1.4 C. 4, within a period of time allowing the parties to reasonably comply with any major change(s) in CSBG requirements, shall result in this Agreement being without force and effect, subject only to such provisions contained herein as are intended to survive the Agreement in accordance with the express and implied provisions of applicable federal and state law;

6. That Contractor is duly informed of the risk of de-designation as an eligible entity, based on CSD’s obligation to avoid/minimize interruption of CSBG-funded services in any part of the state, in the event that this Agreement terminates due to failure to agree to any necessary amendment; and,
STANDARD AGREEMENT
PART I

7. That upon CSD’s or Contractor’s good faith determination, delivered to the other party by written notice, that agreement to any necessary amendment as contemplated in subparagraph 1.4 C. 4. above cannot be achieved, then this contract shall be terminated, and any issues of eligible entity status addressed, in accordance with requirements of federal and state law and established CSD policy and procedure.

D. The federal and state laws, regulations and other authorities referenced in the present paragraph 1.4 are hereby incorporated by reference into this Agreement. Copies may be accessed for reference at www.csd.ca.gov.
ARTICLE 2 – CONTRACT CONSTRUCTION, ADMINISTRATION, PROCEDURE

2.1 Base Contract and Whole Agreement

A. This Agreement consists of two parts, which together constitute the whole agreement between CSD and Contractor.

B. Part I is the “Base Contract” which consists of the following:

1. The face sheet (Form STD. 213) which specifies:
   a. the parties to the Agreement;
   b. the term of the Agreement;
   c. the maximum dollar amount of the Agreement; and
   d. the authorized signatures and dates of execution.

2. The Preamble, Article 1 and Article 2

C. Part II consists of the “Administrative and Programmatic Provisions” which are comprised of Subparts A through H, including specified requirements, obligations, provisions, procedures, guidance, forms and technical materials necessary for program implementation.

D. Agreed-upon Contract Execution Provisions, Procedures and Required Forms

1. Part I, the Base Contract, will be exchanged by the parties for execution with original signatures, fully executed copies being retained by each party.

2. Contractor must complete the following forms, available on the providers’ website at https://providers.csd.ca.gov, and return them with the executed contract:

   a. 425 Budget Series Forms
      i. CSD 425.8 CSBG Contract Budget Summary
      ii. CSD 425.1.1 CSBG Budget Support Personnel Cost
      iii. CSD 425.1.2 CSBG Budget Support Non Personnel Cost
      iv. CSD 425.1.3 CSBG Budget Support Other Agency Operating Funds
      v. CSD 425.1.4 CSBG Contract Budget Narrative

   b. CSBG/NPI Workplan CSD 801 W (Form)
   c. Certification Regarding Lobbying/Disclosure of Lobbying Activities
   d. Executive Director and Board Roster CSD 188 (Form)
3. **Board Resolution.** Contractor must also submit a governing board resolution with an original signature of the board’s authorized representative, identifying the individual(s) authorized to execute the 2015 CSBG Agreement and any amendments.

4. Part II, Administrative and Programmatic Provisions (and Table of Forms and Attachments) is hereby incorporated by reference into this Agreement, is an essential part of the whole Agreement, and is fully binding on the parties.

5. CSD shall maintain a certified date-stamped hardcopy of Part II for inspection by Contractor during normal business hours, as well as a date-stamped, PDF version of Part II on CSD’s “Provider Website,” which may be accessed by Contractor, downloaded and printed at Contractor’s option.

6. Neither Part I nor Part II of this Agreement may be changed or altered by any party, except by a formal written, fully executed amendment, or as provided in Article 1.4C with respect to program guidance, or as provided in Part II, Subpart A, Article 3 – Agreement Changes. Upon such amendment of any provision of Part II, the amended PDF version shall be date-stamped and posted to the Provider Website until such time as a subsequent Agreement or amendment is executed by the parties.

7. Contractors that are public or governmental entities with local provisions requiring receipt of a hardcopy of all parts of this Agreement as a prerequisite to execution, as well as other contractors that make special arrangements with CSD, may receive hardcopies of Parts I and II for execution and retention.

2.2 **State Contracting Requirements – “General Terms and Conditions, GTC 610”**

In accordance with State contacting requirements, specified contracting terms and conditions are made a part of this agreement. The provisions in their entirety, previously located in Exhibit C of the CSBG contract, are now found in Part II, Subpart F of this Agreement and are fully binding on the parties in accordance with state law.

2.3 **Contractor’s Option of Termination**

A. Contractor may, at Contractor’s sole option, elect to terminate this contract in lieu of adherence to the procedures set out in subparagraph 1.4 C, should Contractor determine that any subsequent program guidance or proposed amendment to the contract is unjustifiably onerous or otherwise adverse to Contractor’s legitimate business interests and ability to implement the contract in an effective and reasonable manner, PROVIDED:
1. Such notice of termination is in writing and will be effective upon receipt by CSD, delivered by U.S. Certified Mail, Return Receipt Requested.

2. Notice contains a statement of the reasons for termination with reference to the specific provision(s) in the program guidance or proposed amendment in question.

B. Contractor shall be entitled to reimbursement for all allowable costs incurred prior to termination of the contract. Such reimbursement shall be in accordance with the program guidance and contract provisions in effect at the time the cost was incurred.

C. Contractor shall, within 60 days of termination, closeout the contract in accordance with contractual closeout procedures.

D. By executing this Agreement, Contractor acknowledges and understands that voluntary termination prior to the end of the Agreement term may result in Contractor's permanent or temporary de-designation as an eligible entity, due to CSD’s obligation to seek replacement CSBG provider(s) in accordance with state and federal CSBG requirements.

2.4 Budget Contingencies

A. State Budget Contingency

1. It is mutually agreed that if funds are not appropriated for implementation of CSBG programs through the state budget process or otherwise, whether in the current year and/or any subsequent year covered by this Agreement, this Agreement shall be of no further force and effect. Upon written notice to Contractor by CSD that no funds are available for contract implementation, the Agreement shall be terminated and the State shall have no obligation to pay Contractor or to furnish other consideration under this Agreement and Contractor shall not be obligated for performance.

2. If CSBG funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, the State shall at its sole discretion have the option either to terminate this Agreement upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract closeout obligations and final settlement.
B. Federal Budget Contingency

1. The parties agree that because of uncertainty in the federal budget process, this Agreement may be executed before the availability and amounts of federal funding can be ascertained, in order to minimize delays in the provision of services and the distribution of funds. The parties further agree that the obligations of the parties under this Agreement are expressly contingent on adequate funding being made available to the state by the United States Government.

2. If federal funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, the State shall at its sole discretion have the option either to terminate this Agreement upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract closeout obligations and final settlement.

3. If federal funding authorities condition funding on any obligations, restrictions, limitations, or conditions not existent when this Agreement was executed, this Agreement shall be amended by mutual agreement for compliance with such obligations, restrictions, limitations or conditions. Failure of the parties to reach agreement on such amendment shall render this Agreement without force and effect.

4. Subject to the provisions of 2.4 B. 2., CSD shall authorize expenditures of funds under this Agreement based on any Continuing Resolution appropriations. CSD shall notify the Contractor in writing of authorized interval funding levels.

2.5 Miscellaneous Provisions

A. Assignment. Neither this Agreement nor any of the rights, interests, or obligations under this Agreement shall be assigned by any party without the prior written consent of the other parties, except in the case where responsibility for program implementation and oversight may be transferred by the State to another State agency. In the event of such transfer, this Agreement is binding on the agency to which the program is assigned.

B. Merger/Entire Agreement. This Agreement (including the attachments, documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the parties with respect to such subject matter.
C. Severability. If any provision of this Agreement be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement will not be in any way impaired and shall remain in full force and effect.

D. Notices. Unless otherwise provided herein, notice given by the parties shall be in writing, delivered personally, by United States mail, or by overnight delivery service (with confirmation). Certain reporting and other communications may be delivered electronically as specified by CSD or as is customary between the parties. Notice shall be delivered as follows:

1. To Contractor’s address of record; and

2. To CSD at:

   Department of Community Services and Development
   Field Operations Services
   2389 Gateway Oaks Drive, Suite 100
   Sacramento, CA 95833
STANDARD AGREEMENT
PART II

PART II

Subpart A – Administrative Requirements

ARTICLE 3 – AGREEMENT CHANGES

3.1 Amendment

A. Formal amendments to this Agreement are required for changes to: the term, total cost or Maximum Amount, scope of work, and/or formal name changes. No amendment to this Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

B. If Contractor intends to request a formal amendment to this Agreement, the request must be submitted on a CSD 425b, Justification for Contract Amendment/Modification, no later than 45 days prior to the expiration of the Agreement term. (CSD Form 425b can be located at http://providers.csd.ca.gov/ under the CSD Contractors' page and CSBG tab).

C. Term extensions and close-out periods. The term of this Agreement may be extended, upon request, to no later than May 31 of the year following the original expiration date of the Agreement. Regardless of the extension period granted, Contractor must submit all required close-out documents, without exception, no later than June 30. Accordingly, a term extension through April 30 allows for a 60-day close-out period, and an extension through May 31 allows for a 30-day period.

3.2 Minor Modification

A. Any request(s) for modification to CSBG Fiscal Data or NPI Workplan documents must be submitted on a CSD 425b, Justification for Contract Amendment/Modification, no later than 45 calendar days prior to the expiration date of this Agreement.

B. Contractor may modify problem statements, program activities, and/or delivery strategies, to either: a) add program(s) not previously projected on the CSD 801, or b) remove program(s) previously projected on the CSD 801 for which no clients have been served and the program was terminated.

C. Any increase to out-of-state travel costs or equipment purchases will require a request for modification to the budget and must be submitted on a CSD 425b, Justification for Contract Amendment/Modification.
ARTICLE 4 - ADMINISTRATIVE POLICIES AND PROCEDURES

4.1 Board Roster, Bylaws, Resolution and Minutes

A. Concurrently with Contractor’s submission of this Agreement, Contractor shall submit to CSD the following:

1. Unless otherwise specified in 2. and 3. below, a current roster of the tripartite board, including the name and sector (i.e., low-income, public, private) of each board member, contact information for each member at a location other than the office of the eligible entity, vacancy title, date each board seat was vacated, and the most recent version of the organizational bylaws. Contractor is to complete Executive Director and Board Roster (CSD 188), included in Subpart H, Table of Forms. Contractor is responsible to notify CSD of any changes to the tripartite board within thirty (30) days of such occurrence.

2. In the case of Native American Indian (NAI) Contractors that have established another mechanism (in consultation with CSD and subject to CSD approval) to assure low-income individuals’ participation in the management of programs funded by this Agreement, a current roster of the NAI governing council, commission, board, or other body responsible for administration of CSBG-funded programs, and the most recent version of the organizational bylaws. The roster shall include contact information for each member of the governing body at a location other than the office of the NAI Contractor, and shall identify how low-income individuals are represented in the organization’s governance. NAI Contractors shall also submit the most recent version of the organizational bylaws. Contractor is responsible to notify CSD of any changes to its governing body within (30) days of such occurrence.

3. In the case of Limited Purpose Agency (LPA) Contractors, a current roster of Contractor’s board, including the name of each board member, contact information for each member at a location other than the office of the LPA, and the most recent version of the organizational bylaws. Contractor is responsible to notify CSD of any changes to its board within thirty (30) days of such occurrence.

B. Contractor’s current governing board must authorize the execution of this Agreement. Contractor has the option of demonstrating such authority by either: 1) direct signature of a board member having signing authority; or 2) any lawful delegation of such authority that is consistent with Contractor’s bylaws.

C. Where Contractor elects to delegate signing authority to the chief executive officer (CEO) or executive director (ED), CSD will accept either a resolution specific to this Agreement or a resolution approved by the current governing board with general applicability to any CSD program contract or amendment. Where Contractor
provides a general resolution, Contractor shall maintain documentation that the CEO or ED provided timely and effective communication of the execution and terms of this Agreement to the board. Either a specific or current general resolution must be on file with CSD prior to CSD’s final execution of this Agreement.

D. Contractor shall submit to CSD the approved minutes of regularly scheduled meetings of its tripartite board, LPA contractor’s board, NAI governing council, commission, board, or other body responsible for administration of CSBG-funded programs, no later than thirty (30) days after the minutes are approved. Regularly scheduled meetings shall be held in accordance with Contractor’s bylaws.

E. If Contractor’s tripartite board is advisory to the elected officials of a local government, Contractor shall submit to CSD the minutes from any meeting of the elected officials where matters relating to this Agreement are heard; including, but not limited to, discussions about or decisions affecting the Community Action program. Such minutes shall be submitted to CSD no later than thirty (30) days after the minutes are approved.

4.2 Internal Control Certification

Contractor shall establish and maintain a system of internal accounting and administrative control. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. The system of internal accounting and administrative control shall be attested to within the Contractor’s independent audit conducted pursuant to this Agreement, and include:

A. Segregation of duties appropriate to safeguard State assets.

B. Access to agency assets is limited to authorized personnel who require these assets in the performance of their assigned duties.

C. Authorization and recordkeeping procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures.

D. Practices to be followed in performance of duties and functions.

E. Personnel of a quality commensurate with their responsibilities.

F. Effective internal review.

4.3 Record Retention

A. All records maintained by Contractor shall meet the OMB requirements contained in the following Circulars, or subsequent amendments thereto: A 102, Subpart C,
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(“Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”) or A 110, Subpart C, Nonprofit Organizations, whichever is applicable.

B. Contractor shall maintain all records pertaining to this Agreement for a minimum period of three years after submission of the final report. However, Contractor shall maintain all such records until resolution of all audit and monitoring findings are completed.

C. Contractor assures that employee and applicant records shall be maintained in a confidential manner to assure compliance with the Information Practices Act of 1977, as amended, and the Federal Privacy Act of 1974, as amended.

4.4 Insurance Requirements

A. By execution of this Agreement, Contractor agrees that the below-required insurance policies and bond shall be in effect at all times during the term of this Agreement.

B. Contractor shall provide CSD with written notice at least thirty (30) calendar days prior to cancellation or reduction of insurance coverage to an amount less than that required in this Agreement.

C. In the event said insurance coverage expires at any time or times during the term of this Agreement, Contractor agrees to provide within thirty (30) calendar days prior to said expiration date, a new Certificate of Insurance (ACORD 25) evidencing insurance coverage as provided for herein for not less than the remainder of the term of this Agreement. The Certificate shall identify and name CSD as the Certificate Holder.

D. New Certificates of Insurance will be reviewed for content and form by CSD.

E. In the event Contractor fails to maintain in effect at all times the specified insurance and bond coverage as herein provided, CSD may, in addition to any other available remedies it may have, suspend this Agreement.

F. With the exception of workers' compensation and fidelity bond, CSD shall be named as additional insured on all Certificates of Insurance required under this Agreement.

G. The issuance of other CSD contracts, to include any cash advances and reimbursement payments, to the Contractor shall be contingent upon required current insurance coverage being on file at CSD for this Agreement.

H. Should Contractor utilize a subcontractor(s) to provide services under this Agreement, Contractor shall indemnify and hold the State harmless against any liability incurred by that subcontractor(s).

ARTICLE 4 – ADMINISTRATIVE POLICIES AND PROCEDURES
4.5 System Security Requirements

A. Contractor shall, in cooperation with CSD, institute measures, procedures, and protocols designed to ensure the security of data and to protect information in accordance with the Information Practices Act of 1977 (Civ. Code §1798, et seq.), and such other State and Federal laws and regulations as may apply. The parties hereto agree to the following requirements, obligations, and standards:

1. General Information/Data Description. The interconnection between CSD and Contractor is a two-way data exchange. The purpose of the data exchange or direct input is to deliver application records for payment processing or contract activity reimbursement.

2. Services Offered. Data exchange between CSD and Contractor shall be handled through two methods: 1) a Contractor user must authenticate to upload data files in a secure socket layer connection; or 2) a secure user interface that is only available to Contractor users with a unique software authentication to see the login window and also secure tunnel between CSD and the Contract user.

3. Data Sensitivity

a. The sensitivity of data exchanged between CSD and Contractor may vary from sensitive to personal or confidential because of personal data such as social security numbers to private data, e.g., family income level, family member name, etc. No personal financial information, i.e., credit card, bank account numbers, shall be stored or exchanged in the data exchange sessions.

b. Appropriate levels of confidentiality for the data shall be based on established data classification and FIPS Publication 199 (available at: csres.nist.gov/publications/fips/fips199/FIPS-PUB-199-final.pdf)

4. Information Exchange Security

a. The security of the information being passed on this primary two-way connection shall be protected through the use of encryption software. The connections at each end shall be secured plus the physical location the application systems shall be within a controlled access facilities. Individual users may not have access to the data except through their systems security software that is logged in detail or controlled. All access will be controlled by authentication methods to validate the approved users.

b. Standards for secure transmission may be accomplished through such means as certificates, secure socket layer, etc., and storage of the data with encryption, if applicable.
c. Both CSD and Contractor shall maintain security patches and anti-virus software updates.

5. *Trusted behavior expectations.* CSD’s application system and users shall protect Contractor’s application system/data, and the Contractor’s application system and users shall protect CSD’s application system/data, in accordance with the Privacy Act and Trade Secrets Act (18 U.S. Code 1905) and the Unauthorized Access Act (18 U.S. Code 2701 and 2710).

6. *Formal security guidelines.* CSD’s Computer Security Policy and Contractor’s policy and procedures for internal controls shall conform to the standards and obligations for the protection of data established herein and shall ensure their implementation.

7. *Incident reporting.* Any party discovering a security incident shall report it in accordance with its incident reporting procedures. Contractor shall within twenty-four (24) hours of discovery report to CSD any security incident contemplated herein.

8. *Audit trail responsibilities.* Both parties are responsible for auditing application processes and user activities involving the interconnection. Activities that will be recorded include event type, date and time of event, user identification, workstation identification, success or failure of access attempts, and security actions taken by system administrators.

9. *Data sharing responsibilities.* All primary and delegated secondary organizations that share, exchange, or use personal, sensitive, or confidential data shall adhere to the information security and privacy requirements of this Agreement and applicable state and federal law, in addition to further data sharing guidance as may be issued by CSD during the term of this Agreement. If data sharing is accomplished via interconnectivity of an application system, then data sharing must be certified to be secure by both parties.

4.6 **Travel and Per Diem**

A. Contractor’s total travel and per diem costs for in-state and/or out-of-state shall be included in the Agreement Budget(s). Out-of-state travel costs that exceed the budgeted amount shall not be reimbursed without prior written authorization from CSD.

B. Contractor’s employee travel costs and per diem reimbursement rates shall be reimbursed in accordance with Contractor's written policies and procedures not to exceed federal per diem requirements, and subject to the requirements of OMB Circular A-87 Attachment B, Paragraph 43 (2 CFR, Part 225) or OMB Circular A-
122 Attachment B, Paragraph 51 (2CFR, Part 230), or any amendments thereto, as applicable.

C. In the absence of a written travel reimbursement policy, Contractor shall be subject to the provisions of California Code of Regulations §§599.615 through 599.638 and shall be reimbursed in accordance with the terms contained therein.

4.7 Codes of Conduct

A. Written standards. Contractor shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts or subcontracts. No employee, officer, or agent of the Contractor shall participate in the selection, award, or administration of a subcontract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Contractor shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or parties to sub agreements. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipients.

B. Self-dealing prohibited. Contractor shall not pay federal funds received from CSD to any entity in which it (or one of its employees, officers, agents, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein) has an interest. As ownership constitutes a financial interest, Contractor shall not subcontract with a subsidiary. Similarly, Contractor shall not subcontract with an entity that employs or is about to employ any person described in 45 CFR Part 92 (for states and local governments) and 45 CFR Part 74 (for nonprofit organizations), and/or OMB Circular A 110, Section 42, or subsequent amendments to these requirements.

4.8 Conflict of Interest

A. Contractor certifies that its employees and the officers of its governing body shall avoid any actual or potential conflicts of interest and that no officer or employee who performs any functions or responsibilities in connection with this Agreement shall have any personal financial interest or benefit that either directly or indirectly arises from this Agreement.

B. Contractor shall establish written safeguards to prohibit its employees or its officers from using their positions for a purpose that could result in private gain or that gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
4.9 Procurement Standards

A. *Maintenance of written procurement procedures.* Contractors shall administer this Agreement in accordance with all federal and State rules and regulations governing CSBG pertaining to procurement, including Office of Management and Budget (OMB) Circulars and amendments thereto, consistent with the general OMB compliance requirement in Article I of this Agreement. Contractors shall establish, maintain, and follow written procurement procedures consistent with the procurement standards in 45 CFR Part 92 (OMB Circular A-102 for state and local governments) and 45 CFR Part 74 (OMB Circular A-110 for nonprofit organizations), or any subsequent amendments to these standards, and all additional provisions in this Agreement, including but not limited to a code of conduct for the award and administration of contracts and a procedure that provides, to the maximum extent practical, open and free competition.

B. *Eligible bidders.* Contractor shall not permit any organizational conflicts of interest or noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective subcontractor performance and eliminate unfair competitive advantage, individuals, or firms that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements. Contractor shall award any subcontract to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to Contractor when considering price, quality, and other factors. Contractor's solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.

C. Contractor assures that all supplies, materials, vehicles, equipment, or services purchased or leased with funds provided by this Agreement shall be used solely for the activities allowed under this Agreement, unless a fair market value for such use is charged to the benefiting program and credited to this Agreement.

D. Contractor shall provide for open and free competition and adequate cost analysis in all procurement transactions for each purchase order, lease, or subcontract for any articles, supplies, equipment, or services to be obtained from vendors or subcontractors.

E. *Non-competitive bid justification.* If a service or product is of a unique nature, or more than one vendor/provider cannot reasonably be identified, Contractor shall maintain adequate justification for the absence of competitive bidding “Adequate justification” must include, but is not limited to:

1. Explanation of why the acquisition of goods or services is limited to one vendor or supplier;

ARTICLE 4 – ADMINISTRATIVE POLICIES AND PROCEDURES

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2. Description of sole vendor/supplier’s unique qualifications to provide the goods or services in question; and,

3. Analysis of cost(s) to demonstrate reasonableness.

F. Emergency procurements. In cases of bona fide emergency where awarding a subcontract is necessary for the immediate preservation of public health, welfare, or safety, documentation of the emergency will be sufficient in lieu of the three-bid process.

G. CSD Lease/Purchase Pre-Approval requirements. To ensure that significant procurement transactions are conducted in an open and freely competitive manner, Contractor shall prepare and submit a Request for Purchase/Lease Pre-Approval (form CSD 558) to CSD at least fifteen (15) calendar days prior to executing the subcontract for each of the following procurement transactions:

1. Any articles, supplies, equipment, or services having a per-unit cost in excess of $5,000; or
2. Any articles, supplies, or equipment where the total contract amount exceeds $100,000.

H. In all procurements, whether requiring CSD pre-approval or not, Contractor is solely responsible for maintenance of adequate procurement records demonstrating compliance with Federal and State requirements.

I. Noncompliance with any of the provisions in this section may result in a disallowance of the costs of the procurement transaction.

4.10 Use and Disposition of Vehicles and Equipment

A. Use of CSBG-funded vehicles and equipment by other programs

1. Vehicles and equipment purchased with CSBG funds should be made available for use by other federal programs, provided that such use does not interfere with the needs of the CSBG program(s).
2. If a non-federal program uses CSBG-funded vehicles or equipment, it must be charged a reasonable fee for such use, based on the cost of renting similar vehicles/equipment from a private vendor.
3. Any use fees shall be treated as ‘program income’ to the CSBG program.

B. Sale or disposition of CSBG-funded vehicles and equipment

1. If/when Contractor’s CSBG program(s) no longer need(s) a vehicle or equipment, other federal programs Contractor administers shall have first right to acquire or
purchase the item(s) by reimbursing CSBG for its proportional share of (or interest in) the vehicle/equipment’s value.
2. Conflict of interest policies and proper sales procedures should be followed to ensure that the best possible value and sale price is realized.
3. Sale proceeds from any third party, or funds paid by another federal program to compensate CSBG for its interest in the vehicle/equipment, shall be treated and identified as program income.

4.11 Subcontracts

A. Contractor may enter into subcontract(s) to perform part or all of the direct services covered under this Agreement. Prior to the commencement of subcontracted services under this Agreement, Contractor shall obtain board approval, to include but not be limited to, an assurance that the subcontractor agreement(s) shall comply with all terms, conditions, assurances, and certifications of this Agreement for the nonprofit and local governmental agencies performing services in the area(s) described in ARTICLE I - SCOPE OF WORK.

B. Notification of subcontract execution. Contractor shall provide written notification to the State within 60 calendar days of execution of each subcontractor agreement the name of the subcontractor entity, its address, telephone number, contact person, contract amount, and program description of each subcontractor activity to be performed under this Agreement. This written notification shall also include a certification that, to the best of Contractor’s knowledge, the subcontractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency. For purposes of this certification of subcontractor eligibility, Contractor may rely on information provided via the Excluded Parties List System (EPLS), available at https://www.sam.gov/portal/public/SAM/.

C. If CSD determines that Contractor has executed a subcontract with an individual or entity listed as debarred, suspended, or otherwise ineligible on EPLS as of the effective start date of the subcontract, costs Contractor has incurred under the subcontract may be disallowed.

D. Contractor is solely responsible for allowable use and allocation of all funds under this Agreement. Contractor shall maintain control and accounting procedures capable of tracing funds paid to any subcontractor to a level of expenditure sufficient to establish that such funds have been used in accordance with the terms of this Agreement and applicable laws. Any subcontracts under this Agreement shall provide for adequate controls and substantiation of expenditures. Such controls may include requiring subcontractors to provide detailed invoices, periodic monitoring of subcontractor’s program activities and fiscal accountability, retaining a right of reasonable access to the subcontractor’s books and records, or any other method(s) by which Contractor can fulfill its responsibility to substantiate costs as required by
OMB Circulars A-87, 122, and 133 and/or applicable amendments to these provisions.

E. Contractor is solely responsible for performance of the terms, conditions, assurances, and certifications of this Agreement, without recourse to the State, regarding the settlement and satisfaction of all contractual and administrative issues arising out of subcontract agreement(s) entered into in support of this Agreement, including disputes, claims, or other matters of a contractual nature as well as civil liability arising out of negligence or intentional misconduct of the subcontractor(s).

F. Nothing contained in this Agreement shall create any contractual relation between CSD and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. Contractor shall be liable for any acts and omissions of its subcontractors or of persons either directly or indirectly employed by subcontractors in violation of this Agreement. Contractor’s obligation to pay subcontractor(s) is independent from CSD’s obligation to make payments to Contractor. As a result, CSD shall have no obligation to pay or to enforce payment of any moneys to any subcontractor.

G. In the event CSD suspends, terminates, and/or makes changes to the services to be performed under this Agreement, Contractor shall notify all of its subcontractors in writing within five (5) days of receipt of notice of such action.

ARTICLE 4 – ADMINISTRATIVE POLICIES AND PROCEDURES

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Subpart B – Financial Requirements  

ARTICLE 5 – PROGRAM BUDGET REQUIREMENTS AND PAYMENTS  

5.1 Budget  

A. Concurrent with the submission of this Agreement, Contractor shall complete and submit the CSBG Fiscal Data forms [CSBG Contract Budget Summary (CSD 425.5), CSBG Budget Support - Personnel Costs (CSD 425.1.1), CSBG Budget Support - Non Personnel Costs (CSD 425.1.2), CSBG Budget Support - Other Agency Operating Funds (CSD 425.1.3), and Budget Narrative (CSD 425.1.4)] attached to this Agreement in Subpart H. Contractor must include an itemized list identifying all other funding sources and amounts that make up the total annual operating budget of the community action program(s). Notwithstanding any other provision of this paragraph, Contractor may submit the itemized list of other funding sources by either of the following methods: 1) completing the attached form (CSD 425.1.3), or 2) submitting an internal annual budget document displaying the funding sources and their anticipated revenues.  

B. Contractor shall submit the CSD 425.1.4 (CSBG Contract Budget Narrative) with a justification for each projected line item reported on the CSD 425.1.1 and CSD 425.1.2.  

C. Administrative Expenses  

1. For the purpose of administrative expenditures, Contractor shall use funds allocated under this Agreement in an amount not to exceed twelve percent (12%) of the total operating budget of its community action program(s), including other agency funds used to support CSBG. Contractor shall not use funds provided under this Agreement to cover administrative costs incurred in the Low-Income Home Energy Assistance Program (LIHEAP) in excess of the LIHEAP contractual limitations.  

2. For purposes of allocating indirect costs, contractors may use current negotiated indirect cost rates that have been approved by a cognizant federal agency. Contractor shall submit a copy of the letter of approval from the cognizant agency which includes date of approval and amount of rate.  

D. Budget modifications requiring pre-approval. In accordance with 22 CCR § 100715(a), no originally approved budget line item may be increased or decreased by more than ten percent (10%) without prior CSD approval. Any increase or decrease of more than ten percent (10%) to the originally approved budget line item will require a request for modification to the budget and shall be submitted to CSD on form CSD 425b, Justification for Contract Amendment/Modification.
5.2 Advance Payments

A. *Total Estimated CR Allocation.* Due to the likelihood that the U.S. Department of Health and Human Services (HHS) will award the state’s CSBG allocation in discrete installments throughout the funding cycle, as funds are made available by a Continuing Resolution of Congress (CR) or other federal government action, Contractor’s advance payment amount will be determined by the ‘Total Estimated CR Allocation,’ which is an estimate based on ninety percent (90%) of the prior year CSBG grant, unless CSD is otherwise notified by HHS of the actual total allocation.

B. Advance Amount

1. Upon execution of this Agreement, CSD shall, in accordance with CA Gov. Code § 12781 (b), issue an advance payment to Contractor in an amount not to exceed 25% of:

   a. Contractor’s total allocation for the contract term, if known; or,

   b. Contractor’s Total Estimated CR Allocation, if the actual total allocation is unknown.

2. If the amount stated on the face sheet of this Agreement is less than 25% of Contractor’s Total Estimated CR Allocation, Contractor shall be advanced the full amount stated on the face sheet. CSD shall pay the remainder of any advance funds due to Contractor upon execution of amendments to this Agreement, as additional funds are awarded by HHS. If HHS fails to provide additional or adequate funding for such purpose during the first six months of the contract term, Contractor will not be entitled to additional advance payments.

3. If, during the first six months of the contract term, CSD receives an award letter from HHS which, together with all prior allocations under this Agreement and amendments hereto, exceeds Contractor’s Total Estimated CR Allocation, CSD shall advance up to 25% of the difference between Contractor’s total contract allocation and the Total Estimated CR Allocation.

C. Liquidation of Advance

1. Contractor may liquidate the advance at any time through offsets against CSD-approved reimbursement requests; however, CSD shall initiate repayment of the advance through offsets of approved expenditures when the first of either of the following occurs:

   a. Contractor has expended seventy-five percent (75%) of the total contract allocation, if known, or seventy-five percent (75%) of the Total Estimated CR Allocation, if the total contract allocation is not known; or,
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b. At the beginning of the seventh monthly (or fourth bimonthly) reporting period of the contract term.

2. CSD-initiated repayments of the advance shall be accomplished through offsets against subsequent reimbursement of approved expenditures. CSD shall determine the amount to be offset against reimbursements by dividing the unpaid advance amount by the number of remaining expenditure reporting periods in the contract term. In the event that an expenditure request for a reporting period is less than the offset amount as determined above, the entire amount of the expenditure reimbursement request shall be applied against the remaining advance balance.

D. Lien rights

The State retains lien rights on all funds advanced.

5.3 Payments

A. CSD shall issue bimonthly or monthly payments (as specified by Contractor on the CSD 425.S) to Contractor upon receipt and approval of a certified CSBG CAA Expenditure/Activity Report. The report shall indicate the actual expenditures being billed to CSD for reimbursement for the specific report period.

B. Subsequent payments to Contractor shall be contingent on receipt and approval by CSD of the preceding monthly/bimonthly Expenditure/Activity Report. If Contractor owes CSD any outstanding balance(s) for overpayments of any Agreement, current or previous, the balance(s) may be offset after notice to the Contractor providing an opportunity to present any valid objection to the offset.
ARTICLE 6 – FINANCIAL REPORTING

6.1 Monthly/ Bimonthly Fiscal Reports

A. Contractor shall elect to report and be reimbursed on either a monthly or bimonthly basis by selecting the appropriate box on the CSD 425.S and submitting it with the signed Agreement. The reimbursement cycle cannot be changed and will be in effect throughout the term of this Agreement.

B. Contractor shall complete and submit to CSD a monthly or bimonthly (as specified by Contractor on the CSD 425.S) CSBG CAA Expenditure/Activity Report by entry onto the web-based Expenditure Activity Reporting System (EARS) on or before the twentieth (20th) calendar day following the report period, regardless of the amount of expenditure(s) in the report period. For specific due dates, refer to the CSD provider web site at http://providers.csd.ca.gov/.

6.2 Close-Out Report

Contractor shall complete and submit all CSD close-out forms within ninety (90) calendar days after the expiration date of this Agreement.

A. The close-out report shall include the following forms: Close-Out Checklist and Certification of Documents Transmitted (CSD 715), Close-Out Program Income/Interest Earned Expenditure Report (CSD 715C), Close-Out Equipment Inventory Schedule (CSD 715D). The latest version of the close-out forms is available on the Provider’s Website at http://providers.csd.ca.gov/CSBG/forms/.

B. Final expenditures must be submitted by entry onto EARS.

C. All adjustments must reflect the actual expenditure period and be submitted by entry onto EARS.

D. Subsequent payments for expenditures under any open CSBG contract and the issuance of other CSD contracts shall be contingent upon timely submission of the closeout report.

6.3 Transparency Act Reporting

In accordance with requirements of the Federal Funding Accountability and Transparency Act (FFATA), Contractors that 1) are not required by the IRS to annually file a Form 990 federal return, 2) receive at least 80% of their annual gross revenues from federal sources (excluding any ARRA funds), and 3) have annual gross revenues totaling
$25,000,000.00 or more from federal grants, contracts, or other federal sources (excluding any ARRA funds), shall provide to CSD a current list of names and total compensation of Contractor’s top five (5) highly compensated officials/employees. The list shall be provided with the executed copy of the Agreement returned to CSD. This requirement applies only to Contractors that fall within all three categories set forth in this paragraph.
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Subpart C – Programmatic Requirements

ARTICLE 7 – CSBG Terms, Conditions, Programmatic Provisions and Reporting

7.1 Fair Hearing for Denial of Client benefits by Contractor

A. Pursuant to Title 22 of the California Code of Regulations, Section 100751, as amended, Contractor shall advise individuals who have been denied assistance under a program funded by this Agreement of their right to appeal to CSD for a fair hearing within twenty (20) days from the denial of assistance.

B. Within five (5) working days of receipt of an appeal from a client, CSD’s Fair Hearings Officer shall schedule an administrative hearing to be conducted no later than thirty (30) calendar days from the receipt of the request.

C. The client may withdraw the appeal/request for fair hearing at any time during the appeal process by providing written, email, or telephonic notice to CSD. Telephonic notice of withdrawal must be confirmed in writing by the Fair Hearings Officer or designated CSD staff.

7.2 Organizational Standards

CSD will implement the new CSBG Organizational Performance Standards (Draft) starting in January, 2016 and monitoring of eligible entities based on the new standards will begin in April 2016. During the current year (2015), Contractors must develop an implementation plan to be fully prepared to meet the new standards when they take effect.

7.3 Programmatic Reporting

A. Submission of Required Plans/Reports

Unless otherwise specified by the provisions of this Article, all Community Action Plans and reports required by the provisions of this Article shall be submitted via email to CSBGReports@csd.ca.gov, no later than the date specified.

B. Community Action Plan

Contractor shall submit a Community Action Plan meeting the requirements of Government Code § 12747 no later than June 30th of every other year, unless/until otherwise instructed by CSD.

C. Mid-Year Programmatic Report

ARTICLE 7 – CSBG TERMS, CONDITIONS, PROGRAMMATIC PROVISIONS AND REPORTING

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Mid-year programmatic reports cover the programmatic activities from January 1, 2015, through June 30, 2015. Contractor shall complete and submit the mid-year CSBG/NPI Programs Report (CSD 801) and the CSBG Programmatic Data Client Characteristic Report (CSD 295)-CCR, via e-mail no later than July 20, 2015.

D. Annual Programmatic Reports

Annual programmatic reports cover the programmatic activities from January 1, 2015, through December 31, 2015. Contractor shall complete the CSBG/NPI Programs Report (CSD 801) and CSBG Programmatic Data Client Characteristic Report (CSD 295) –CCR, and submit no later than January 20, 2016.

E. Community Services Block Grant Information Survey

The CSBG/IS covers the period of January 1, 2015, through December 31, 2015. Contractor shall complete and submit to CSD CSBG Fiscal Data—Other Funds (CSD 425.OF), CSBG Fiscal Data—Other Resources (CSD 425.OR), and CSBG Program Accomplishments and Coordination of Funds (CSD 090) annually via email no later than March 1, 2016, to CSBGIS@csd.ca.gov.
ARTICLE 8 – COMPLIANCE POLICIES AND PROCEDURES

8.1 Right to Monitor, Audit and Investigate

A. Any duly authorized representative of the federal or State government, which includes but is not limited to the State Auditor, CSD Staff, and any entity selected by CSD to perform inspections, shall have the right to monitor and audit Contractor and all subcontractors providing services under this Agreement through on-site inspections, audits, and other applicable means the State determines necessary.

B. Contractor shall make available all reasonable information necessary to substantiate that expenditures under this agreement are allowable and allocable, including, but not limited to books, documents, papers, and records. Contractor shall agree to make such information available to the federal government, the State, or any of their duly authorized representatives including representatives of the entity selected by CSD to perform inspections, for examination, copying, or mechanical reproduction, on or off the premises of the appropriate entity upon a reasonable request.

C. Any duly authorized representative of the federal or State government shall have the right to undertake investigations in accordance with 42 U.S.C. §9901 et seq., as amended.

D. All agreements entered into by Contractor with audit firms for purposes of conducting independent audits under this Agreement shall contain a clause permitting any duly authorized representative of the federal or State government access to the working papers of said audit firm(s).

8.2 Compliance Monitoring

A. Contractor's and CSD's Shared Responsibilities for Federal Funds

1. As the recipient of federal CSBG funds under this Agreement, Contractor is responsible for substantiating that all costs claimed under this Agreement are allowable and allocable under all applicable federal and State laws, and for tracing all costs to the level of expenditure.

2. As the State CSBG administrator, CSD must conduct onsite and follow-up monitoring, and other audits/reviews as necessary, to ensure that:

   a. Contractor meets federal and state performance goals, administrative and financial management standards, and other requirements applicable to CSBG-funded programs; and,
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PART II

b. funds allocated to Contractor are expended for the purposes identified in federal and State CSBG law for allowable and allocable costs in accordance with federal OMB requirements.

B. CSD shall provide Contractor reasonable advance written notice of on-site monitoring reviews of Contractor’s program or fiscal performance. Contractor shall cooperate with CSD program and audit staff and other representatives, and provide access to all programs, records, documents, resources, personnel, inventory, and other things reasonably related to the administration and implementation of the services and activities funded directly or indirectly by this Agreement.

C. In the event CSD determines that Contractor is not in compliance with material or other legal requirements of this Agreement, CSD shall provide Contractor with observations, recommendations, and/or findings of noncompliance in writing, along with specific action plans for correcting the noncompliance.

D. Collection of Disallowed Costs

1. In the event questioned costs are identified in a final decision on cost disallowance issued by CSD, Contractor shall comply with any demand for repayment, as specified in such final report.

2. Time for response. Contractor shall have no less than 30 days from receipt of the final decision to tender payment to CSD or, alternatively, to provide CSD with complete and accurate information or documentary evidence in support of the allowability of questioned costs.

3. Notice after review of further supporting evidence. If Contractor challenges questioned costs and submits complete and accurate information or documentary evidence in support of the allowability of questioned costs as provided above in subparagraph 2, CSD shall, after consideration of Contractor’s submission, accordingly issue a revised Notice of Disallowed Costs, if any, no later than 30 days after receipt of Contractor’s information or documentation. Contractor shall have 15 days from receipt of such Notice to tender payment or a repayment plan acceptable to CSD. In the alternative, Contractor may request a hearing in accordance with Article 9.4, paragraph D, subparagraph 6 of this Agreement, for CSD’s final determination of disallowed costs.

4. All statements, notices, responses and demands issued in accordance with this paragraph shall be in writing.

5. CSD may, at its discretion, reasonably extend the time periods allowed for responses specified in this paragraph.

ARTICLE 8 – COMPLIANCE POLICIES AND PROCEDURES
8.3 Auditing Standards and Reports

A. Auditing Standards

1. *Applicability of new OMB “Supercircular” audit provisions.* The standards set forth in this Article (8.3 – Auditing Standards and Reports) reflect the updated audit requirements as set forth in 2 CFR §200.500 et seq. These requirements shall apply to audits of agencies with fiscal years beginning on or after December 26, 2014. Agencies with fiscal years beginning prior to this date may continue to follow the requirements set forth in OMB A-133.

2. *Supplemental Audit Guide.* In addition to the applicable audit requirements specified above, Contractor must follow the most current CSD Supplemental Audit Guide, incorporated into this Agreement by reference and attached herein under Part II, Subpart H. The Supplemental Audit Guide may be accessed at http://providers.csd.ca.gov.

B. Audit Reports

1. Funds provided under this Agreement shall be included in an audit conducted in accordance with the provisions of 2 CFR Subpart F – Audit Requirements §200.500-521, standards promulgated by the American Institute of Certified Public Accountants (AICPA), and those standards included in “Government Auditing Standards, December 2011 Revision, as amended.”

2. *Organizations below audit threshold.* Contractors falling below the federal funding threshold that mandates a single agency-wide audit may be subject to an audit and/or other fiscal- or program-specific review conducted by CSD or its agents, upon thirty (30) days written notice.

3. The financial and compliance audit report shall contain the following supplementary financial information: a combined statement of revenue and expenditures for each contract that presents, by budget line item, revenue and expenditures for the audit period and a description of the methodology used to allocate and claim indirect costs and any administrative cost pools.

C. *Submission of Audit Reports.* Contractor shall submit to CSD one (1) printed copy and one (1) electronic copy of the required audit report(s) and any management letter(s) issued by the accountant, within nine (9) months of the end of the Contractor’s fiscal year.

D. If Contractor’s independent auditor is unable to meet the above deadline, the Contractor shall submit to CSD Audit Services Unit a written request for an
extension, which includes a copy of a letter from the independent auditor explaining the anticipated delay. CSD may grant an extension not to exceed thirty (30) calendar days from the original due date. The audit report(s) and all supplemental financial information must be submitted to the following addresses:

Electronic copy: 
audits@csd.ca.gov.

Printed copy: 
Department of Community Services and Development
Attention: Audit Services Unit
2389 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

In accordance with the guidelines of the Division of Audits of the California State Controller's Office (SCO), if Contractor is a local government agency, additional copies of the audit report must be submitted to the following address:

State Controller's Office
Division of Audits
300 Capitol Mall, Fifth Floor
Sacramento, CA 95814

E. In the event that an agency fails to comply with the audit requirements under this section, CSD may impose sanctions as provided in 2 CFR §200.338 - Remedies for noncompliance, which may include:

1. Temporarily withholding cash payments pending correction of the deficiency or more severe enforcement action by the Federal awarding agency or pass-through entity;

2. Disallowing all or part of the cost of the activity or action not in compliance;

3. Wholly or partly suspending or terminating the federal awards;

4. Recommending that suspension or debarment proceedings (as authorized under 2 CFR part 180 and Federal awarding agency regulations) be initiated by the Federal awarding agency;

5. Withholding further federal awards for the project or program; and/or

6. Taking other remedies that may be legally available.

F. Collection of Disallowed Costs
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1. In the event questioned costs are identified in Contractor’s single audit report or in the report of other audit conducted by, or on behalf of, CSD in connection with the implementation of this Agreement, Contractor shall comply with any demand for repayment made, as specified in the Audit Transmittal Report (TR) or other audit repayment demand document.

2. Contractor shall have no less than 30 days from receipt of the TR or comparable document to tender payment to CSD or, alternatively, to provide CSD with complete and accurate information or documentary evidence in support of the allowability of questioned costs.

3. If Contractor challenges questioned costs and submits complete and accurate information or documentary evidence in support of the allowability of questioned costs as provided in subparagraph 2, CSD shall, after consideration of Contractor’s submission, issue a Notice of Disallowed Costs, if any are determined to be owing, no later than 30 days after receipt of Contractor’s information or documentation. Contractor shall have 15 days from receipt of such Notice to tender payment or a repayment plan acceptable to CSD. In the alternative, Contractor may request a hearing in accordance with Article 9.4, paragraph D, subparagraph 6 of this Agreement, for CSD’s final determination of disallowed costs.

4. All statements, notices, responses and demands issued in accordance with this paragraph shall be in writing.

5. CSD may, at its discretion, reasonably extend the time periods allowed for responses specified in this paragraph.

8.4 Enforcement Actions Resulting from Noncompliance with this Agreement

A. Legal Authority

The authority for CSD Enforcement Actions, as defined in paragraph B, for cost disallowances/ recovery of misused funds, and for de-designation of eligible entity status (collectively “Enforcement Process”) is found in the federal CSBG Act (42 U.S.C. 9901, et. seq.), in Office of Management and Budget (OMB) Circulars, and in state regulations, with particular reference to 22 CCR 100780. In order to facilitate compliance with the cited authorities, the parties to this Agreement agree that the present article shall: 1) guide, inform and clarify the Enforcement Process; 2) establish the procedures to be followed; and 3) establish the rights and obligations of the parties with respect to the enforcement process, for purposes of implementing the principles set out in the applicable legal authorities.
B. Definitions

1. *Enforcement action.* For purposes of this Article, ‘enforcement action’ shall refer to official steps taken by CSD in response to material breaches of this Agreement and/or Contractor’s inability to fulfill contractual obligations of the Agreement due to serious financial instability or insolvency. Enforcement actions may include any of the following: a) ‘High Risk’ designation; b) a determination of cost disallowance; c) contract suspension; d) contract termination; or e) termination of Contractor’s designation as eligible entity.

2. *High Risk designation* refers to the status of a Contractor which, due to material breach/failure to fulfill contractual obligations and/or serious financial instability, is subject to enforcement action(s) that may include imposition of special conditions and/or sanctions designed to allow for continued performance of the Agreement within the conditions/sanctions imposed, or other actions deemed necessary to safeguard public funds.

3. *Material breach* means any act or omission by Contractor that is in contravention or disregard of Contractor’s duties and obligations under the terms of this Agreement and under applicable State and federal law, which act or omission:

a. constitutes fraud or gross negligence by Contractor or its agent(s);

b. is likely to result in significant waste and/or abuse of federal funds;

c. has a significant adverse impact on Contractor’s ability to meet its administrative, financial, or programmatic duties and obligations over the term of the contract or a significant portion thereof;

d. violates or otherwise disregards significant program guidance and other requirements of the Federal Government, whether issued directly or through CSD;

e. may have serious adverse effects and consequences on the Contractor’s customers, employees, subcontractors, creditors, suppliers, vendors, or other stakeholders; OR

f. may otherwise significantly and adversely affect the viability, effectiveness, or integrity of the program.
C. Initiation of Enforcement Action

1. **Grounds for enforcement action.** If CSD determines that Contractor has not complied with the requirements of this Agreement and that Contractor’s noncompliance constitutes a material breach of the Agreement, or if CSD determines that Contractor’s financial condition is so unstable and tenuous that its ability to implement this Agreement is seriously compromised, CSD may initiate an enforcement action.

2. **Notice of High Risk designation.** To initiate an enforcement action, CSD must provide Contractor with written Notice of High Risk designation, setting forth: 1) the factual and legal basis for the determination of noncompliance, upon which the High Risk designation is based; 2) the corrective action(s) required; and 3) the date by which they must be taken and completed.

D. Special Conditions and Sanctions

1. CSD may impose Special Conditions and/or Sanctions upon a determination that such steps are reasonably necessary to address acute financial instability or a material breach, as defined above. Imposition of Special Condition(s) and/or Sanction(s) shall be in writing and shall become effective on the date specified in the notice. Such notices must contain the following information:
   
a. The nature of the Special Condition(s) and/or Sanction(s) being imposed;

   b. The reason(s) for imposing Special Condition(s) and/or Sanction(s); and

   c. The corrective actions that must be taken and the time allowed for completing them before CSD removes the Special Condition(s) and/or Sanction(s).

2. Special Conditions may include, but are not limited to:
   
a. requiring Contractor to obtain training and/or technical assistance;

   b. imposition of special or additional reporting requirements;

   c. special or conditional cost reimbursement requirements and procedures;

   d. provision of documentation by Contractor; and/or

   e. requiring Contractor to amend or modify systems, procedures, and/or policies;

3. Sanctions may include, but are not limited to:
   
a. suspension of advances and/or reimbursements; and/or
b. issuance of notices to suspend operations.

4. Sanctions may not be imposed without a hearing being first held in accordance with applicable regulations, unless CSD reasonably determines, based on credible information, that:
   a. substantial sums to be paid to Contractor have been or will be used in violation of law or the provisions of this Agreement, and/or
   b. associated costs are otherwise very likely to be disallowed; and
   c. taxpayer dollars are at significant risk and are unlikely to be recovered if Sanctions are not immediately imposed.

7. Procedures for Review of Special Conditions and/or Sanctions
   a. If Contractor wishes to contest the imposition of Special Conditions and/or Sanctions, Contractor shall have five working days following receipt of a Notice of Enforcement Action in which to show cause, in writing, why the Special Conditions or Sanctions should not be imposed.
   b. CSD shall have five working days following receipt of Contractor’s response to accept or reject Contractor’s objection and to state in writing the consequences of the decision and Contractor’s obligations going forward, if any.
   c. Informal meeting. Within five days of receipt of a Notice of Enforcement Action, Contractor may request an informal meeting for the parties to consider the matters addressed in the Notice and to discuss alternative courses of action, which meeting CSD may agree to if, in its sole judgment, it determines that the meeting would be helpful to the process, can be held expeditiously, and will not cause undue delay or further jeopardize taxpayer dollars.
   d. Contractor may, at any time, request in writing that CSD initiate the contract suspension or contract termination processes, to include the requisite hearings, as set out in applicable federal and State law, with particular reference to 22 CCR 100780.
   e. Should Contractor fail to show cause as to why the Enforcement Action should not go forward, or should Contractor fail to request that CSD initiate either the contract suspension or termination processes, CSD may initiate such action at its own discretion.
   f. Special conditions and sanctions shall remain in effect until the hearing
D. Enforcement Action Cost Disallowance

1. *Statement of Questioned Costs.* If CSD determines that Contractor’s non-compliance has resulted in questioned costs, CSD shall provide Contractor with a Statement of Questioned Costs along with the Notice of Enforcement Action, or at such later time in the enforcement process as questioned costs are identified.

2. Statements of Questioned Costs shall include, at minimum:
   
a. Particular item(s) of cost questioned and the specified amount(s) by type or category of costs;
   
b. Factual basis for questioning costs, and the information and/or documentation required to justify payment of the costs; and
   
c. Timeframe and procedures for Contractor’s submission of the required information or documentation to CSD.

3. *Investigative audits and reports.* If CSD determines that more information is required before a Statement of Questioned Costs can be issued or before a final determination of cost disallowance can be made, CSD may conduct an investigative audit of Contractor’s records, files and books of account, or retain an audit firm for such purpose. Contractor agrees to cooperate fully in any audit conducted and to ensure that Contractor’s agents, accountants and subcontractors cooperate in the performance of such audit. A report of any audit conducted shall be shared with Contractor, who shall be given ample opportunity to respond to findings and to submit information and documentation in support of the response.

4. *Effect of non-cooperation with investigative audits.* If Contractor fails to cooperate in the conduct of an audit initiated pursuant to subparagraph D.3, above, CSD may a) impose sanctions as provided in subparagraph C. 4., and/or b) issue a Notice of Disallowed Costs as determined appropriate.

5. *Notice of Disallowed Costs.* If CSD determines that further information and/or documentation provided by Contractor has not fully addressed or resolved any outstanding issues of questioned costs, CSD shall issue a Notice of Disallowed Costs, which notice shall include:
   
a. the amount of disallowed costs to be repaid, if any; and
   
b. the date by which repayment must be made or, in the alternative,
6. **Right to dispute Notice.** Not later than five (5) working days after receipt of a Notice of Disallowed Costs, Contractor may request a hearing disputing the Notice or statements made therein. The hearing shall be conducted in accordance with the procedures set out in 22 CCR 100780, for the purpose of adjudicating the matter of cost disallowance; however, either Contractor or CSD may opt to adjudicate other pending enforcement action matters, as provided in subparagraph C.6.d. of this section, in a combined proceeding.

7. **Waiver of right to dispute.** If Contractor declines to request a hearing to adjudicate cost disallowance, or neglects to submit a request as provided above in subparagraph 6, the Notice of Disallowed Costs shall be deemed final and Contractor shall be obligated to comply with the requirements of the Notice.

8. Contractor will be deemed to have complied with a Notice of Disallowed Costs when CSD receives full repayment of outstanding disallowed amount(s), or when CSD formally approves a repayment plan. In reviewing Contractor’s repayment plan, CSD shall take into consideration such factors as, but not limited to:

   a. federal requirements or conditions applicable to the grant(s) under which the disallowed costs were funded;

   b. the exigencies of the grant program and CSD’s ability to reallocate the funds repaid or otherwise dispose of the funds in accordance with applicable law;

   c. the risk of being unable to recover funding and the options for securing Contractor’s repayment obligation; and

   d. Contractor’s financial condition and ability to pay.

E. **Removal of High Risk designation.** Contractor shall remain on High Risk until CSD reasonably determines that Contractor has complied with the requirements of the Notice of High Risk Designation, including verification by CSD that corrective measures have been implemented, that all conditions have been met and that disallowed costs have been repaid or, alternatively, that CSD has deemed Contractor’s repayment plan to be acceptable and Contractor has demonstrated it is in compliance with the plan.

F. **Further enforcement action.** In the event Contractor’s non-compliance with the terms and conditions of this Agreement are not remedied through imposition of special conditions, and/or sanctions, thereby enabling CSD to remove High Risk designation,
CSD may initiate further Enforcement Actions involving Contract Suspension, Contract Termination and Termination of Contractor's designation as eligible entity, which shall be initiated and conducted in accordance with the applicable provisions found in 22 CCR 100780 and other applicable State and federal statutes and regulations.

G. Contractor's status during federal review period. The final decision with respect to any enforcement action which involves contract termination, cost disallowance, a denial of refunding, and/ or de-designation of an eligible entity shall become effective upon completion of the applicable federal review, if initiated by Contractor, and in compliance with appeal requirements pursuant to Section 676A of the Community Services Block Grant Act, (42 USC 9905A), except that Special Conditions and Sanctions shall remain in force during the course of any federal review and appeal, and no new contracts or amendments will be executed during the federal review and appeal process.
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Subpart E – Certifications and Assurances

ARTICLE 9 – FEDERAL AND STATE POLICY PROVISIONS

9.1 Certifications

A. Contractor’s signature affixed hereon shall constitute a certification that to the best of its ability and knowledge it will comply with the provisions set forth in the following:

1. Drug Free Workplace Requirements Contract Certification Clause (CCC 307)
2. National Labor Relations Board Certification (CCC 307)
3. Expatriate Corporations (CCC 307)
4. Domestic Partners (CCC 307)
5. Amendment for Change of Agency Name (CCC 307)
6. Resolution (CCC 307)
7. Air and Water Pollution Violation (CCC-307)
8. Information Integrity and Security (Department of Finance, Budget Letter 04-35)
9. Safeguarding Against and Responding to a Breach of Security Involving Personal Information (Department of General Services, Management Memo 08-11)

B. The above documents are hereby incorporated by reference into this Agreement. To access these documents, please visit http://providers.csd.ca.gov/.

9.2 Federal Certification regarding debarment, suspension and related matters

Contractor hereby certifies to the best of its knowledge that it, any of its officers, or any subcontractor(s):

A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency.
STANDARD AGREEMENT
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B. Have not within a three (3) year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or State antitrust statutes; commission of embezzlement, theft, forgery, or bribery; falsification or destruction of records; making false statements; or receiving stolen property.

C. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph B of this certification.

D. Have not, within a three (3) year period preceding this Agreement, had one or more public (federal, state, or local) transactions terminated for cause or default.

E. If any of the above conditions are true for the Contractor, any of its officers, or any subcontractor(s), Contractor shall describe such condition(s) in writing and and submit this information to CSD with the other forms Contractor must complete and return prior to CSD’s execution of this Agreement. Based on the description, CSD in its discretion may decline to execute this Agreement, or set further conditions of this Agreement. In the event any of the above conditions are true and not disclosed by Contractor, it shall be deemed a material breach of this Agreement, and CSD may terminate this Agreement for cause immediately pursuant to the termination provisions of State and federal law governing the CSBG program.

F. As provided in Article 4.10 B, of this Agreement, Contractor must certify in writing to the best of its knowledge that any subcontractor(s) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency.

9.3 Affirmative Action Compliance

A. Each Contractor or subcontractor with 50 or more employees and an agreement of $50,000 or more shall be required to develop a written Affirmative Action Compliance Program.

B. The written program shall follow the guidelines set forth in Title 41 CFR Section 60 1.40, Sections 60 2.10 through 60 2.32, Sections 60 250.1 through 60 250.33, and Sections 60 741.4 through 60 741.32.

C. Each Contractor or subcontractor with less than 50 employees shall comply with Section 202 of Part II of Executive Order 11246, as amended by Executive Order 11375. Contractor shall ensure that subcontractors falling within the scope of this provision shall comply in full with the requirements thereof.
9.4 Nondiscrimination Compliance

A. Contractor's signature affixed hereon shall constitute a certification that to the best of its ability and knowledge will, unless exempted, comply with the nondiscrimination program requirements set forth in this section.

B. Contractor hereby certifies compliance with the following:

1. Federal Executive Order 11246, as amended by Executive Order 11375, relating to equal employment opportunity.

2. Title VI and Title VII of the Civil Rights Act of 1964, as amended.

3. Rehabilitation Act of 1973, as amended.

4. Vietnam Era Veterans Readjustment Assistance Act of 1972, as amended.

5. Title 41, Code of Federal Regulations (CFR), Chapter 60, Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor, as amended.

6. Public Law 101 336, Americans with Disabilities Act of 1990, as amended.

9.5 Specific Assurances

A. Pro-Children Act of 1994

1. This Agreement incorporates by reference all provisions set forth in Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act).

2. Contractor further agrees that the above language will be included in any subcontracts that contain provisions for children's services and that all subcontractors shall certify compliance accordingly. For detailed explanation, see http://providers.csd.ca.gov/.

3. This Agreement incorporates by reference all provisions set forth in the Child Support Services and Referrals (Section 678 (b) 1998 CSBG Reauthorization Act)." For detailed explanation, see http://providers.csd.ca.gov/.

B. American-Made Equipment/Products. Contractor shall assure, pursuant to Public Law 103 333, Section 507, to the extent practicable, that all equipment and products purchased with funds made available under this Agreement shall be American made.
C. Federal and State Occupational Safety and Health Statutes. Contractor assures that it shall be in compliance with the provisions as set forth in Federal and State Occupational Safety and Health Statutes; the California Safe Drinking Water and Toxic Enforcement Act of 1986; Universal Waste Rule (Hazardous Waste Management System: Modification of the Hazardous Waste Recycling Regulatory Program); Final Rule; and Workers' Compensation laws.

D. Political Activities

1. Contractor shall refrain from all political activities if such activities involve the use of any funds that are the subject of this Agreement.

2. Contractor is prohibited from any activity that is designed to provide voters or prospective voters with transportation to the polls or to provide similar assistance in connection with an election if such activities involve the use of any funds that are subject to this Agreement.

E. Lobbying Activities

1. Contractor shall refrain from all lobbying activities if such activities involve the use of any funds that are the subject of this Agreement or any other fund, programs, projects, or activities that flow from this Agreement.

2. If Contractor engages in lobbying activities, Contractor shall complete, sign and date the CERTIFICATION REGARDING LOBBYING/DISCLOSURE OF LOBBYING ACTIVITIES, Attachment __, as required by the U.S. Department of Health and Human Services under 45 CFR Part 93.

9.6 Commercial and Government Entity (CAGE) Identification Code and Data Universal Numbering System (DUNS) Requirements

Contractor shall provide to CSD proof of an active nine-digit Data Universal Numbering System (DUNS) number and a five-character Commercial and Governmental Entity (CAGE) identification code as a prerequisite to execution of this Agreement. To obtain authentication of the CAGE and DUNS number, print and submit verification from the Systems for Award Management website at https://www.sam.gov/portal/public/SAM/.
ARTICLE 10 – GENERAL TERMS AND CONDITIONS - GTC 610

10.1 APPROVAL: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.

10.2 AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

10.3 ASSIGNMENT: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

10.4 AUDIT: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

10.5 INDEMNIFICATION: Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

10.6 DISPUTES: Contractor shall continue with the responsibilities under this Agreement during any dispute.

10.7 TERMINATION FOR CAUSE: The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement.
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Agreement at the time and in the manner herein provided. In the event of such
termination the State may proceed with the work in any manner deemed proper by the
State. All costs to the State shall be deducted from any sum due the Contractor under this
Agreement and the balance, if any, shall be paid to the Contractor upon demand.

10.8 INDEPENDENT CONTRACTOR: Contractor, and the agents and employees of
Contractor, in the performance of this Agreement, shall act in an independent capacity
and not as officers or employees or agents of the State.

10.9 RECYCLING CERTIFICATION: Contractor shall certify in writing under penalty of
perjury, the minimum, if not exact, percentage of post-consumer material as defined in
the Public Contract Code Section 12200, in products, materials, goods, or supplies
offered or sold to the State regardless of whether the product meets the requirements of
Public Contract Code Section 12209. With respect to printer or duplication cartridges
that comply with the requirements of Section 12156(e), the certification required by this
subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

10.10 NON-DISCRIMINATION CLAUSE: During the performance of this Agreement,
Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow
harassment against any employee or applicant for employment because of sex, race,
color, ancestry, religious creed, national origin, physical disability (including HIV and
AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status,
and denial of family care leave. Contractor and subcontractors shall insure that the
evaluation and treatment of their employees and applicants for employment are free from
such discrimination and harassment. Contractor and subcontractors shall comply with the
provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.)
and the applicable regulations promulgated thereunder (California Code of Regulations,
Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and
Housing Commission implementing Government Code Section 12990 (a-f), set forth in
Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated
into this Agreement by reference and made a part hereof as if set forth in full. Contractor
and its subcontractors shall give written notice of their obligations under this clause to
labor organizations with which they have a collective bargaining or other Agreement.
Contractor shall include the nondiscrimination and compliance provisions of this clause
in all subcontracts to perform work under the Agreement.

10.11 CERTIFICATION CLAUSES: The CONTRACTOR CERTIFICATION CLAUSES
contained in the document CCC 307 are hereby incorporated by reference and made a
part of this Agreement by this reference as if attached hereto.

10.12 TIMELINESS: Time is of the essence in this Agreement.

10.13 COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be
in compensation for all of Contractor's expenses incurred in the performance hereof,
including travel, per diem, and taxes, unless otherwise expressly so provided.

ARTICLE 10 – GENERAL TERMS AND CONDITIONS - GTC 610
10.14 GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

10.15 ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below:

A. The Government Code Chapter on Antitrust claims contains the following definitions:
   1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
   2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

B. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

C. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

D. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

10.16 CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of $100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

A. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support obligations.
family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

B. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

10.17 UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

10.18 PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of $200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code §11200 in accordance with Pub. Contract Code §10353.

10.19 SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

A. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code §14841.)

B. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code §999.5(d); Govt. Code §14841.)

10.20 LOSS LEADER: If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(c).)
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Subpart G – Definitions

All terms used in this Agreement shall be defined as stated in applicable federal and state statutes and regulations (42 U.S.C. § 9902; CA Govt. Code §12730; 45 C.F.R. Part 96 and 22 C.C.R. § 100601). The following terms shall be more specifically defined for purposes of this Agreement, insofar as the definition accords with federal and state law, as follows:

**Agreement:**
The complete contents of this contract entered into by and between the CSD and Contractor, including all rights, duties, and obligations whether expressed or implied required toward the legal performance of the terms hereof, and including all documents expressly incorporated by reference.

**Amendment:**
A formal change to the Agreement of a material nature including but not limited to the term, scope of work, or name change of one of the Parties, or a change of the maximum amount of this Agreement.

**Authorized Agent:**
The duly authorized representative of the Board of Directors of Contractor, and the duly elected or appointed, qualified, and acting officer of the State. In the case of Contractor, the State shall be in receipt of a board resolution affirming the agent's representative capacity to bind Contractor to the terms of this Agreement.

**Board of Directors:**
For the purposes of a private nonprofit Community Action Agency, Board of Directors refers to the tripartite board as mandated by 42 U.S.C. § 9910 and Government Code § 12751. For the purposes of a publicly governed Community Action Agency, Board of Directors refers to the tripartite advisory/administering board that is mandated by 42 U.S.C. § 9910 and California Government Code § 12752.1 and established by the political subdivision or local government.

**Community Action Agency:**
A public or private nonprofit agency that fulfills all requirements of Government Code § 12750.

**Continuing Resolution:**
An appropriation act that provides budget authority for federal agencies, specific activities, or both to continue in operation when Congress and the President have not completed action on the regular appropriation acts by the beginning of the fiscal year.

Subpart G – Definitions
STANDARD AGREEMENT
PART II

Contractor: The entity (partnership, corporation, association, agency, or individual) designated on the face sheet (STD 213) of this Agreement.

CSD: The State of California Department of Community Services and Development.

Equipment: An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-profit organization for financial statement purposes, or $5000.

Limited Purpose Agency (LPA): A community-based nonprofit organization without a tripartite board, as defined in California Government Code § 12775 and 42 U.S.C. § 9921.

Maximum Amount: The dollar amount reflected on line 3 of the face sheet (STD 213) of this Agreement.

Modification: An immaterial change to this Agreement that does not require an Amendment.

Native American Indian Program (NAI): A tribal or other Native American Indian organization in an urban or rural off-reservation area, as defined in California Government Code § 12772, such as an Indian nonprofit organization, which meets the criteria of ‘eligible entity’ as defined in subdivision (g) of § 12730. An NAI may be considered a ‘public organization’ for purposes of tripartite board requirements or other mechanisms of governance in accordance with 42 U.S.C. § 9910(b).

Parties: CSD on behalf of the State of California, and the Contractor.

Program: The Community Services Block Grant (CSBG) Program, 42 USC §§ 9901 et seq., as amended.

State: The State of California Department of Community Services and Development.

Subcontractor: An entity (partnership, tribe, corporation, association, agency, or individual) that enters into a separate contract or agreement with

Subpart G – Definitions
STANDARD AGREEMENT
PART II

Contractor to fulfill direct program or administrative tasks in support of this Agreement.

Subcontract:
A separate contract or agreement entered into by and between Contractor and Subcontractor to fulfill direct program or administrative tasks in support of this Agreement.

Total Allocation:
The actual amount of funds available to Contractor under this Agreement, as calculated pursuant to Government Code § 12759 after CSD receives the notice of grant award for the full allocation based on the appropriation by Congress for the related federal fiscal year, and as publicly announced by CSD’s Director or designee, subsequent to the execution of this Agreement.

Total Estimated Continuing Resolution (CR) Allocation: The amount based on 90% of Contractor’s prior year CSBG allocation which is used to calculate an advance payment when the Total Allocation amount is not yet known.

Subpart G – Definitions
STANDARD AGREEMENT  
PART II  

Subpart H – Table of Forms and Attachments  

H.1. Forms (to be returned with signed contract):  

A. 425 Budget Series (Forms):  

1. CSD 425.5 CSBG Contract Budget Summary  
2. CSD 425.1.1 CSBG Budget Support Personnel Cost  
3. CSD 425.1.2 CSBG Budget Support Non Personnel Cost  
4. CSD 425.1.3 CSBG Budget Support Other Agency Operating Funds  
5. CSD 425.1.4 CSBG Contract Budget Narrative  

B. CSBG/NPI Workplan CSD 801 W (Form)  
C. Certification Regarding Lobbying/Disclosure of Lobbying Activities  
D. Executive Director and Board Roster CSD 188 (Form)  

H.2. The following documents are hereby incorporated by this reference:  

Attachment A: CSBG Allocation Spreadsheet  
Attachment B: Supplemental Audit Guide  

Subpart H - TABLE OF FORMS AND ATTACHMENTS
January 27, 2015

TO: YUBA COUNTY BOARD OF SUPERVISORS

FROM: DAN PETERSON, FLOODPLAIN MANAGER

SUBJECT: Approval of Floodplain Development Variance for Agricultural Storage Building at 2500A Hoffman Road

RECOMMENDATION:

The floodplain Manager recommends that the Board of Supervisors approve the application of a floodplain development variance for the agricultural storage building planned at 2500A Hoffman Road, APN 016-070-020.

BACKGROUND:

The owners of 2500A Hoffman Road, located west of Forty Mile Road are proposing to construct an agricultural building. The new 1974 sf building will be used to store agricultural equipment.

DISCUSSION:

Floodplain management regulations cannot be written to anticipate every imaginable situation. Yuba County Ordinance 10.30.090 “Variance Procedure” was adopted as a way to seek permission to vary from the letter of the rules because of a special situation. It is the Floodplain Manager’s opinion that this is such a situation. The structure is for the storage of agricultural harvesting operation equipment. Requesting a variance for wet flood proofing this type of agricultural structure is one of the most common. It is specifically listed as allowable in the National Flood Insurance Program (NFIP).

COMMITTEE ACTION:

The Land Use & Public Works Committee was bypassed as this item is routine in nature.

FISCAL IMPACT:

There is no fiscal impact to Yuba County.
COUNTY OF YUBA
APPLICATION FOR FLOODPLAIN DEVELOPMENT VARIANCE

OFFICE USE ONLY

Application No.: Date Filed: 1-7-15 Receipt No.: PW-21384

Applicant

[X] a. Request variance to allow wet floodproofing

b. Other (explain):

Property Location and Address: 2500 A HOFMANN ROAD
OLIVETT PkR CA 95961

Assessor's Parcel No(s): 016-070-020 Zoning: AE-80

Proposed Building Type/Use: AG STORAGE

Proposed Building Size: 1974 (sq ft) Proposed Finish Floor Elevation: 56

Existing Ground Elevation at Proposed Building Site: 55 (NGVD 1929)

Note: Existing ground elevation may be estimated; no formal survey is required for a variance application.

FIRM Map/Panel No: C61150470 D Flood Zone: A Base Flood Elevation: 55

Property Owner

NAME: Michael E. Rule

ADDRESS: PO BOX 50

CITY: KO Oso CA 95674

PHONE:

SIGNATURE OF PROPERTY OWNER: Michael E. Rule

OFFICE USE ONLY

Floodplain Administrator Recommendation: DATE:

[ ] APPROVE [ ] CONDITIONAL APPROVAL [ ] DENY

DISPOSITION: [ ] APPROVED [ ] DENIED by the Land Use & PW Committee:

DATE:

DISPOSITION: [ ] APPROVED [ ] DENIED by the Board of Supervisors:

DATE: Floodplain Administrator Signature:

Conditions Attached: [ ] Yes [ ] No

I agree to accept the Variance subject to the provisions of the Floodplain Management Ordinance and the Conditions of Approval of the permit.

Owner’s Signature: Date:

THIS VARIANCE BECOMES NULL AND VOID IF ASSOCIATED BUILDING PERMIT IS NOT ISSUED WITHIN ONE YEAR OF THE DATE OF APPROVAL AND/OR BUILDING IS NOT CONSTRUCTED AND OCCUPANCY PERMIT ISSUED WITHIN TWO YEARS OF DATE OF APPROVAL.

RECEIVED

3 JAN - 7 2015 May 5, 2009

COMMUNITY DEVELOPMENT & SERVICES AGENCY
GENERAL APPLICATION
INFORMATION FORM

This document, once completed, will provide necessary information about the proposed project. Please answer applicable questions as accurately and completely as possible. Further information could be required from the applicant to evaluate the project.

PLEASE PRINT CLEARLY OR TYPE
USE A SEPARATE SHEET, IF NECESSARY, TO EXPLAIN THE FOLLOWING:

I. Project Characteristics:

A. Describe the proposed project including all existing and proposed uses of the site. This is an Agricultural Storage Structure to be built on an established Farmstead in proximity to Livestock Corrals and several other Storage Structures.

B. Parcel size (square feet or acres): 81.5 Acres

C. Existing land use (attached photographs of the site):
   Undeveloped (vacant) ________ Developed Farmstead

   If developed, describe extent (type and use of all structures):
   1) Pipe
      2) Wood Corrals
      3) Sheet Open on One or Two Sides
      4) Mobile Home
      5) Covered Dig Kennels

D. Existing surrounding land uses:
   North Agriculture and Rural Homsite
   South Agriculture
   East Agriculture
   West Agriculture

E. Will the project use, store, or dispose of any potentially hazardous materials, such as toxic substances, flammables, or explosives? No

   If yes, please explain ______________________

F. Will the project include utility services (electric, gas, water, sewer) to the proposed building? No

   If yes, please explain ______________________
G. Will the project include any stationary mechanical equipment in the proposed building? **NO**

If yes, please explain __________________________________________

______________________________________________________________

______________________________________________________________

H. What is the necessity of the facility to have a waterfront location? **NO**

______________________________________________________________

______________________________________________________________

I. Is there an alternative location available for the proposed structure that is not subject to flooding or erosion damage? **NO**

______________________________________________________________

______________________________________________________________

I hereby certify, to the best of my knowledge, that the above statements are correct.

Signature of Person Preparing Form **Michael**

Date **1/7/14**

Telephone Number [Redacted]
ELIGIBILITY CRITERIA
(Completed by Applicant)

In order to approve a variance, specific findings must be made and supported by evidence of record. Your application for a variance will be considered on the basis of the degree to which your statements fulfill the mandatory findings for approval:

1. Identify why the parcel’s physical characteristics are so unusual that complying with the requirements of the ordinance would create an exceptional hardship to the applicant or the surrounding property owners. Applicant may wish to reference FEMA Technical Bulletin 7-93. Identify if this variance is for wet floodproofing an agricultural building that would be used exclusively in connection with production, harvesting, storage, drying or raising of agricultural commodities.

   Applicant's Statement: This is a storage shed for agricultural equipment that is currently parked in the open.
   This variance is for wet floodproofing an agricultural building used in connection with production, harvesting, or agricultural commodities. The elevation is approximately 3'6" with a flood elevation of 6'0" feet. It would be functionally impractical to raise this finished floor 5' feet.

2. Identify whether this variance is for new construction, substantial improvement, or other proposed new development, and also include lot size. Please note that as the lot size increases beyond one half acre, the technical justification required for issuing the variance increases.

   Applicant's Statement: This a new structure on the farmed area adjoining several other farm structures used for storage.
   The parcel size is 66 acres.

3. Identify whether the variance is for the repair or rehabilitation of "historic structures" (as defined in Section 10.30.050 of the floodplain management ordinance). If so, include a determination that the proposed repair or rehabilitation will not preclude the structure's continued designation as an historic structure and the variance is the minimum necessary to preserve the historic character and design of the structure.

   Applicant's Statement: It is not a repair project.
4. Is the proposed development within a regulatory floodway? If so, certification by a registered civil engineer demonstrating that the proposed encroachment shall not result in any increase in flood levels during the base flood discharge is required prior to consideration of a variance. Identify whether this "No-Rise" certification is available if the proposed development is within a regulatory floodway.

Applicant's Statement: NO

5. Variances shall only be issued upon a determination that the variance is the "minimum necessary" considering the flood hazard, to afford relief. "Minimum necessary" means to afford relief with a minimum of deviation from the requirements of the floodplain management ordinance. Is the request for your variance the minimum deviation possible from code to enable reasonable development of the property?

Applicant's Statement: YES

May 5, 2009
Acknowledgement of Adverse Effects
Application for Floodplain Management Variance
Yuba County, California

The issuance of a variance to construct a structure below the base flood level will result in increased premium rates for flood insurance up to amounts as high as $25 per $100 of insurance coverage. Such construction below base flood level increases risks to life and property.

Structures built below the Base Flood Elevation shall maintain all wet floodproofing elements for the life of the structure. All interior walls, ceilings and floors below the Base Flood Elevation shall be unfinished or constructed of flood resistant materials. Mechanical, electrical or plumbing devices shall not be installed below the Base Flood Elevation except as allowed under FEMA Technical Bulletin 7-93 or successor documents. The walls of the enclosed areas below the Base Flood Elevation shall be equipped and remain equipped with vents as shown on the Permit. Any alterations or changes from these conditions constitute a violation of the Permit. The County may take any appropriate legal action to correct any violation.

Pursuant to the authority of the County of Yuba, California, Section 10.30.090 of the Yuba County Ordinance Code, the undersigned owner of the property so described below is requesting a variance to the Floodplain Management Ordinance. I, the owner of said property, do hereby acknowledge and accept full responsibility for the property value, loss during flooding conditions and any increase of risk whereby flood and/or other insurance may increase in cost by the granting of this variance. It is further understood that the County of Yuba shall not be held liable for any damage or cost incurred that may result from the granting of the attached variance request.

Property On Which Requesting Variance:

Address: 2500 A Hoffinan Road  Yuba County

Yuba County APN: 16-070-20

PROPERTY OWNER:

Name (printed)  MICHAEL E. RICE
Name (Signature)  MICHAEL E. RICE  Date 1/7/05

Mailing Address

Street Address: PO Box 8
City: Rio Oso  State: CA  Zip: 95674

May 5, 2009
THE FOLLOWING QUESTIONS MUST BE ANSWERED BY STAFF WHEN ANALYZING THIS REQUEST FOR VARIANCE. PLEASE INCLUDE ANY PERTINENT FACTS THAT MAY ASSIST IN THIS ANALYSIS.

I. What danger is there that materials may be swept onto other lands to the injury of others?
Little or none. The structure will be designed to automatically equalize the hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters via flood vents. The structure will be adequately anchored to prevent flotation, collapse, or lateral movement of the structure resulting from hydrodynamic and hydrostatic loads, including the effects of buoyancy.

II. What danger to life and property may occur due to flooding or erosion damage?
Little or none. The structure will be constructed using flood resistant materials and the building utility equipment including electrical will be flood proofed.

III. How susceptible is the proposed facility and its contents to flood damage and what effects will such damage have on the existing individual owner and future owners of the property?
This property is in the area being designated Flood Zone A. Unless there is a levee failure there is little chance of flood damage. The National Flood Insurance Program allows certain uses in enclosures below the Base Flood Elevation because they can be designed so that they are subject to minimal flood damage. This storage building is to be used exclusively for storing Ag related equipment.

IV. What is the importance of the services provided by the proposed facility to the community?
The storage of equipment within the structure eliminate environments that create safety hazards and preserve a minimum standard of community living by battling blight and public nuisance conditions. Agricultural related equipment will be stored to reduce/eliminate weather damage and vandalism.

V. What is the compatibility of the proposed use with existing and anticipated development?
The type of storage being proposed is consistent and accessory to the principal use of the existing structures on this parcel and within the community.

VI. What is the relationship of the proposed use to the comprehensive plan and floodplain management program for that area?
This property is zoned AE-80. The type of storage being proposed is consistent with the County’s General Plan and zoning.

VII. How will the property have safe access for ordinary and emergency vehicles in time of flood?
Access to this community is provided by State Highway 65 and Forty Mile Road. This structure would not require additional response from emergency vehicles in time of flood.
VIII. What is the expected height, velocity, duration, rate of rise, and sediment transport of the flood waters expected at the site?
   This is an A Zone with an unknown BFE. Unless the local levee breaks the flooding would be a slow rise event. With a slow rise event sediment transportation would likely be minimal.

IX. What are the anticipated costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer, gas, electrical, and water system, and streets and bridges?
   None for this structure. In this rural agricultural community, the property owners own and maintain their own wells and septic systems. Electrical power is provided by Pacific Gas & Electric Co. and the State Highway and Forty Mile Road provide access to the community.
Untitled Map

Write a description for your map.
Untitled Map
Write a description for your map.
TO: Board of Supervisors
FROM: Robert Bendorf, County Administrator
DATE: January 27, 2015
SUBJECT: Approve Appointment Extension of Interim/Acting Director of Human Resources

Recommendation:

Approve the recommendation to extend the temporary appointment of Jill Abel as the Interim/Acting Director of the Human Resources & Organizational Services Department for an additional 90 days effective February 1, 2015.

Background/Discussion:

With the pending retirement of the Human Resources Director and to ensure a smooth continuity of all programs, the interim appointment of Ms. Abel was effective November 1, 2014.

Under the provisions of the Merit Resolution #2012-21, Article Fifteen, Section 3 Temporary Transfers: The appointing authority may temporarily transfer a regular employee to a regularly authorized position in a class having a higher salary range when the incumbent in such position is absent or when there is no incumbent for such position. Such temporary transfer shall not exceed a period of 90 days unless a longer period is specifically authorized by the Board.

Committee Action:

This action has bypassed committee due to the time sensitivity of the extension.

Fiscal Impact:

This extension will not have a fiscal impact on the General Fund as it is budgeted in the Human Resources & Organizational Skills budget.
TO: Board of Supervisors
FROM: Robert Bendorf, County Administrator
DATE: January 27, 2015

SUBJECT: AB 939 Local Task Force Membership Update

**Recommendation:**
Adopt a resolution approving the updated AB 939 Local Task Force Membership list dated January 2015.

**Background:**

The California Integrated Waste Management Act of 1989 (AB 939), as amended, and the implementing regulations established a requirement for a local task force to be convened to advise jurisdictions during preparation and revision of the Source Reduction and Recycling Element, Household Hazardous Waste Element, Nondisposal Facility Element, Siting Element and County/Regional Agency Integrated Waste Management Plan documents.

Regional Waste Management Authority (RWMA) staff determined that it is appropriate to update and reapprove the local task force membership at this time although the RWMA Board does not approve the Local Task Force membership. California Public Resources Code section 40950 (b) stipulates the following relative to the task force membership:

(b) The membership of the task force shall be determined by the county and by a majority of the cities within the county which contain a majority of the population of the incorporated area of the county, except in those counties which have only two cities, in which case the membership of the task force is subject to approval of the city which contains the majority of the population of the incorporated area of the county. The task force may include representatives of the solid waste industry, environmental organizations, the general public, special districts, and affected governmental agencies.

Attached is a proposed updated membership rooster dated January 2015 which replaces prior members who are no longer associated with the subject entities with individuals in the same or similar positions. The RWMA Administrators have reviewed and concurred with the proposed updated membership.

**Fiscal Impact:**
None
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

RESOLUTION APPROVING THE )
UPDATED AB 939 LOCAL TASK ) RESOLUTION NO. __________
FORCE MEMBERSHIP DATED )
JANUARY 2015 )

WHEREAS, THE State of California enacted the California Integrated Waste Management Act of 1989 (Act); and

WHEREAS, the Act and the implementing regulations require that a local task force be convened for review of certain waste management planning documents; and

WHEREAS, membership of the local task force serving the Yuba-Sutter region needs to be updated to replace members who are no longer associated with the subject entities; and

WHEREAS, Regional Waste Management Authority staff reviewed the updated membership list with the Administrators of each City and County in the region.

WHEREAS, California Public Resources Code section 40950(b) specifies that the membership of the task force is subject to approval of the County. The referenced section also specifies that the task force may include representatives of the solid waste industry, environmental organizations, the general public, special districts, and affected governmental agencies.
NOW, THEREFORE, BE IT RESOLVED, that the updated AB 939 Local Task Force Membership List dated January 2015, is hereby approved and shall be forwarded to the California Department of Resources Recycling and Recovery (CalRecycle) within 30 days of this approval.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Yuba, State of California, on the ___ day of ____________, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____________________________  
Chairman

ATTEST:  DONNA STOTILEMEYER  
CLERK OF THE BOARD OF SUPERVISORS

_____________________________  
ANGIL P. MORRIS-JONES  
YUBA COUNTY COUNSEL  
APPROVED AS TO FORM:
AB 939 LOCAL TASK FORCE - MEMBERSHIP LIST

SUTTER COUNTY
Doug Libby, Principal Planner – 822-7400
1130 Civic Center Blvd.
Yuba City, CA 95993
dlibby@co.sutter.ca.us

SUTTER CO. ENVIRONMENTAL HEALTH & CERTIFIED UNIFIED PROGRAM AGENCY (CUPA)
Sukh Sahota, Supervising Environmental Health Specialist – 822-7400
1130 Civic Center Blvd.
Yuba City, CA 95993
ssahota@co.sutter.ca.us

YUBA COUNTY
Tej Maan, Environmental Health Director
749-5450
County of Yuba
915 Eighth Street, Suite 123
Marysville, CA 95901
tmaan@co.yuba.ca.us

YUBA CO. ENVIRONMENTAL HEALTH
Andy Davis, LEA – 749-5450
County of Yuba
915 Eighth Street, Suite 123
Marysville, CA 95901
adavis@co.yuba.ca.us

YUBA CO. CERTIFIED UNIFIED PROGRAM AGENCY (CUPA)
Clark Pickell – 749-5450
County of Yuba
915 Eighth Street, Suite 123
Marysville, CA 95901
cpickell@co.yuba.ca.us

BEALE AFB
Eric G. Maresh – 634-2644
9th CES/CEVP
6601 B Street
Beale Air Force Base, CA 95903
eric.maresh@beale.af.mil

LIVE OAK
Jim Goodwin, City Manager
City of Live Oak
9955 Live Oak Blvd.
Live Oak, CA 95953
citymgr@liveoakcity.org

MARYSVILLE
Walter Munchheimer, City Manager – 749-3901
Alternate: Dave Lamon, Public Works Director
P.O. Box 150
Marysville, CA 95901
wmunchheimer@marysville.ca.us

WHEATLAND
Stephen Wright, City Manager – 633-2761
City of Wheatland
111 C Street
Wheatland, CA 95692
swright@wheatland.ca.gov

YUBA CITY
Steve Kroeger, City Manager
822-4620
City of Yuba City
1201 Civic Center Blvd.
Yuba City, CA 95993
skroeger@yubacity.net

RECOLOGY YUBA-SUTTER - Operations
Terry Bentley, Operations Manager – 743-6933
Alternate: Jackie Sillman, Community Relations Manager
P.O. Box G
Marysville, CA 95901
tbentley@recology.com

RECOLOGY YUBA-SUTTER - HHW Facility
Stephanie Kendall, Environmental Program Manager – 743-6933
Alternate: Pablo Curiel, Environmental Compliance Specialist
P.O. Box G
Marysville, CA 95901
skendall@recology.com

January 2015
Update
DATE: January 27, 2015

TO: Board of Supervisors

FROM: Russ Brown, Communications & Legislative Affairs Coordinator

SUBJECT: Two Resolutions to Seeking Reauthorize of Federal Funding

**Recommended Action:** Authorize Chair to sign resolutions requested by RCRC for reauthorization of the Secure Rural Schools and Community Self-Determination Act (SRS) and long-term commitment to Federal Payment in Lieu of Taxes (PILT).

**Background & Discussion:** Over the past several years, Yuba County and other counties have been able to benefit from federal funding programs that have been instrumental in supporting critical local programs. However, as economic conditions shift and legislative priorities change, there appears to be waning interest in reauthorization of the two programs. As of this date, SRS is still lacking reauthorization while PILT is reauthorized for 2015.

The RCRC Governmental Affairs staff is in the process of executing a multi-pronged advocacy and media strategy to advocate for reauthorization and long-term funding of the SRS and PILT programs in the 114th Congress. Our association is seeking assistance from member counties to pass resolutions that declare the importance of securing the funding and then use the documents in effort to obtain media coverage prior to NACo’s Legislative Conference. The resolutions will also be used during meetings with Congress and the Administration to help document the urgency for early reauthorization and passage of SRS, and the importance of a long-term reauthorization for Federal PILT.

**Committee Action:** Due to time constraints, this matter was not presented at the committee level.

**Fiscal Impact:** None
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

RESOLUTION TO SEEK LONG TERM
COMMITMENT TO REAUTHORIZATION OF
FEDERAL PAYMENTS IN LIEU OF TAXES
PROGRAM

RESOLUTION NO. ________

WHEREAS, much of the land in the western United States is owned by the federal government, and it is common that some counties located in the west have more than 90 percent of their jurisdiction occupied by federal land; and

WHEREAS, because this land is now held by the United States Government, it is removed from the local property tax rolls and exempt from local property tax; and

WHEREAS, a number of federal agencies, including the U.S. Forest Service, the U.S. Park Service, the Bureau of Land Management, and the U.S. Fish & Wildlife Service, account for nearly 640 million acres owned and occupied in the United States; and

WHEREAS, in 1976 Congress passed and President Ford signed legislation to create the Federal Payment in Lieu of Taxes program (PL 94-565) to provide payments to counties and other local governments to offset losses in tax revenues due to the presence of tax-exempt federal land within their jurisdictions; and

WHEREAS, the Federal Payment in Lieu of Taxes program replaces the lost property tax revenue and provides county government funding for essential services such as law enforcement, firefighting, search-and-rescue operations, construction and maintenance of roads, and other vital services; and

WHEREAS, Yuba County makes effective use of the in-lieu funds to bolster vital public safety programs that have been hampered by eight years of general fund revenue depletion, and a long-term commitment of this funding would ensure continuation of vital programs that contribute directly to the well-being of our citizens; and

WHEREAS, the Federal Payment in Lieu of Taxes program was reformed in 2008 under the Emergency Economic Stabilization Act (PL 110-343) to modify the program from a discretionary program which is subject to annual appropriations of Congress to a fully-funded mandatory program until Federal Fiscal Year 2012; and
WHEREAS, there have been two one-year reauthorizations, the most recent as part of the enactment of both H.R. 3979, the National Defense Authorization Act, and H.R. 83, the Federal Fiscal Year 2015 Omnibus Spending Bill, which, when combined, provide nearly $450 million in Federal Fiscal Year 2015 funding for the Federal Payment in Lieu of Taxes program; and

WHEREAS, a number of efforts were made in the 113th Congress in both the United States House of Representatives and the United States Senate to reauthorize the Federal Payment in Lieu of Taxes program for several consecutive years as a mandatory program in order for counties to budget accordingly.
NOW, THEREFORE, BE IT RESOLVED that the Yuba County Board of Supervisors respectfully urges the 114th Congress to reauthorize and fund the Federal Payment in Lieu of Taxes program for several years, commencing with Federal Fiscal Year 2016, in order to provide a long-term, stable source of funding for counties in order to maintain vital programs and avoid any interruption in county services.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Yuba, State of California on the ______ day of ____________, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

__________________________________________
Chairman

ATTEST: DONNA STOTTLEMeyer
CLERK OF THE BOARD OF SUPERVISORS

__________________________________________

ANGIL P. MORRIS-JONES
YUBA COUNTY COUNSEL
APPROVED AS TO FORM:

[Signature]
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

RESOLUTION TO SEEK REAUTHORIZATION
OF FEDERAL SECURE RURAL SCHOOLS AND
COMMUNITY SELF-DETERMINATION ACT
OF 2000

RESOLUTION NO. _____________

WHEREAS, counties across the United States are concerned that large areas of land designated under the 1891 Forest Reserve Act would no longer be available for economic development, thwarting all future tax proceeds intended to support local community development; and

WHEREAS, Congress took action to mitigate the impact on county government, and in 1907 began providing counties with 10 percent of gross receipts from timber harvests in national forests to help offset the revenue loss, which then grew to more than 25 percent through enactment of the National Forest Revenue Act of 1908 to support county roads and public schools; and

WHEREAS, from 1908 to 2000, the United States Forest Service managed forest resources on national forest lands for long-term revenues and during that same period of time counties across the United States shared in these revenues in lieu of tax revenues that could have otherwise been generated had these lands remained in private hands; and

WHEREAS, in the 1990s, the volume and value of timber harvested on national forest lands was drastically reduced, which led Congress to enact the Federal Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. Sec. 7101 et seq.), which provided a six-year guarantee payment option that was independent of the revenue generated on the national forest lands; and

WHEREAS, the Secure Rural Schools and Community Self-Determination Act of 2000, which has been extended several times, most recently by the "Helium Stewardship Act of 2013 (Public Law 113-40), expired on September 30, 2013, resulting in a lapse in funding in 2014 and future years to critical programs in schools and counties across the United States, including California; and
WHEREAS, California’s forested counties and schools located within those counties are dependent on federal revenue-sharing programs, including federal forest payments, for maintaining local roads, and providing vital local services and programs; and

WHEREAS, county public works programs will be crippled without stable, predictable, long-term funding supported by the Federal Secure Rural Schools and Community Self-Determination Act, causing the local road network to suffer long-term degradation, and putting communities at risk for public safety emergencies due to cuts in staffing and operational activities; and

WHEREAS, Yuba County has historically used the funding to secure a coordinator for our Fire Safe Council and continues to greatly rely upon this person to identify dangerous roadside growth that needs to be cleared along the heavily forested roads in our expansive foothill region; and

WHEREAS, a number of efforts were made in the 113th Congress in both the United States House of Representatives and the United States Senate to reauthorize the Federal Secure Rural Schools and Community Self-Determination Act of 2000 Act.
NOW, THEREFORE, BE IT RESOLVED that the Yuba County Board of Supervisors respectfully urges the 114th Congress to reauthorize and fund the Federal Secure Rural Schools and Community Self-Determination Act of 2000 to provide a long-term, stable source of funding for counties and schools to maintain vital programs and avoid any interruption in county services and school operations.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Yuba, State of California on the ______ day of ________________, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_________________________  Chairman

ATTEST:  DONNA STOTTELMEYER
CLERK OF THE BOARD OF SUPERVISORS

_________________________

ANGIL P. MORRIS-JONES
YUBA COUNTY COUNSEL
APPROVED AS TO FORM:

[Signature]
TO:  Board of Supervisors  
Yuba County

FROM:  Jennifer Vasquez, Director  
Kathy Cole, Deputy Director  
Health & Human Services Department

DATE:  January 27, 2015

SUBJECT:  Resolution Authorizing the Director of Health & Human Services to execute Memorandums of Understanding for Alternate Care Sites

RECOMMENDATION:  Board of Supervisors approval of the Resolution authorizing the Director of the Health and Human Services Department to enter into and execute Memorandums of Understanding (MOU) for Alternate Care Sites (ACS) is recommended.

BACKGROUND:  The Health and Human Services Department, Public Health Division, is the authority responsible for establishing government authorized alternate care sites within Yuba County. Designated sites will provide supportive care to individuals in the event of a large-scale catastrophe or public health emergency that exceeds the capacity of the County’s local health facilities. In order to establish the sites, it is necessary for the County to enter into MOUs with facilities that will act as alternate care sites.

DISCUSSION:  The Board of Supervisors passed and adopted Resolution Numbers 2009-44 and 2013-96 authorizing the use of the template MOU in the form incorporated therein by reference. Due to changes requested by one of the facilities, the “template” MOU needs to be revised again. Approval of this Resolution will eliminate the use of the “template” MOU and will authorize the Director to execute new and amended ACS related MOUs.

COMMITTEE:  The Human Services Committee was bypassed as the MOUs will not impact County funds.

FISCAL IMPACT:  Approval of this Resolution will not impact County Funds.
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

RESOLUTION AUTHORIZING THE
DIRECTOR OF THE HEALTH & HUMAN
SERVICES DEPARTMENT TO EXECUTE
MEMORANDUMS OF UNDERSTANDING
FOR GOVERNMENT AUTHORIZED
ALTERNATE CARE SITES

Resolution No. ____________

WHEREAS, on May 12, 2009, the Yuba County Board of Supervisors passed and adopted Resolution Number 2009-44, authorizing the Yuba County Health and Human Services Department (YCHHSD) to establish government authorized Alternate Care Sites (ACS) for supportive care to individuals in the event of a large-scale catastrophe or public health emergency and further authorized the Director of YCHHSD to execute, on behalf of the County of Yuba, Memorandum(s) of Understanding (MOU) in the form incorporated therein by reference; and

WHEREAS, since the adoption of Resolution Number 2009-44, YCHHSD found it necessary to make amendments and changes to the MOU “template” that was attached and incorporated by reference in Resolution Number 2009-44 and subsequently amended in Resolution Number 2013-96; and

WHEREAS, it is in the interest of efficient and effective county government to discontinue the use of the “template” MOU originally adopted in Resolution Number 2009-44 and subsequently amended in Resolution Number 2013-96.

NOW, THEREFORE, BE IT RESOLVED by the Yuba County Board of Supervisors that the YCHHSD will no longer utilize the “template” MOU referenced in Resolution Numbers 2009-44 and 2013-96 for government authorized ACS; and

BE IT FURTHER RESOLVED that the Yuba County Board of Supervisors hereby authorizes the Director of YCHHSD to execute on behalf of the County of Yuba, upon review and approval of County Counsel, MOUs for government authorized Alternate Care Sites and any amendments thereto.
A copy of said MOUs and any amendments thereto shall be filed in the office of the Clerk of the Board, County of Yuba.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Yuba, State of California, on the ____ day of ____________, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

YUBA COUNTY BOARD OF SUPERVISORS

BY: ____________________________
    Chair, Board of Supervisors

ATTEST: Donna Stottlemeier
Clerk of the Board of Supervisors

By: ____________________________

APPROVED AS TO FORM:
ANGIL P. MORRIS-JONES
COUNTY COUNSEL

By: ____________________________
YUBA COUNTY
HUMAN RESOURCES & ORGANIZATIONAL SERVICES DEPARTMENT
915 8TH STREET, SUITE 113, MARYSVILLE, CA 95901

DATE: January 27, 2015
TO: Board of Supervisors
FROM: Jill Abel, Interim Human Resources Director

RECOMMENDATION
Adopt resolution electing to be subject to the Public Employees’ Medical and Hospital Care Act (PEMHCA) and establishing the employer’s contribution for unrepresented Extra Help employees who qualify for coverage pursuant to requirements contained in the Affordable Care Act (ACA) outlined in Section 4980H of Title 29 of the United States Code and applicable United States Treasury Department regulations and interpretive guidance.

BACKGROUND
The Patient Protection and Affordable Care Act (ACA) requires that large employers provide health insurance to “full time” employees as defined by the Act. The definition of “full time employee” under the ACA is different than the PEMHCA definition. CalPERS amended California Government Code to include the definition of a “full time” employee as outlined by the ACA allowing PEMHCA employers to adopt a resolution to offer coverage to these employees as required by the ACA.

DISCUSSION
Yuba County adopted resolutions to join PEMHCA, which provides our full time employees access to CalPERS health insurance and sets the employer contribution toward the health insurance premium. The resolutions adopted by the County do not include extra help employees who, as outlined by the Affordable Care Act, may qualify for coverage if they meet the definition of “full time” under the ACA. CalPERS requires that the Yuba County governing body adopt a resolution electing to make this group subject to PEMHCA and establishing the employer’s contribution. Once adopted, CalPERS will allow Yuba County to add extra help employees defined as “full time” under the ACA to be added to the County’s health insurance plan as required by the ACA.

COMMITTEE
This item has bypassed committee as it is extremely time sensitive in nature.

FISCAL IMPACT
Fiscal impact is difficult to measure at this time. Departments will be instructed to budget for health insurance coverage for any extra help employee defined as “full time” under the ACA. This currently applies to only one department who has indicated they will budget for coverage for one employee, but may apply to other departments in the future depending on their employment and usage of extra help employees.
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

RESOLUTION ELECTING TO BE SUBJECT TO SECTION
22922 OF THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL
CARE ACT WITH RESPECT TO UNREPRESENTED EXTRA HELP
EMPLOYEES and SETTING THE EMPLOYER’S CONTRIBUTION
FOR AN EMPLOYEE AS THAT PRESCRIBED BY SECTION 22892
OF THE GOVERNMENT CODE

WHEREAS, Government Code Section 22922(a) provides the benefits of the Public Employees’
Medical and Hospital Care Act (PEMHCA) to employees, retirees, and survivors of local agencies
contracting with the Public Employees’ Retirement System on proper application by a local
agency; and

WHEREAS, Government Code section 22772, which defines an employee under PEMHCA, was
amended to include in the definition the following individuals under (a)(6)(A) and (B), a “full
time” employee of the state or a contracting agency within the meaning of Section 4980H of
Title 26 of the United States Code and applicable United States Treasury Department
regulations and interpretive guidance and those designated in writing as an employee for
purposes of this section by the state or the contracting agency, as applicable; and

WHEREAS, Government Code section 22892(a) of the Act provides that a local contracting
agency shall fix the amount of the employer’s contribution; and

WHEREAS, the County of Yuba, a contracting agency subject to the provisions of Government
Code 22922(a), desires to obtain for the members of Unit 00 – unrepresented Extra Help
employees who are defined as “full time employees” of the County pursuant to the
amendment of Government Code Section 22772, the benefit of the Act and to accept the
liabilities and obligations of an employer under the Act and Regulations.

NOW, THEREFORE, BE IT RESOLVED, that the County of Yuba, a contracting agency, does
hereby elect to be subject to the provisions of the Act.

RESOLVED, that the employer’s contribution for each employee shall be the amount necessary
to pay the full cost of his/her enrollment, including the enrollment of family members in a
health benefits plan up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments.

RESOLVED, that the County of Yuba has complied with the applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

RESOLVED, that the Board of Supervisors appoints and directs, and does hereby appoint and direct, the Human Resources Director to file with the Board of Administration of the Public Employees’ Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration.

RESOLVED, that coverage under the Act be effective on February 1, 2015.

PASSED AND ADOPTED this _____ day of ________________, 2015, by the Board of Supervisors of the County of Yuba by the following vote:

AYE:
NO:
ABSENT:
ABSTAIN:

______________________________
Chair

ATTEST:

______________________________  
Donna Stottlemeyer, Clerk of the Board

APPROVED AS TO FORM: COUNTY COUNSEL

ANGEL P. MORRIS-JONES

By: }


COUNTY DEPARTMENTS
RECOMMENDATION

It is recommended that the Board of Supervisors discuss and adopt resolution approving the form and authorizing the execution of certain lease financing documents in connection with the offering and sale of Certificates of Participation relating thereto to finance the costs of the renovation and build out of a building for use as a Sheriff’s Facility and authorizing and directing certain actions with respect thereto.

BACKGROUND

On January 13, 2015, the Board of Supervisors received a presentation on the issuance of COPs in the approximate amount of $6.3 million (excluding bond premium). The amount of the COPs included a project fund deposit of $6 million, and an allowance for certain costs and expenses including bond insurance and a surety bond in lieu of a cash funded reserve. Estimated annual payments range from $290,000 (Years 1-5) to $410,000 (Years 6-30). The County can prepay the COPs after five years. The actual sizing and interest rates will be determined at the time of pricing, and based on the availability of bond insurance. Pricing is expected to occur on February 5, 2015.

The presentation established that the COPs, as proposed, meet the County’s financing parameters, including, minimizing costs, ensuring ability to repay over time, allowing flexibility, maintaining long term security, and preserving the County’s credit rating. The Board of Supervisors directed staff to return to the Board on January 27 to approve the documents that are necessary to complete the financing.

DISCUSSION

The financing is implemented through a resolution that authorizes the County to borrow up to a legal maximum of $7.5 million at an interest rate not to exceed 6%. The actual borrowing amount and interest rates are expected to be in line with previous estimates, all
of which are below the legal maximum. The resolution also authorizes the County to execute the following documents, which are on file with the Board:

**Form of Site and Facility Lease:** The Site and Facility Lease between the County and the Yuba Public Facilities Corporation (Corporation) specifies that the County will lease certain property, for a 30 year term in exchange for the transfer of the COP proceeds, of which approximately $6 million will be available for the Project.

**The Form of Lease Agreement:** The Lease Agreement defines the lease of the property back to the County in exchange for semi-annual debt service payments. Under an Assignment Agreement, the Corporation will assign all rights to receive lease payments to U.S. Bank National Association (Trustee) for the benefit of the investors.

**Form of Certificate Purchase Agreement:** An Agreement between the County and Southwest Securities (Underwriter) that allows for the sale of the COPs.

**Form of Preliminary Official Statement (POS):** The COPs will be sold through a public offering using an offering document commonly referred to as a POS. The POS is prepared in accordance with industry standards. It contains important information about the County and the COPs being issued. The POS is considered preliminary because it is prepared prior to the sale and therefore omits pricing data. Following the sale of COPs, the POS will be updated with pricing data and will be brought into the form of a Final Official Statement (FOS).

Although the relevant County departments and consultants have participated in the review and preparation of portions of the POS, it is important that the Board of Supervisors review the POS, particularly those portions that describes the County.

**Form of Continuing Disclosure Certificate:** A Certificate that identifies the County’s responsibilities with respect to providing annual and on-going disclosures to support the COPs.

**FISCAL IMPACT**

The COPs will allow the County to pay project costs, and costs associated with the financing. The County will make debt service payments from funding sources, including, General Government Impact Fees, Water Agency Lease Payments, Public Safety Sales Tax, and General Fund contributions.
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

In Re:

RESOLUTION APPROVING THE FORM AND )
AUTHORIZING THE EXECUTION OF CERTAIN )
LEASE FINANCING DOCUMENTS IN CONNECTION )
WITH THE OFFERING AND SALE OF CERTIFICATES )
OF PARTICIPATION RELATING THERETO TO ) Resolution No. _________
FINANCE THE COSTS OF THE RENOVATION AND )
BUILD OUT OF A BUILDING FOR USE AS A SHERIFF’S )
FACILITY AND AUTHORIZING AND DIRECTING )
CERTAIN ACTIONS WITH RESPECT THERETO )

WHEREAS, the County, with the assistance of the County of Yuba Public Facilities Corporation (the "Corporation"), has determined at this time, due to prevailing interest rates in the municipal bond market and for other reasons, to finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility (the "Project"), and to implement a lease financing for such purposes;

WHEREAS, it is in the public interest and for the public benefit that the County authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith;

WHEREAS, a preliminary official statement containing information material to the offering and sale of the Certificates described below (the "Preliminary Official Statement") has been prepared on behalf of the County; and

WHEREAS, the documents below specified shall be filed with the County and the members of the Board of Supervisors (the "Board") of the County, with the aid of its staff, shall review said documents.

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Certificates of Participation (2015 Sheriff’s Facility Financing Project) (the "Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement, as hereinafter defined, to finance the Project.
Section 2. The below-enumerated documents, in the forms on file with the Clerk of the Board, be and are hereby approved, and the Chair of the Board, the County Administrator or the County Treasurer-Tax Collector, or the assignee of any such official (each, a "Designated Officer"), are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such officials, and the Clerk of the Board is hereby authorized and directed to attest to such official’s signature:

(a) a site and facility lease, by and between the County, as lessor, and the Corporation, as lessee, pursuant to which the County will lease certain existing property (the "Property") to the Corporation, for the purpose of leasing the Property back to the County pursuant to the Lease Agreement;

(b) a lease agreement relating to the Property, between the Corporation, as lessor, and the County, as lessee (the "Lease Agreement"), so long as the principal amount of the Lease Agreement is not greater than $7,500,000, the true interest cost of the Lease Agreement does not exceed 6% and the term of the Lease Agreement does not extend beyond February 1, 2045;

(c) a trust agreement, by and among the Corporation, the County and U.S. Bank National Association, as trustee, relating to the execution and delivery of the Certificates (the "Trust Agreement");

(f) a continuing disclosure certificate.

Section 3. A certificate purchase agreement, by and between Southwest Securities, Inc. (the "Underwriter") and the County, relating to the purchase by the Underwriter of the Certificates, in the form on file with the Clerk of the Board, be and is hereby approved, and any Designated Officer is hereby authorized and directed to execute said document, with such changes, insertions and omissions as may be approved by such official, so long as the Underwriter’s discount does not exceed 1% of the principal amount of the Certificates, exclusive of any original issue discount which does not represent compensation to the Underwriter.

Section 4. The Board hereby approves the Preliminary Official Statement, in the form on file with the Clerk of the Board, together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Board authorizes and directs any Designated Officer to deem the Preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). The Underwriter is hereby authorized to cause copies of the Preliminary Official Statement to be distributed to prospective investors.

Section 5. Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the “Final Official Statement”) and to execute said Final Official Statement, dated as of the date of the sale of the Certificates, and a statement that the facts contained in the Final Official Statement, and any
supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Certificates, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Certificates, and does not, as of the date of delivery of the Certificates, contain any untrue statement of a material fact with respect to the County or omit to state material facts with respect to the County required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the County.

Section 6. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Certificates.

Section 7. The Designated Officers are hereby authorized and directed to solicit proposals for municipal bond insurance and/or a reserve fund surety policy for the Certificates. The Chair of the Board, the County Administrator and the County Treasurer-Tax Collector are hereby authorized to determine if such municipal bond insurance and/or reserve fund surety policy is financially advantageous to the County and, if it is determined that such municipal bond insurance and/or reserve fund surety policy is financially advantageous to the County and commitments therefor are received, the Superintendent or the Assistant Superintendent of Business Services is hereby authorized to accept such commitments and to revise the legal documents as may be appropriate to provide for such municipal bond insurance and/or reserve fund surety policy.

Section 8. Capitol Public Finance Group, LLC, Roseville, California, is hereby designated as municipal advisor to the County in connection with the financing. The County Administrator, or the designee thereof, is hereby authorized and directed in the name and on behalf of the County to execute an agreement for municipal advisory services with such firm, with compensation to such firm to be paid from the proceeds of the financing.

Quint & Thimmig LLP, Larkspur, California, is hereby designated as bond counsel to the County in connection with the financing. The County Administrator, or the designee thereof, is hereby authorized and directed in the name and on behalf of the County to execute an agreement for legal services with such firm, with compensation to such firm to be paid from the proceeds of the financing.

Section 8. Chair of the Board, the County Administrator, the County Treasurer-Tax Collector, the Clerk of the Board and all other appropriate officials of the County are hereby
authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

Section 9. This Resolution shall take effect upon its adoption by this Board.

Section 10. The Clerk of the Board shall certify to the adoption of this Resolution and provide for appropriate distribution thereof.

***********

I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Board of the County of Yuba in a regular meeting assembled on the 27th day of January, 2015, by the following vote to wit:

YAES:

NOES:

ABSENT:

ABSTENTIONS:

______________________________
Mary Jane Griego, Chairman

ATTEST: DONNA STOTTLEMeyer
Clerk of the Board of Supervisors

By:____________________________

APPROVED AS TO FORM:

______________________________
By: Angil Morris-Jones, County Counsel
Preliminary Official Statement Dated January 28, 2015

New Issue—Full Book Entry

Rating: S&P: “A”
(See “RATING” herein)

In the opinion of Quint & Thimigin LLP, Larkspur, California, Special Counsel, subject to compliance by the County with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Special Counsel, interest with respect to the Certificates is exempt from state or local income taxation imposed by the State of California. See “TAX MATTERS” herein.

$ *
Certificates of Participation
(2015 Sheriff’s Facility Financing Project)
Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the COUNTY OF YUBA, CALIFORNIA
As the Rental for Certain Property Pursuant to a Lease Agreement with the County of Yuba Public Facilities Corporation

Dated: Date of Delivery
Due: February 1, as set forth below

The $ * Certificates of Participation (2015 Sheriff’s Facility Financing Project) (the “Certificates”), are being sold to provide funds, together with other available moneys, to (a) finance the costs of the renovation and build out of approximately 5,000 square feet of a 56,463 square foot building located at 720 Tuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility, (b) fund a reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of 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 County of Yuba Public Facilities Corporation (the “Corporation”) for the use and occupancy of the Property (as defined herein) under and pursuant to a Lease Agreement, dated as of February 1, 2015, by and between the County and the Corporation (the “Lease Agreement”). The Corporation 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 on each February 1 and August 1, commencing August 1, 2015. 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.”

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 Any Obligation for Which the County is Obligated to Levy or Pledge Any Form of Taxation or for Which the County Has Leved or Pledged Any Form of Taxation.

Maturity Schedule *

| Maturity (February 1) | Serial Certificates |
|-----------------------|---------------------|
| Principal Amount      | Interest Rate       | Yield CUSIP Suffix† |
|                       |                     |                   |

$ * % Term Certificates maturing February 1, ; Price: % to Yield %—CUSIP: †

The following firm, serving as financial advisor to the County, has structured this issue:

Capitol

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 making 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 & Thimigin LLP, Larkspur, California, as Special Counsel. Certain matters will be passed upon by the County by Quint & Thimigin LLP, Larkspur, California, as Disclosure Counsel, and by Angel Marcus-Jones, Esq., County Counsel, and for the Underwriter by Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California. It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about February 26, 2015.

Southwest Securities

Dated: February __, 2015

*Preliminary, subject to change
†Copyright 2015, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor’s. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. 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. Neither the County nor the Underwriter is responsible for the selection or use 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.
COUNTY OF YUBA
915 8th Street, Suite 115
Marysville, CA 95901
http://www.yuba.org

MEMBERS OF THE BOARD OF SUPERVISORS

Mary Jane Griego, Chair
Roger Abe, Vice Chair
Randy Fletcher, Boardmember
John Nicoletti, Boardmember
Andrew Vasquez, Boardmember

COUNTY OFFICIALS

Robert Bendorf, County Administrator
Dan M. Mierzwa, Treasurer-Tax Collector
Lorraine Daggett, Chief Deputy Treasurer-Tax Collector
C. Richard Eberle, Auditor-Controller
Doug McCoy, Director, Administrative Services
Bruce Stottlemeyer, Assessor
Steven L. Durfor, Sheriff/Coroner
Donna Stottlemeyer, Clerk of the Board
Angil Morris-Jones, Esq., County Counsel

SPECIAL SERVICES

Special Counsel and Disclosure Counsel
Quint & Thinumig LLP
Larkspur, California

Financial Advisor
Capitol Public Finance Group, LLC
Roseville, California

Trustee
U.S. Bank National Association
San Francisco, California
For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the County with respect to the Certificates that has been deemed "final" by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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 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 County Administrator 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 Corporation 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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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 THE 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 (2015 Sheriff’s Facility Financing Project) (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of February 1, 2015 (the “Trust Agreement”), by and among the County of Yuba (the “County”), the County of Yuba Facilities Corporation (the “Corporation”) and U.S. Bank National Association, as trustee (the “Trustee”).

Proceeds of the Certificates will be used to (a) finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility, (b) fund a reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. See “PLAN OF FINANCING.”

The County will lease certain existing property (collectively, the “Property”) to the Corporation pursuant to a Site and Facility Lease, dated as of February 1, 2015 (the “Site and Facility Lease”). The Corporation will lease the Property back to the County pursuant to a Lease Agreement, dated as of February 1, 2015 (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 Corporation pursuant to the Lease Agreement. See “SOURCE OF PAYMENT FOR THE CERTIFICATES” and “THE PROPERTY.”

Interest with respect to the Certificates is payable on February 1 and August 1 of each year, commencing August 1, 2015. The Certificates will mature in the amounts and on the dates and be payable at the interest 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 Corporation 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 February 1, 2015 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation 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 funded from the proceeds of the Certificates. 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 was one of the original 27 counties established by the Legislature of the State in 1850. The County is located in the northern part of the Sacramento Valley. The City of Marysville, the County seat, is located at the confluence of the Feather and Yuba rivers, 120 miles east of San Francisco, and 45 miles north of the State Capital in Sacramento.

According to the U.S. Census Bureau, the County has a total area of 644 square miles (1,670 km²), of which 632 square miles (1,640 km²) is land and 12 square miles (31 km²) (1.9%) is water. It is the fifth-
smallest county in California by total area. The county lies along the western slope of the Sierra Nevada, the steep slopes making it prime territory for the siting of hydroelectric power plants.

A portion of the County, where Marysville (the county seat) and most of the population lives, is west of the mountains on the valley floor. There is a great deal of agriculture business in this part of the county, especially fruit orchards, rice fields, and cattle grazing.

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: Net Original Issue Premium |       |
| Total Sources                  |       |

| Uses                           |       |
|--------------------------------|-------|
| Deposit to Project Fund (1)    |       |
| Deposit to Reserve Fund (2)    |       |
| Deposit to Delivery Costs Fund (3) |       |
| Total Uses                     |       |

(1) Amounts deposited in the Project Fund will be used to finance the Project. See PLAN OF FINANCING.
(2) The sum deposited in the Reserve Fund is equal to the Reserve Requirement being an amount equal to ________.
(3) Delivery Costs include the Underwriter’s discount, fees and expenses of the financial advisor, 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 costs of the Project, (b) fund the Reserve Fund, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates.

The Project consists of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility. The County’s intention is to move its entire Sheriff operations and administration staff into this facility. Critical operations such as dispatch, records, administration, emergency operations center and emergency generator will all be located on the second floor as to allow for continued operations during a flood event.

THE PROPERTY

Pursuant to the Site and Facility Lease, the County will lease the Property to the Corporation. Pursuant to the Lease Agreement, the Corporation will, in turn, lease the Property back to the County. See APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Site and Facility Lease and APPENDIX E—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.

The Property consists of the County’s Animal Care Facility, located at 5245 Feather River Boulevard, Olivehurst, California, and the County Library, located at 303 Second Street, Marysville, California.

The Animal Care Facility was built in late 2003/early 2004 and is a modern facility capable of handling a wide variety of small and large animals. It was developed to replace the old animal control building originally constructed in the 1930s. The facility is comprised of two sections, the administration
section, comprised of 4,755 square feet, and the kennel section, comprised of 2,495 square feet. The current insured value of the Animal Care Facility is $__________.

The County Library is a 22,717 square foot facility constructed in 1972 when the County acquired the property from the City of Marysville for the purposes of establishing a new, larger library facility. The current insured value of the County Library is $__________.

For a description of certain terms of the Lease Agreement see “SOURCE OF PAYMENT FOR THE CERTIFICATES” and APPENDIX E—SUMMARY OF THE 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 or Release of Site or Facility” and APPENDIX E—SUMMARY OF THE 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—Limitations on Remedies.”
SEMIA-NUAL DEBT SERVICE

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

| Interest Payment Date | Principal | Interest | Total  |
|------------------------|-----------|----------|--------|
| 8/1/15                 |           |          | 2/1/31 |
| 2/1/16                 |           |          | 8/1/31 |
| 8/1/16                 |           |          | 2/1/32 |
| 2/1/17                 |           |          | 8/1/32 |
| 8/1/17                 |           |          | 2/1/33 |
| 2/1/18                 |           |          | 8/1/33 |
| 8/1/18                 |           |          | 2/1/34 |
| 2/1/19                 |           |          | 8/1/34 |
| 8/1/19                 |           |          | 2/1/35 |
| 2/1/20                 |           |          | 8/1/35 |
| 8/1/20                 |           |          | 2/1/36 |
| 2/1/21                 |           |          | 8/1/36 |
| 8/1/21                 |           |          | 2/1/37 |
| 2/1/22                 |           |          | 8/1/37 |
| 8/1/22                 |           |          | 2/1/38 |
| 2/1/23                 |           |          | 8/1/38 |
| 8/1/23                 |           |          | 2/1/39 |
| 2/1/24                 |           |          | 8/1/39 |
| 8/1/24                 |           |          | 2/1/40 |
| 2/1/25                 |           |          | 8/1/40 |
| 8/1/25                 |           |          | 2/1/41 |
| 2/1/26                 |           |          | 8/1/41 |
| 8/1/26                 |           |          | 2/1/42 |
| 2/1/27                 |           |          | 8/1/42 |
| 8/1/27                 |           |          | 2/1/43 |
| 2/1/28                 |           |          | 8/1/43 |
| 8/1/28                 |           |          | 2/1/44 |
| 2/1/29                 |           |          | 8/1/44 |
| 8/1/29                 |           |          | 2/1/45 |
| 2/1/30                 |           |          | 8/1/45 |

(1) Principal and interest payments with respect to the Certificates on each February 1 and August 1 are derived from Lease Payments made by the County on the preceding January 15 and July 15.

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 August 1, 2015 (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 July 15, 2015, 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 or her 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, ______, are not subject to optional redemption prior to maturity. The Certificates maturing on and after August 1, ______, 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, ______, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, 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.

Mandatory Sinking Fund 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 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, ____, 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 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.

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 relating to all or a portion of the Property, to the extent credited towards the prepayment of the Lease Payments by the County pursuant to the Lease Agreement, 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, 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 or her 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 or her 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 Corporation and agree to make Lease Payments. See “THE PROPERTY.” Upon satisfaction of certain conditions set forth in the Lease Agreement, the County may substitute the Property with other properties. See “Substitution or Release of Site or Facility” below.

As security for the Certificates, the Corporation will assign to the Trustee for the payment of principal and interest with respect to the Certificates, the Corporation’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 and the right to enforce remedies in the event of a default by the County. 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 legally 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. Lease Payments will be made by the County to the Trustee on January 15 and July 15 in each year, in advance of the corresponding May 1 and November 1 Interest Payment Dates. 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 Corporation's leasehold interest in the Property and the County's subleasehold estate in the Property, subject only to Permitted Encumbrances.

See APPENDIX E—SUMMARY OF THE 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 Corporation 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 or 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 THE PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Insurance and APPENDIX E—SUMMARY OF THE 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 Corporation 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 a reserve fund (the "Reserve Fund"). Pursuant to the Trust Agreement, immediately after the execution and delivery of the Certificates, the amount deposited in the Reserve Fund will equal the "Reserve Requirement." 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. "Reserve Requirement" means an amount equal to ____________, which amount shall be $__________ on the Closing Date. The amount of the Reserve Requirement shall not 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.

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, together with the premium set forth for the redemption of Certificates. See "THE CERTIFICATES—Redemption—Optional Redemption."

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, ____. 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 Corporation 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 Corporation 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 pro-
vided 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 or Release 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 Corporation and the Trustee an amendment 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 Corporation 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;

(iii) If a substitution of the Facility, the County shall file with the Corporation 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;

(iv) If a substitution of the Facility, the County shall file with the Corporation and the Trustee an amendment to the 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 Corporation 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 Corporation and the Trustee 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 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, as evidenced by an officer’s certificate delivered to the Trustee;
(viii) The County shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(ix) 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 Corporation; and

(x) The County shall furnish the Corporation 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 Corporation and the Trustee an amendment to the Site and Facility Lease which describes the Site, as revised by such release;

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

(iii) The County delivers to the Corporation and the Trustee 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, 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 Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iv) Such release shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer’s certificate delivered to the Trustee; and

(vi) 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 Corporation.

Release of 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 release any portion of the Facility, 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 Corporation and the Trustee an amendment to the Site and Facility Lease which describes the Facility, as revised by such release;

(ii) The County shall file with the Corporation and the Trustee an amendment to the Lease Agreement which describes the Facility, as revised by such release;
(iii) The County delivers to the Corporation and the Trustee 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, 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 Corporation that the indemnification provided pursuant to the Trust Agreement applies with respect to the Facility, as revised by such release;

(iv) Such release shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement, as evidenced by an officer’s certificate delivered to the Trustee; 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 Corporation.

Amendment of Lease Agreement

The Corporation 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:

(j) 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 Corporation and the County may deem necessary or desirable, provided that, in the opinion of Special 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 Special Counsel.

THE COUNTY

General

The County was one of the original 27 counties established by the Legislature of the State in 1850. The County is located in the northern part of the Sacramento Valley. The City of Marysville, the County seat, is located at the confluence of the Feather and Yuba rivers, 120 miles east of San Francisco, and 45 miles north of the State Capital in Sacramento.

According to the U.S. Census Bureau, the county has a total area of 644 square miles (1,670 km²), of which 632 square miles (1,640 km²) is land and 12 square miles (31 km²) (1.9%) is water. It is the fifth-
smallest county in California by total area. The county lies along the western slope of the Sierra Nevada, the steep slopes making it prime territory for the siting of hydroelectric power plants.

A portion of the county, where Marysville (the county seat) and most of the population lives, is west of the mountains on the valley floor. There is a great deal of agriculture business in this part of the county, especially fruit orchards, rice fields, and cattle grazing.

Organization; Personnel

The County is governed by a five-member Board of Supervisors (the “Board”) who serve staggered four-year terms. The Chairman is elected by and from among the members of the Board. Elections for members of the Board of Supervisors are held every two years. Policy and legislative authority are vested in the Board, which is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees, as well as hiring the County Administrator and the County Counsel. The County Administrative Officer is responsible for carrying out the policies and ordinances of the Board, and for overseeing the day-to-day operation of the County. Other elected officials of the County include the District Attorney-Public Administrator, the Auditor-Controller, Superior Court Judges, Municipal Court Judges, Treasurer-Tax Collector, School Superintendent, Assessor, Sheriff-Coroner and Clerk-Recorder. The current members of the County Board and key administrative personnel are set forth on page “iii” of this Official Statement.

The County organization is divided into 25 departments. Six of these departments are headed by officials elected by the voters in elections conducted during gubernatorial election years: Sheriff/Coroner, District Attorney, Clerk-Recorder, Assessor, Auditor/Controller and Treasurer/Tax Collector. Six departments are headed by officials appointed by the Board of Supervisors: Clerk of the Board, Agriculture Commissioner, County Counsel, County Administrator, Behavioral Health, Public Health, Probation and Public Defender. The remaining 12 departments are headed by officials appointed by the County Administrative Officer or his designates.

County Services

The County provides a wide range of services to its residents, including police protection, medical and health care, senior citizen assistance, consumer affairs, public libraries, judicial institutions including support programs, airport service, parks, and a variety of public assistance programs. Other services such as fire protection, lighting road maintenance, and flood control are provided by special districts which are governed by the Board of Supervisors.

Some municipal services are provided by the County, on a contractual basis, to incorporated cities within its boundaries. This allows cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities.

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY for demographic and statistical information.
COUNTY FINANCIAL INFORMATION

Financial Statements

The County’s accounting policies conform to generally accepted accounting principles. The audited financial statements also conform to the principles and standards for public financial reporting established by the Governmental Accounting Standards Board.

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

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Audited Financial Statements. The County retained the firm of Gallina LLP, Roseville, California (the “County’s Auditor”), to examine the general purpose financial statements of the County as of and for the year ended June 30, 2013. The audited financial statements for fiscal year ended June 30, 2013, are included in APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013. The County has not requested, and the County’s Auditor has not provided, any review or update of such financial statements in connection with their inclusion in this Official Statement.

Budgetary Process

The Board of Supervisors adopts a biennial budget with appropriations for all County funds prior to the beginning of the fiscal year, which begins on July 1 of each year. The Board of Supervisors has the legal authority to amend the budget at any time during the fiscal year. The County maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board of Supervisors. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the County’s operating budget is at the fund level. For the operating budget, the County Administrator has the authority to move appropriations between accounts (without dollar limitation) within a budget program and within the same fund. All other appropriation changes require the approval of the Board of Supervisors. The County Administrator provides quarterly expenditure and revenue reports to the Board of Supervisors and also presents to the Board a mid-year review.

All appropriations lapse at the end of the fiscal year unless specific carryovers are approved by the Board of Supervisors.
The following table shows the County’s budget and actual results for general fund revenues and expenditures for fiscal years 2012-13 and 2013-14 and the proposed budget for fiscal year 2014-15.

**TABLE 1**

**General Fund Budget Summary**
**Fiscal Years 2012-13 through 2014-15**

| Revenues | Budget FY12-13 | Actual FY12-13 | Budget FY13-14 | Actual FY13-14 | Final Budget FY14-15 |
|----------|----------------|----------------|----------------|----------------|----------------------|
| Taxes    | 22,438,869     | 22,578,365     | 21,716,815     | 22,184,420     | 22,399,672          |
| Licenses, permits and fees | 1,312,751 | 1,217,054 | 3,135,051 | 5,188,666 | 3,072,248 |
| Fines, forfeits and penalties | 560,716 | 485,927 | 629,000 | 911,326 | 750,000 |
| Use of money and property | 304,300 | 371,868 | 303,582 | 361,544 | 274,500 |
| Intergovernmental | 5,279,145 | 4,793,757 | 4,843,183 | 4,450,203 | 7,044,481 |
| Charges for services | 5,963,359 | 5,379,391 | 5,100,686 | 5,330,875 | 4,794,120 |
| Other revenues | 277,271 | 323,871 | 1,000 | 6,271 | - |
| Amounts available for appropriation | 36,136,411 | 35,150,233 | 35,729,317 | 38,433,305 | 38,335,021 |

| Charges to appropriations (outflows): | Budget FY12-13 | Actual FY12-13 | Budget FY13-14 | Actual FY13-14 | Final Budget FY14-15 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------------|
| General government | 10,624,084 | 9,387,134 | 10,175,993 | 9,261,050 | 11,342,167 |
| Public protection | 12,056,925 | 10,643,502 | 12,588,930 | 11,670,071 | 12,425,135 |
| Health and sanitation | 1,663,406 | 1,454,735 | 1,676,937 | 1,384,011 | 1,483,843 |
| Public assistance | 628,050 | 574,751 | 569,566 | 540,984 | 568,476 |
| Education | 697,403 | 468,645 | 507,415 | 516,054 | 462,594 |
| Recreation | - | - | - | 2,495 | 170,000 |
| Capital outlay | - | - | 407,985 | 244,637 | 5,000 |
| Total charges for appropriations | 25,669,868 | 22,528,767 | 25,926,826 | 23,619,302 | 26,457,215 |

| Other Financing Sources (Uses): | Budget FY12-13 | Actual FY12-13 | Budget FY13-14 | Actual FY13-14 | Final Budget FY14-15 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------------|
| Transfers in | 1,072,341 | 289,145 | 313,154 | 626,086 | 333,905 |
| Transfers out | (13,673,599) | (15,420,166) | (13,122,392) | (13,225,892) | (13,608,063) |
| Total Other Financing Sources (Uses) | (12,601,188) | (15,131,012) | (12,809,240) | (12,599,806) | (13,274,158) |
| Net Change in Fund Balances | (2,134,625) | (509,555) | (3,006,749) | 2,214,197 | (1,396,352) |
| Fund Balances – Beginning of Year | 1,856,746 | 1,856,746 | 15,299,951 | 15,299,951 | 17,514,148 |
| Fund Balances – End of Year | (277,879) | 1,347,191 | 12,293,202 | 17,514,148 | 16,117,796 |

Source: County of Yuba FY12-13 CAFR, County of Yuba Finance Department. FY13-14 data is unaudited.

(i) Fund balances at the beginning of FY13-14 differs from the FY12-13 ending fund balances due to a change in the internal fund grouping identified that makes up the General Fund. The change was identified through internal processes and was deemed necessary to improve clarity of financial reporting.

**County Financial Management Policies**

The Board of Supervisors has adopted a comprehensive set of financial management policies to provide for: (i) establishing targeted general fund reserves; and (ii) the prudent investment of County funds. The County’s practice is to incur debt only after deliberation over the effect of such debt on the County’s General Fund and other resources of the County, and in those circumstances where the use of debt would be appropriate to the scale and economic life of the asset being financed and the accumulation or availability of reserves to fund the capital requirement.
General Fund Reserve Policy. The following table shows the County’s general fund reserve policy guidance, actual reserves for fiscal year 2013-14 and proposed reserve for fiscal year 2014-15.

TABLE 2

| Policy Guidance | Actual FY 2013-14 | Proposed FY 2014-15 |
|------------------|-------------------|---------------------|
| % of Expenses    | 5%                | $1,472,588           | $1,742,588           |

Source: County of Yuba Finance Department.

Investment Policy. The investment of funds of the County (except pension and retirement funds) is made in accordance with the County’s Investment Policy, most recently approved on _________, 20___ (the “Investment Policy”), and section 53601 et seq. of the California Government Code. The Investment Policy is subject to revision at any time and is reviewed at least annually to ensure compliance with the stated objectives of safety, liquidity, yield, and current laws and financial trends. All amounts held under the Trust Agreement are invested at the direction of the County in Permitted Investments, as defined in the Trust Agreement, and are subject to certain limitations contained therein. See APPENDIX C—INVESTMENT POLICY OF THE COUNTY and APPENDIX D—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—TRUST AGREEMENT—Investments.

Current Investments

The County’s investment portfolio, as of _____________, 20___, included cash and investments of $___________.

Principal Sources of General Fund Revenues

Property taxes were the single largest revenue source to the general fund in fiscal year 2013-14, representing approximately 47.62% of revenues. Sales taxes represented approximately 6.99% of revenues. For a discussion of potential State Budget impacts on general fund revenues, see “—State Budgets.” For a discussion of sales tax revenues and property taxes, see “—Sales Tax” and “—Ad valorem Property Taxation.”

The following table shows the County’s general fund tax revenues by source for the most recent four fiscal years and the budgeted tax revenues for the 2014-15 fiscal year:

TABLE 3

| Source               | Actual FY10-11 | Actual FY11-12 | Actual FY12-13 | Actual FY13-14 | Unaudited FY13-14 | Final Budget FY14-15 |
|----------------------|----------------|----------------|----------------|----------------|--------------------|----------------------|
| Property Taxes       | $19,382,091    | $19,388,533    | $18,711,589    | $18,300,715    | $18,335,104        | $18,335,104          |
| Sales & Use Tax(1)   | 2,381,235      | 2,676,756      | 2,804,341      | 2,687,764      | 2,950,000          | 2,950,000            |
| Other Taxes(2)       | 867,068        | 899,175        | 1,062,435      | 1,195,940      | 1,114,568          | 1,114,568            |
| Total Tax Revenues   | $22,630,394    | $22,964,434    | $22,578,365    | $22,184,420    | $22,399,672        | $22,399,672          |

Source: County of Yuba Finance Department. FY13-14 data is unaudited.
(1) Includes sales tax and sales tax in-lieu.
(2) Includes sales tax transportation, transient occupancy tax, timber taxes and property doc transfer tax.
In addition, the County receives the following general fund revenues:

*Licenses and Permits.* Major source of revenue within this category consists of construction permits and franchise fees.

*Fines, Forfeitures and Penalties.* This category is consists of revenue collections attributed to court ordered fines and fees.

*Use of Money and Property.* This category consists of investment earnings and rental/concession income.

*Intergovernment.* This category consists of revenues received from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

*Charges for Services.* This category consists of revenues received for municipal services. The major revenue source within this category is tipping fees and environmental health fees.

*Other Revenues/Transfers In or Out.* This category consists of operating transfers from or to other funds.

The following table illustrates other revenue sources by source for the most recent four fiscal years and the budgeted tax revenues for the 2014-15 fiscal year:

| Source                        | Actual FY10-11 | Actual FY11-12 | Actual FY12-13 | Unaudited Actual FY13-14 | Final Budget FY14-15 |
|-------------------------------|----------------|----------------|----------------|--------------------------|----------------------|
| Licenses & Permits            | $1,795,910     | $210,841       | $638,805       | $5,188,666               | $3,072,248           |
| Fines, Forfeitures            | 687,386        | 554,311        | 485,927        | 911,326                  | 750,000              |
| Use of Money & Property       | 671,163        | 627,935        | 447,799        | 361,544                  | 274,500              |
| Intergovernment               | 7,105,369      | 4,518,799      | 4,605,566      | 4,450,203                | 5,167,378            |
| Charges for Services          | 7,062,452      | 5,367,419      | 5,325,067      | 5,330,875                | 5,811,104            |
| Other Revenues                | 379,980        | 213,527        | 325,991        | 6,271                    | 646,844              |
| **Total Other Revenues**      | $17,702,460    | $11,492,832    | $11,828,355    | $16,248,885              | $15,722,074          |

*Source: County of Yuba Finance Department. FY13-14 data is unaudited.*

**Property Taxes**

*Tax Levies, Collections and Delinquencies.* Property taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County. Property taxes collected in advance are recorded as deferred revenue and recognized as revenue in the year they become available. The County levies, bills and collects property taxes for the County. Property taxes paid to the County by the County within 60 days after the end of the fiscal year are “available” and are, therefore, recognized as revenue.
For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State/assessed public utilities property and property 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.”

Secured and unsecured property taxes are levied based on the assessed value as of January 1, the lien date, of the preceding fiscal year. Secured property tax is levied on October 1 and due in two installments, on November 1 and March 1. Collection dates are December 10 and April 10 which are also the delinquent dates. At that time, delinquent accounts are assessed a penalty of 10%. Accounts that remain unpaid on June 30 are charged an additional 1.5% per month. Such property may thereafter be redeemed by payment of a penalty of 1.5% 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 deeded to the State and then is subject to sale by the County Treasurer.

Unsecured property tax is levied on July 1 and due on July 31, and has a collection date of August 31 which is also the delinquent date. 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 taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, nonprofit hospitals and charitable institutions.

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

The passage of Assembly Bill 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a State-mandated local program requiring the assignment of the assessment value of all unitary and operating non-unitary property in each county of each State assesse other than a regulated railway company. The legislation established formulas for the computation of applicable county-wide rates for such property and for the allocation of property tax revenues attributable to such property among taxing jurisdictions in the county beginning in fiscal year 1988-89. This legislation requires each County to issue each State assesse, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to appeal by property owners. Assessment appeals are annually filed with the Assessment Appeals Board for a
hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor’s original taxable value and a tax refund to the applicant/property owner.

Each assessment appeal could result in a reduction of the taxable value of the real property, personal property or possessory interest of the property which is the subject of the appeal. Alternatively, an appeal may be withdrawn by the applicant or the Assessment Appeals Board may deny or modify the appeal at a hearing or by stipulation.

*Effect of Delinquencies and Foreclosures on Property Tax Collections.* As described above, once an installment of property tax becomes delinquent, penalties are assessed commencing on the applicable delinquency date until the delinquent installment(s) and all assessed penalties are paid. In the event of foreclosure and sale of property by a mortgage holder, all past due property taxes, penalties and interest are required to be paid before the property can be transferred to a new owner.

Set forth in the table below are assessed valuations for secured and unsecured property within the County for the five most recent fiscal years.

| Fiscal Year | Local Secured | Non-Unitary Utility | Unsecured | Total | Unitary Utility |
|-------------|---------------|---------------------|----------|-------|----------------|
| 2010-11     | $4,380,474,550| $3,148,627          | $221,828,938 | $4,605,452,115 | $248,184,487 |
| 2011-12     | $4,287,348,486| 3,151,648           | 216,493,673  | 4,506,993,807  | 239,356,612    |
| 2012-13     | $4,191,944,409| 2,920,705           | 215,108,604  | 4,409,737,118  | 237,467,244    |
| 2013-14     | $4,260,103,595| 2,756,080           | 213,440,203  | 4,476,299,878  | 244,315,050    |
| 2014-15     | $4,510,758,556| 2,756,080           | 213,390,710  | 4,726,905,346  | 246,402,974    |

Source: California Municipal Statistics, Inc.
Assessed Valuation by Land Use. The following table shows the land use of parcels in the County, according to assessed valuation.

### TABLE 6
Assessed Valuation and Parcels by Land Use
Fiscal Year 2014-15

| Land Use                          | 2014-15 Assessed Valuation | % of Total | No. of Parcels | % of Total |
|-----------------------------------|-----------------------------|------------|----------------|------------|
| Non-Residential:                  |                             |            |                |            |
| Agricultural/Rural                | $748,192,105                | 16.59%     | 4,049          | 12.91%     |
| Commercial/Office                 | 286,041,123                 | 6.34%      | 617            | 1.97%      |
| Vacant Commercial                 | 32,660,817                  | .72%       | 253            | .81%       |
| Industrial                        | 198,430,831                 | 4.40%      | 167            | .53%       |
| Vacant Industrial                 | 8,068,057                   | 0.18%      | 167            | .53%       |
| Recreational                      | 45,197,454                  | 1.06%      | 26             | .08%       |
| Government/Social/Institutional   | 349,668                     | .01%       | 1,793          | 5.72%      |
| Miscellaneous                     | 21,602,270                  | .48%       | 72             | .23%       |
| **Subtotal Non-Residential**      | **$1,340,542,325**          | **29.72%** | **7,144**      | **22.78%** |
| Residential:                      |                             |            |                |            |
| Single Family Residence           | $2,664,526,201              | 59.07%     | 17,633         | 56.23%     |
| Condominium/Townhouse             | 11,335,200                  | .25%       | 237            | .76%       |
| Mobile Home                       | 228,028,342                 | 5.06%      | 2,703          | 8.62%      |
| Mobile Home Park                  | 22,040,484                  | .49%       | 35             | .11%       |
| Hotel/Motel                       | 12,726,050                  | .28%       | 14             | .04%       |
| 2-3 Residential Units             | 41,435,310                  | .92%       | 352            | 1.12%      |
| 4+ Residential Units/Apartments   | 100,917,623                 | 2.24%      | 201            | .64%       |
| Miscellaneous Residential         | 21,547,518                  | .48%       | 275            | .88%       |
| Vacant Residential                | 67,659,503                  | 1.50%      | 2,765          | 8.82%      |
| **Subtotal Residential**          | **$3,170,216,231**          | **70.28%** | **24,215**     | **77.22%** |
| **Total**                         | **$4,510,758,556**          | **100.00%**| **31,359**     | **100.00%**|

Source: California Municipal Statistics, Inc.

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of Single Family Residential parcels in the County, according to assessed valuation.

**TABLE 7**

*Per Parcel 2014-15 Assessed Valuation of Single Family Homes*

| Assessed Valuation  | No. of Parcels | 2014-15 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---------------------|----------------|-----------------------------|-----------------------------|----------------------------|
| $0 - $24,999        | 301            | $2,664,526,201              | $151,110                    | $135,000                   |
| $25,000 - $49,999   | 1,419          |                            |                             |                            |
| $50,000 - $74,999   | 2,076          |                            |                             |                            |
| $75,000 - $99,999   | 2,268          |                            |                             |                            |
| $100,000 - $124,999 | 2,019          |                            |                             |                            |
| $125,000 - $149,999 | 1,698          |                            |                             |                            |
| $150,000 - $174,999 | 1,561          |                            |                             |                            |
| $175,000 - $199,999 | 1,466          |                            |                             |                            |
| $200,000 - $224,999 | 1,519          |                            |                             |                            |
| $225,000 - $249,999 | 1,292          |                            |                             |                            |
| $250,000 - $274,999 | 626            |                            |                             |                            |
| $275,000 - $299,999 | 393            |                            |                             |                            |
| $300,000 - $324,999 | 269            |                            |                             |                            |
| $325,000 - $349,999 | 187            |                            |                             |                            |
| $350,000 - $374,999 | 139            |                            |                             |                            |
| $375,000 - $399,999 | 103            |                            |                             |                            |
| $400,000 - $424,999 | 73             |                            |                             |                            |
| $425,000 - $449,999 | 30             |                            |                             |                            |
| $450,000 - $474,999 | 34             |                            |                             |                            |
| $475,000 - $499,999 | 29             |                            |                             |                            |
| $500,000 and greater| 111            |                            |                             |                            |
| Total               | 17,633         | $2,664,526,201              | $151,110                    | $135,000                   |

Source: California Municipal Statistics, Inc.

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

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**Principal Taxpayers.** The following table sets forth the principal secured property taxpayers in the County as of fiscal year 2014-15.

**TABLE 8**

**Largest Local Secured Property Tax Payers**  
**Fiscal Year 2014-15**

| Property Owner                          | Primary Land Use   | 2014-154 Assessed Valuation | % of Total (1) |
|-----------------------------------------|-------------------|------------------------------|----------------|
| 1. Western Aggregates Inc.              | Mining            | $29,588,756                  | .66%           |
| 2. Shoel Foods USA Inc.                 | Food Processing   | 28,415,337                   | .63%           |
| 3. Hampac LLC                           | Office Building   | 21,000,000                   | .47%           |
| 4. Airport Ranch Co.                    | Agricultural      | 17,104,310                   | .38%           |
| 5. Wal-Mart Real Estate Business Trust | Shopping Center   | 17,060,465                   | .38%           |
| 6. BGE Yuba LLC                         | Amphitheater      | 15,508,190                   | .34%           |
| 7. Recology Yuba Sutter                 | Waste Disposal    | 15,093,177                   | .33%           |
| 8. Recology Ostrom Road                 | Waste Disposal    | 14,473,378                   | .32%           |
| 9. Rio Del Oro Farms #2 & #4 LLC        | Agricultural      | 13,659,340                   | .30%           |
| 10. Yuba County Entertainment LLC       | Agricultural      | 13,490,663                   | .30%           |
| 11. Fellowship of Friends Inc.          | Rural Property    | 13,305,245                   | .29%           |
| 12. Naumes Inc.                         | Agricultural      | 12,774,019                   | .28%           |
| 13. Nordic Industries Inc.              | Industrial        | 12,386,775                   | .27%           |
| 14. Bear River Walnut Ranch LLC         | Agricultural      | 12,362,901                   | .27%           |
| 15. Wheatland Farms LLC                 | Agricultural      | 10,709,621                   | .24%           |
| 16. RB Satori LP                        | Agricultural      | 10,621,831                   | .24%           |
| 17. California Water Service Company    | Water Company     | 9,391,477                    | .21%           |
| 18. James J. Hill III                   | Agricultural      | 9,172,423                    | .20%           |
| 19. Thomas L. and Dina L. Bloxham       | Apartments        | 8,907,952                    | .20%           |
| 20. Wolfgang Maise                      | Shopping Center   | 8,351,451                    | .19%           |

**Note:** $293,377,311 **6.50%**

Source: California Municipal Statistics, Inc.

(1) 2014-15 Local Secured Assessed Valuation: $4,510,758,556.

**Teeter Plan.** The Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") has been adopted by 53 of the 58 counties, including the County, as provided for in section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including cities, levying property taxes in a county receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. However, although a local agency receives the total levy for its property taxes without regard to actual collections, to the extent of a reserve established and held by its county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency. The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in its county. Thus, so long as the County maintains its policy of collecting taxes pursuant to said procedures and the County meets the Teeter Plan requirements, the County will receive 100% of the annual installments levied without regard to
actual collections in the County. There is no assurance, however, that the County Board of Supervisors will maintain its policy of apportioning taxes pursuant to the aforementioned procedures.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII A of the California Constitution.”

Sales and Use Taxes

A sales tax is imposed on the privilege of consuming personal property in California. California does not tax services. The tax rate is established by the State Legislature, and is presently 7.50%, statewide. In addition, many of California’s cities, counties, towns and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. These district taxes can vary up to 1%, and more than one district tax may be in effect for a particular location. The County’s share of sales tax is approximately 1% when one considers the combined County share of 0.75% and the State’s 0.250% Fiscal Recovery Funding (Triple-Flip swap) explained below. With the enactment of the Triple Flip, the County now receives the 0.250% as reclassified revenue through property tax as an in lieu remittance, the payment of which heretofore coincides with the County property tax calendar.

The State’s actual administrative costs with respect to the portion of sales taxes allocable to the County are deducted before distribution and are determined on a quarterly basis.

On March 2, 2004, voters approved a statewide bond initiative formally known as the “California Economic Recovery Act.” This act authorized the issuance of $15 billion of Economic Recovery Bonds to finance ongoing State budget deficits, which are payable from a fund established by the redirection of tax revenues known as the “Triple Flip.” The State issued $11.3 billion of Economic Recovery Bonds prior to June 30, 2004. Under the “Triple Flip,” one-quarter of local governments’ one percent share of the sales tax imposed on taxable transactions within their jurisdiction is being redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, State legislation provides for certain property taxes to be redirected to local government. Because these property tax monies were previously earmarked for schools, the legislation provides for schools to receive other State general fund revenues. It is expected that the swap of sales taxes for property taxes will terminate once the Economic Recovery Bonds are repaid, which is currently expected to occur in approximately 9 to 13 years. See “RISK FACTORS—State Budget Information.”

Motor Vehicle In-Lieu Tax

Vehicle license fees are assessed in the amount of 2% of a vehicle’s depreciation market value for the privilege of operating a vehicle on California’s public highways. A program to offset (or reduce) a portion of the vehicle license fees (“VLF”) paid by vehicle owners was established by Chapter 322, Statutes of 1998. Beginning January 1, 1999, a permanent offset of 25% of the VLF paid by vehicle owners became operative. Various pieces of legislation increased the amount of the offset in subsequent years to the existing statutory level of 67.5% of 2% (resulting in the current effective rate of 0.65%). This level of offset was estimated to provide tax relief of $3.95 billion in the fiscal year 2003-04.
The following table sets forth the Motor Vehicle License Fees and Property Tax In-Lieu of VLF received by the County for the last four fiscal years.

**TABLE 9**  
Property Tax In-Lieu of VLF

|                      | FY10-11  | FY11-12  | FY12-13  | FY13-14  | FY14-15  |
|----------------------|----------|----------|----------|----------|----------|
| Motor Vehicle License Fees | $535,742 | $651,169 | $725,639 | $686,023 | $700,000 |
| Property Tax In-Lieu of VLF | 7,386,466 | 7,228,553 | 7,072,947 | 7,179,325 | 7,288,000 |
| TOTAL                | $7,922,208 | $7,879,722 | $7,798,586 | $7,865,348 | $7,988,000 |

Source: County of Yuba Finance Department.

Senate Bill 89 was signed into law as part of the State’s Fiscal Year 2011-12 Budget Act. SB 89 increases motor vehicle license fees ("VLF") by $12. This new funding source "frees up" $300 million of VLF revenue that had been used to fund DMV operations. Under the provisions of SB 89, this money is transferred to a new Local Law Enforcement Services Account ("LLESA") to fund law enforcement grants. In addition, beginning July 1, 2011, SB 89 transfers the remaining VLF revenue previously allocated to cities to the LLESA. Instead of cities receiving $130 million in VLF revenues, under SB 89 they would only receive $75 million in earmarked grants.
General Fund Revenues and Expenditures

The following two tables summarize the General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the County’s general fund for the fiscal years 2009-10 through 2013-14.

### TABLE 10
General Fund Balance Sheet
Fiscal Years 2009-10 through 2013-14

| ASSETS                           | FY09-10   | FY10-11   | FY11-12   | FY12-13   | Unaudited FY13-14 |
|----------------------------------|-----------|-----------|-----------|-----------|-------------------|
| Cash and investments             | 36,219,999| 17,768,576| 16,365,245| 15,193,927| 18,029,959        |
| Accounts receivable              | 303,104   | 454,109   | 702,176   | 650,087   | 1,609,824         |
| Taxes receivable                 | 63,583    | 396,563   | 67,893    | 70,613    |                   |
| Interest receivable              | 221,591   | 154,365   | 167,990   | 82,846    |                   |
| Notes receivable                 | -         | -         | 204,918   | 115,068   |                   |
| Loans receivable                 | -         | -         | -         | -         | 140,393           |
| Due from other agencies          | 1,322,550 | 853,893   | 861,890   | 952,599   |                   |
| Due from other funds             | 127,886   | 89,685    | 55,970    | 89,850    | 250,448           |
| Imprést cash                     | 8,530     | -         | -         | -         |                   |
| Total Assets                     | 38,766,026| 19,717,191| 18,426,082| 17,154,990| 20,030,624        |

| LIABILITIES                      |           |           |           |           |                   |
|----------------------------------|-----------|-----------|-----------|-----------|-------------------|
| Accounts payable                 | 846,054   | 637,403   | 489,904   | 461,906   | 526,215           |
| Salaries and benefits payable    | 1,930,410 | 1,675,407 | 1,675,431 | 1,664,726 | 1,658,477         |
| Due to other funds               | 12,828    | 6,405     | 5,778     | -         | 112,126           |
| Unearned revenues                | 18,867,032| 13,050,440| -         | -         | -                 |
| Deferred inflow – unavailable revenues | -     | -         | -         | -         | -                 |
| Short-term debt                  | 13,387,099| -         | -         | -         | -                 |
| Total Liabilities                | 35,043,423| 15,369,735| 2,171,113 | 2,126,632 | 2,296,819         |

| FUND BALANCES                    |           |           |           |           |                   |
|----------------------------------|-----------|-----------|-----------|-----------|-------------------|
| Nonspendable                     | -         | 204,918   | -         | 115,068   | -                 |
| Restricted                       | -         | 802,197   | -         | 879,830   | 5,092,418         |
| Committed                        | 8,996,269 | 8,047,434 | 8,236,307 | 6,677,305 |                   |
| Assigned                         | 4,347,456 | 4,455,408 | 4,236,307 | 2,655,204 |                   |
| Unassigned                       | 1,376,177 | 1,617,193 | 3,089,221 | 17,514,418|                   |
| Total Fund Balances              | 3,722,693 | 4,347,456 | 16,254,969| 14,855,832| 17,514,418        |

Total Liabilities and Fund Balances | 38,766,026 | 19,717,191 | 18,426,082 | 17,154,990 | 20,030,624

Source: County of Yuba 2010-2013 CAFRs, County of Yuba Finance Department. FY13-14 data is unaudited.
The following table shows the County’s general fund revenues and expenditures and changes in fund balances for fiscal years 2009-10 through 2013-14.

### TABLE 11
General Fund Revenues, Expenditures and Changes in Fund Balances
Fiscal Years 2009-10 through 2013-14

| REVENUES | FY09-10   | FY10-11   | FY11-12   | FY12-13   | Unaudited FY13-14 |
|----------|-----------|-----------|-----------|-----------|-------------------|
| Taxes    | 23,065,458| 22,630,394| 22,964,434| 22,578,365| 22,184,420        |
| Licenses, permits, and fees | 1,788,453 | 1,795,910 | 210,841 | 638,005 | 5,188,666 |
| Fines, forfeitures and penalties | 923,228 | 687,568 | 554,111 | 485,927 | 911,326 |
| Use of money and property | 693,081 | 647,163 | 627,935 | 447,799 | 361,544 |
| Intergovernmental | 4,607,633 | 7,105,369 | 4,518,799 | 4,605,566 | 4,450,203 |
| Charges for services | 4,191,427 | 7,062,452 | 5,367,419 | 5,325,067 | 5,330,875 |
| Other revenues | 268,142 | 379,980 | 213,527 | 325,991 | 6,271 |
| Total Revenues | 35,555,422 | 40,332,854 | 34,457,266 | 34,406,720 | 38,433,305 |

| EXPENDITURES | FY09-10   | FY10-11   | FY11-12   | FY12-13   | Unaudited FY13-14 |
|--------------|-----------|-----------|-----------|-----------|-------------------|
| General government | 9,930,592 | 12,577,216 | 7,635,066 | 9,265,352 | 9,261,050 |
| Public protection | 12,143,194 | 12,038,707 | 11,355,032 | 10,643,502 | 11,670,071 |
| Health and sanitation | 1,271,031 | 1,523,569 | 1,427,690 | 1,454,735 | 1,384,011 |
| Public assistance | 438,402 | 522,336 | 548,433 | 574,751 | 540,984 |
| Education | 710,315 | 568,125 | 680,017 | 468,645 | 516,054 |
| Recreation | - | - | - | - | 170,000 |
| Capital Outlay | - | - | - | - | 5,000 |
| Debt Service - Principal | 297,187 | 297,356 | - | - | - |
| Debt Service - Interest | - | 7,154 | - | - | - |
| Total Expenditures | 24,790,721 | 27,534,463 | 21,646,238 | 22,406,985 | 23,619,302 |

| Excess (Deficiency) of Revenues over Expenditures | 10,764,701 | 12,798,391 | 12,811,028 | 11,999,735 | 14,814,003 |

| OTHER FINANCING SOURCES (USES): | FY09-10   | FY10-11   | FY11-12   | FY12-13   | Unaudited FY13-14 |
|---------------------------------|-----------|-----------|-----------|-----------|-------------------|
| Transfers in | 59,312 | 1,515,079 | 219,813 | 542,488 | 626,086 |
| Transfers out | (17,161,535) | (13,688,617) | (14,380,236) | (13,901,360) | (13,225,892) |
| Total Other Financing Sources (Uses) | (17,102,223) | (12,173,538) | (14,160,423) | (13,358,872) | (12,599,806) |
| Net Change in Fund Balances | (6,337,522) | 624,853 | (1,349,395) | (1,359,137) | 2,214,197 |
| Fund Balances - Beginning of Year | 10,606,125 | 3,722,603 | 17,604,364(1) | 16,254,969 | 15,299,951(2) |
| Fund Balances - End of Year | 3,722,603 | 4,347,456 | 16,254,969 | 14,865,832 | 17,514,148 |

Source: County of Yuba 2010-2013 CAFRs, County of Yuba Finance Department. FY13-14 data is unaudited.

(1) Amount represents 14,721,196 LESS prior period adjustment of 380,263.

(2) Restated in FY-2012 to comply with the provisions of GASB 34.

(3) Fund balances at beginning of FY13-14 differs from the FY12-13 ending fund balances due to a change in the internal fund grouping identified that makes up the General Fund. The change was identified through internal processes and was deemed necessary to improve clarity of financial reporting.
OTHER FINANCIAL INFORMATION

Labor Relations

Of the approximately 900 full time equivalent employees of the County, approximately 800 are represented by 5 labor organizations. The Yuba County Employees’ Association (YCEA) is the principal labor organization which represents approximately 561 employees. The Deputy Sheriff’s Association (DSA), the second largest employee association, represents 146 employees. The YCEA has a multi-year contract ending June 30, 2017. The DSA also has a multi-year contract ending June 30, 2016. The County has historically had a successful and positive employee relations program.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For most insurable risks, the County is self-insured up to a maximum amount per claim. Amounts in excess of established limits are covered through the County’s membership in the County Supervisors Association of California Excess Insurance Authority or with commercial policies.

The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk manager and insurance program for counties. Should actual losses among pool participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual pool losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The County currently reports its risk management activities in the internal services funds, which include general liability, workers’ compensation, health, unemployment and short-term disability. All of the County departments budget and participate in the County programs and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years’ claims. The estimated claims liability of $915,000 as reported in the internal service funds at June 30, 2013, is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, as amended by GASB Statement No. 30. These statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are based on claims loss reports and actuarial reports. Liabilities are based on the estimated cost of settling the claims.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 10.

Employee Retirement Plans

Plan Description. The County contributes to the California Public Employees’ Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members.
and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of PERS’ annual financial reports may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

**Funding Policy.** County employees are required by state statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the actuarial members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by CalPERS Board of Administration. For the fiscal year ended June 30, 2013, the employer contribution rate was 7% for the miscellaneous plan and 9% for the safety plan. The County makes the contributions required of County employees on their behalf and for their account.

**Annual Pension Cost.** For fiscal year 2012-2013, the County’s annual pension cost of $7,386,715 for PERS was equal to the County’s required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial. Assumptions included 7.50% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20% and include an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 31 years.

| Fiscal Year | Annual Pension Cost (APC) | % of APC Contributed | Net Pension Obligation |
|-------------|----------------------------|----------------------|-----------------------|
| FY11        | 6,685,079                  | 100%                 | -                     |
| FY12        | 7,332,922                  | 100%                 | -                     |
| FY13        | 7,386,715                  | 100%                 | -                     |

Source: County of Yuba 2013 CAFR.

**Funded Status and Funding Progress.** The following is the funded status information for each plan as of June 30, 2011, the most recent actual valuation date:

| Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded/(Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|------------------------------------|---------------------------|--------------------------------|--------------|-----------------------|------------------------|
| Miscellaneous                      | 231,937,885               | 184,292,484                    | 47,645,401   | 79.5%                 | 37,731,847             | 126.3%                 |
| Safety                             | 76,163,284                | 61,116,410                     | 15,046,674   | 80.2                  | 12,445,480             | 120.9                  |

Source: County of Yuba 2013 CAFR.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 9.
Other Post Employment Benefits

Plan Description. The County Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the County. Retiree medical benefits are provided through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees Medical and Hospital Care Act (PEMHCA) minimum required employer contribution towards the retiree monthly premium for eligible retirees participating in PEMHCA.

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The County is not pre-funding the plan. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years.

The following are the components of the County’s annual OPEB cost for the fiscal year ended June 30, 2013:

| TABLE 14 | Net FY13 OPEB Obligations |
|------------------|--------------------------|
| Annual required contribution | 1,404,000 |
| Interest on net OPEB obligation | 192,000 |
| Adjustments to ARC | (358,000) |
| Annual OPEB cost (expense) | 1,238,000 |
| Contributions made | (171,593) |
| Increase in net OPEB obligation | 1,066,407 |
| Net OPEB obligation, beginning of year | 4,906,000 |
| Net OPEB obligation, end of year | 5,972,407 |

Source: County of Yuba 2013 CAFR.

Annual OPEB Cost and Net OPEB Obligation. The County’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for 2012/13 and the prior two fiscal years is as follows:

| TABLE 15 | Historical Net OPEB Obligations |
|------------------|--------------------------|
| Fiscal Year | Annual OPEB Cost | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
| FY13 | 1,238,000 | 13.9% | 5,972,407 |
| FY12 | 1,375,000 | 11.1 | 4,906,000 |
| FY11 | 1,285,000 | 12.3 | 3,684,000 |

Source: County of Yuba 2013 CAFR.
Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, the plan’s most recent actuarial valuation date, was as follows (dollar amounts in thousands):

| Description                                                                 | Amount      |
|----------------------------------------------------------------------------|-------------|
| Actuarial accrued liability (AAL)                                         | 12,964,000  |
| Actuarial value of plan assets                                             | -           |
| Unfunded actuarial accrued liability (UAAL)                                | 12,964,000  |
| Funded ratio (actuarial value of plan assets/AAL)                         | 0.00%       |
| Covered payroll (active Plan members)                                      | 49,712,000  |
| UAAL as a percentage of covered payroll                                   | 26.08%      |

Source: County of Yuba 2013 CAFR.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual PEMHCA minimum cost trend rate of 4% after 3 years (actual PEMHCA minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period at June 30, 2012 was 26 years.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 11.

Short-Term Obligations

The County currently has no outstanding short-term obligations.
Long-Term Obligations

General Fund Obligations.

Yuba Levee Financing Authority Revenue Bonds. On September 23, 2008, the Yuba Levee Financing Authority (the “Authority”), a joint exercise of powers authority, created by the County and by the Yuba County Water Agency (the “Water Agency”), issued its $64,175,000 Yuba Levee Financing Authority Revenue Bonds, 2008 Series A (Yuba County Levee Financing Project) (the “Series A Bonds”), and its $14,195,000 Yuba Levee Financing Authority Taxable Revenue Bonds, 2008 Series B (Yuba County Levee Financing Project) (the “Series B Bonds” and, with the Series A Bonds, the “Authority Bonds”), to finance a portion of the costs of certain levee improvements in the County. The Authority Bonds are special obligations of the Authority payable from revenues consisting primarily of (a) lease payments (the “Levee Lease Payments”) payable by the County under a lease agreement, dated as of September 1, 2008, between the Authority, as lessor, and the County, as lessee (the “Levee Lease Agreement”), and (b) installment payments (the “Levee Installment Payments”) payable by the Water Agency under an installment sale agreement, dated as of September 1, 2008, between the Authority, as seller, and the Water Agency, as purchaser. The County is obligated to make Levee Lease Payments in an amount equal to one-half of the principal of and interest on the Authority Bonds and the Water Agency is obligated to make Levee Installment Payments in an amount equal to the other one-half of the principal of and interest on the Authority Bonds. The County’s obligation to make the Levee Lease Payments is payable from its general fund. The Water Agency’s obligation to make the Levee Installment Payments is payable from all gross income and revenue received by the Water Agency from the ownership or operation of its water and hydroelectric system. Interest on the Authority Bonds through September 1, 2014, was paid from capitalized interest funded from a portion of the proceeds of the Authority Bonds. Thereafter, the County and the Water Agency were obligated to make their respective one-half payments.

The County levies and collects a levee impact fee (the “Fee”) on new construction and development within the certain areas protected by the levee improvements. As part of the issuance of the Authority Bonds, the County, the Water Agency and the Authority entered into an Agreement Concerning Levee Impact Fees (the “Fee Agreement”), which governs and restricts County use of Fee revenue and changes to the Fee. The County had anticipated that the Fee revenue deposited in its general fund would be sufficient to fund its share of the debt service on the Authority Bonds (following the exhaustion of the interest account funded by Authority Bonds). However, because of the long recession and ongoing recovery from it, building and construction has not resumed to such a degree as to generate sufficient Fee revenue to cover County’s share of the debt service.

As flood control is the principle reason for creation of the Water Agency, the Agency has agreed to pay the Levee Lease Payments to the extent not funded by Fee revenue. In consideration for County’s ongoing efforts to improve flood protection and public safety, the Water Agency agreed, pursuant to that certain Funding Agreement relating to Yuba Levee Financing Authority Bonds, dated as of October 28, 2014, that, beginning with the Levee Lease Payment due on August 15, 2015 (the “Payment Agreement”), and continuing for a period of five years (to and including February 15, 2020), subject to a potential extension, the Water Agency will pay the Levee Lease Payments to the extent not covered by the Fees, on and subject to the terms of the Payment Agreement.

The Payment Agreement provides that in early 2020 (sometime prior to August 10, 2020), and every five years thereafter until full payment of the Levee Lease Payments, the County and the Water Agency will meet to (a) evaluate the status of development and buildout of the areas protected by the lev-
ees, the amount of Fee revenue collections by County from 2014 through early 2020, the forecast for Fee revenue and other County revenue and funds to be available for future Levee Lease Payments, and the Agency’s financial situation, and (b) discuss and negotiate in good faith regarding the potential of the extension of the Water Agency’s temporary debt service payment obligation. If the parties agree to an extension, the extension will be memorialized by an amendment to the Payment Agreement, which will require the approval of the governing board of each party.

Notwithstanding the forgoing, the Water Agency has no obligation to extend the Payment Agreement beyond its initial five year period. If the Water Agency elects not to extend the Payment Agreement, the County may not have sufficient general fund revenues, including the Fees, to make all Levee Lease Payments or other obligations of its general fund.

**Solar Project Lease Agreement.** On March 18, 2011, the County entered into a $9,389,968.58 Lease Agreement with the County of Yuba Public Facilities Corporation to finance solar energy improvements. The lease was funded by Bank of America, N.A. ("B of A"). The lease payments made by the County, payable from the County’s general fund, are assigned to B of A. The interest rate payable under the lease is 4.50% per annum. The final payment date of the lease is March 18, 2027. As of September 18, 2014, the remaining principal balance of the lease was $8,363,610.

See APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013—Notes to Basic Financial Statements—NOTE 6.

**Overlapping Debt**

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective November 1, 2014. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the County; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the County; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the County, as determined by multiplying the total outstanding debt of each agency by the percentage of the County’s assessed valuation represented in column 2.


**TABLE 17**

**Direct and Overlapping Bonded Debt as of November 1, 2014**

**YUBA COUNTY**

2014-15 Assessed Valuation: $4,973,308,320 (includes unitary utility valuation)

| Overlapping Tax and Assessment Debt: | % Applicable | Debt 11/1/14 |
|-------------------------------------|--------------|--------------|
| Yuba Joint Community College District | 17.977%       | $22,398,606  |
| Marysville Joint Unified School District | 98.803%       | 66,305,485   |
| Western Placer Unified School District | 0.010%        | 321          |
| Nevada Joint Union High School District | 0.611%        | 77,161       |
| Wheatland Union High School District | 100.000%      | 5,965,000    |
| Yuba County Community Facilities District No. 2004-1 | 100.000% | 11,450,000 |
| Plumas School District Community Facilities Districts | 100.000% | 5,145,000 |
| Olivehurst Public Utility District Community Facilities District No. 2002-1 | 100.000% | 9,625,000 |

**TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT**

$120,966,573

**DIRECT AND OVERLAPPING GENERAL FUND DEBT:**

| Yuba County General Fund Obligations | % | Debt 11/1/14 |
|--------------------------------------|---|--------------|
| Yuba County Board of Education Certificates of Participation | 100.000% | $47,548,611 |
| Sierra Joint Community College District Certificates of Participation | 0.001% | 3,100,000 |
| Yuba Joint Community College District Certificates of Participation | 17.977% | 3,233,419 |
| Marysville Joint Unified School District Certificates of Participation | 98.803% | 21,470,978 |
| Western Placer Unified School District Certificates of Participation | 0.010% | 12,855 |
| Wheatland Union High School District Certificates of Participation | 100.000% | 2,005,866 |
| Plumas School District Certificates of Participation | 100.000% | 9,910,000 |
| City of Marysville General Fund Obligations | 100.000% | 7,680,000 |
| Linda Fire Protection District Certificates of Participation | 100.000% | 550,000 |

**TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT**

$95,511,819

**COMBINED TOTAL DEBT**

$216,478,392

**Ratios to 2014-15 Assessed Valuation:**

- Total Overlapping Tax and Assessment Debt: 2.43%
- Combined Direct Debt ($47,548,611): 0.96%
- Combined Total Debt: 4.35%

**Source:** California Municipal Statistics, Inc.

1. Excludes issue to be sold.
2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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**THE CORPORATION**

The Corporation was established on May 9, 1991. The Corporation is a nonprofit, public benefit corporation created to render assistance to the County and any special districts governed by the Board with respect to acquiring, constructing and financing various public facilities and acquiring and leasing real property and equipment for the use, benefit and enjoyment of the public.
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON
TAXES, REVENUES AND APPROPRIATIONS

Article XIIIa of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIa to the California Constitution, 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 one percent 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 California Legislature to implement Article XIIIa 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 and pension liability are also applied to 100% of assessed value.

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

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

Article XIIIa has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other
factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property.

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

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIIB to the California Constitution. In June 1990, Article XIIIIB was amended by the voters through their approval of Proposition 111. Article XIIIIB 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 fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) 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 XIIIIB 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 XIIIIB 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 (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. 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.

As amended in June 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 (1) the percentage change in California per capita personal income, or (2) 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, at the County’s option, either (1) the percentage change in County population, or (2) the percentage change in County population.

Article XIIIIB 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’s appropriation limit was $_________ for fiscal year 2013-14 and is $_________ for fiscal year 2014-15.

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 XIIIIC and XIIIID 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 XIIIIC 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 XIIIIC 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 XIIIIC 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 fu-
ture, 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 XIIC or SB 919, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIC as they do in Article XIID. Accordingly, the scope of the initiative power under Article XIIC 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 XIIC 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 Lease Payments as and when due or any of its other obligations payable from the General Fund.

Article XIID 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 Lease Payments 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 Lease Payments 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.

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 of 2004

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in 2007-08 Fiscal Year, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A 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 and certain other conditions are met. Such shifting occurred in the 2009-10 Fiscal Year. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate then in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A 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 25 community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

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

See “RISK FACTORS—State Budgets” for information relating to Proposition 1A and the suspension of Proposition 1A in the State’s 2009-10 budget.

Proposition 22

Proposition 22, entitled “The Local Taxpayer, Public Safety and Transportation Protection Act,” was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State’s authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead
of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 included a provision that repealed State laws enacted between January 1, 2010, and November 2, 2010, that raised fees by a simple majority vote unless they were approved again by two-thirds of each house of the Legislature. The repeal become effective November, 2011.

The Legislative Analyst’s Office was unable to specify Proposition 26’s anticipated fiscal impact, but it estimated that passage of Proposition 26 would reduce government revenues and spending over time by up to billions of dollars annually compared to what otherwise would have occurred.

Future Initiatives

Article XIII A, Article XIIIIB, Proposition 218, Proposition 1A and Proposition 22 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County’s revenues or its ability to expend its revenues.

RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Certificates. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Certificates, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Certificates are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Nonrenewal of Payment Agreement

As described above under “OTHER FINANCIAL INFORMATION—Long-Term Obligations—General Fund Obligations—Yuba Levee Financing Authority Revenue Bonds,” the Water Agency has no obligation to extend the Payment Agreement beyond its initial five year period. If the Water Agency elects not to extend the Payment Agreement, the County may not have sufficient general fund revenues, including the Fees, to make all Levee Lease Payments or other obligations of its general fund, including the Lease Payments that support the Certificates of this issue.

Lease Payments Are Not Debt

The obligation of the County to make the 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. The obligation of the County to make Lease Payments does not constitute a debt of the County, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.
Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the County has covenanted in the Lease Agreement that, 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. The County is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the County, in its discretion, may determine to pay prior to the Lease Payments.

The County has the capacity to enter into other obligations payable from the County’s general fund, without the consent of or prior notice to the Owners of the Certificates. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. In the event the County’s revenue sources are less than its total obligations, the County could choose to fund other municipal services before making Lease Payments. The same result could occur if, because of State constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. The County’s appropriations, however, have never exceeded the limitations on appropriations under Article XIIIIB of the California Constitution. For information on the County’s current limitations on appropriations, see “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIIIIB of the California Constitution.”

Valid and Binding Covenant to Budget and Appropriate

Pursuant to the Lease Agreement, the County covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials 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 such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon delivery of the Certificates, Special Counsel will render its opinion (substantially in the form of APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL) to the effect that, subject to the limitations and qualifications described therein, the Lease Agreement constitutes a valid and binding obligation of the County.

Abatement

In the event of loss or substantial interference in the use and possession by the County of all or any portion of the Property caused by material damage, title defect, destruction to or condemnation of the Property, Lease Payments will be subject to abatement. In the event that such component of 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 such component of the Property or redemption of the Certificates, there could be insufficient funds to make payments to Owners in full. Reduction in Lease Payments due to abatement as provided in the Lease Agreement does not constitute a default thereunder.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the
lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell a fee simple interest in the Property and use the proceeds of such sale to prepay the Certificates or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Risk of Uninsured Loss

The County covenants under the Lease Agreement to maintain certain insurance policies on the Property. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance.” These insurance policies do not cover all types of risk, and the County need not obtain insurance except as available on the open market from reputable insurers. For instance, the County does not covenant to maintain earthquake insurance. The Property could be damaged or destroyed due to earthquake or other 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. Further, 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.

Under the Lease Agreement the County may obtain casualty insurance which provides for a deductible up to $250,000. Should the County be required to meet such deductible expenses, the availability of general fund revenues to make Lease Payments may be correspondingly affected.

The County is not obligated under the Lease Agreement to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Property. Depending on its severity, an earthquake could result in abatement of Lease Payments under the Lease Agreement. See “—Abatement.”

Eminent Domain

If 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 the Property or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Lease Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Lease Payments, in an amount to be agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property. The County covenants in the Lease Agreement to contest any eminent domain award which is insufficient to either: (i) prepay the Lease Payments in whole, if all
the Property is condemned; or (ii) prepay a pro rata share of Lease Payments, in the event that less than all of the Property is condemned.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Property. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The County is unaware of the existence of hazardous substances on the Property site which would materially interfere with the beneficial use thereof.

Earthquakes

The County is not legally obligated under the Lease Agreement to maintain, or cause to be maintained, earthquake insurance on the Property and no assurance is made that any earthquake insurance will be maintained. If there were to be an occurrence of severe seismic activity in the County, there could be substantial damage to and interference with the County’s right to use and occupy all or a portion of the Property, which could result in Lease Payments being subject to abatement. Additionally, severe seismic activity in the County could impact the County’s general fund expenditures. See "CERTAIN RISK FACTORS—Abatement" above.

Bankruptcy

The County is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Certifi-
cates; and (iv) the possibility of the adoption of a plan for the adjustment of the County’s debt (a “Plan”) without the consent of the Trustee or all of the Owners of Certificates, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the County could either reject the Lease Agreement or assume the Lease Agreement despite any provision of the Lease Agreement which makes the bankruptcy or insolvency of the County an event of default thereunder. In the event the County rejects the Lease Agreement, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Certificates. Moreover, such rejection would terminate the Lease Agreement and the County’s obligations to make payments thereunder.

**Pension Benefit Liability**

Many factors influence the amount of the County’s pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of PERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the County, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of PERS. Any of these factors could give rise to additional liability of the County to its pension plans as a result of which the County would be obligated to make additional payments to its pension plans in order to fully fund the County’s obligations to its pension plans.

**Early Redemption Risk**

Early redemption of the Certificates may occur in whole or in part without premium, on any date if the Property or a portion thereof is lost, destroyed or damaged beyond repair or taken by eminent domain and from the proceeds of title insurance, or on any Interest Payment Date, without a premium (see “THE CERTIFICATES - Redemption”), if the County exercises its right to prepay Lease Payments in whole or in part pursuant to the provisions of the Lease Agreement and the Trust Agreement.

**Limitations on Remedies**

The enforcement of any remedies provided in the Lease Agreement and the Trust Agreement could prove both expensive and time consuming. Although the Lease Agreement provides that if the County defaults the Trustee may reenter the Property and re-let the Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property’s specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal of and interest on the Bonds so as to preserve the tax-exempt nature of interest with respect to the Certificates. Furthermore, due to the governmental nature of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the County to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

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The rights of the Owners of the Certificates are subject to certain limitations on legal remedies against cities, redevelopment agencies and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Certificates may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) 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. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the County were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the County under the Lease Agreement.

Special Counsel has limited its opinion as to the enforceability of the Lease 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 Lease Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Risk of Tax Audit

In December 1999, as a part of a larger reorganization, the Internal Revenue Service (the "Service"), commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the successor to its Employee Plans and Exempt Organizations division. The new TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by Service officials indicate that the number of tax-exempt bond examinations (which would include securities such as the Certificates) is expected to increase significantly under the new TE/GE Division. There is no assurance that if an examination of the Certificates was undertaken that it would not adversely affect the market value of the Certificates. See "TAX MATTERS." The County has not been contacted by the Service regarding the examination of any of its bond transactions.
State Budgets

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2013-14 State Budget further described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget.” Additionally, an impartial analysis of the State’s Budgets is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County, and the County takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2013-14 State Budget. On June 28, 2013, the Governor approved the State Budget Act for Fiscal Year 2013-14 (the “2013-14 State Budget Act”), which projected Fiscal Year 2012-13 general fund revenues and transfers of $98.20 billion, total expenditures of $95.67 billion and a year-end surplus of $872 million (net of the $1.66 billion deficit from Fiscal Year 2011-12), of which $618 million would be reserved for the liquidation of encumbrances and $254 million would be deposited in a reserve for economic uncertainties. The 2013-14 State Budget Act projected Fiscal Year 2013-14 general fund revenues and transfers of $97.10 billion, total expenditures of $96.28 billion and a year-end surplus of $1.69 billion (inclusive of the projected $872 million State General Fund balance as of June 30, 2013 which would be available for Fiscal Year 2013-14), of which $618 million would be reserved for the liquidation of encumbrances and $1.07 billion would be deposited in a reserve for economic uncertainties. The 2013-14 State Budget Act stated that the State’s budget was projected to remain balanced for the foreseeable futures, but cautious that substantial risks, uncertainties and liabilities remain. The 2013-14 State Budget Act dedicated several billion dollars to the repayment of previous budgetary borrowing and projected that outstanding budgetary borrowing would be reduced to approximately $4.7 billion as of June 30, 2017 from $26.9 billion as of June 30, 2013.

Features of the 2013-14 State Budget Act affecting counties in general include, but are not limited to, the following:

1. The 2013-14 State Budget Act reflected the State’s participation in the federal reform of health care pursuant to the ACA and implementation of the State’s health benefit exchange known as Covered California. The 2013-14 State Budget Act adopted the federally required rules for Medi-Cal eligibility, enrollment and retention. In addition, the State extended Medi-Cal coverage to include a new coverage group consisting of adults and parent/caretaker relatives with incomes of up to 138% of the federal poverty level. Pursuant to the 2013-14 State Budget Act, certain health care programs such as substance abuse disorder services will be administered by the counties.

2. The 2013-14 State Budget Act provided county welfare departments up to $120 million in additional General Funds to accommodate new workload associated with implementing the ACA. The Governor projected that in Fiscal Year 2015-16, the State will implement a new budgeting methodology developed in consultation with counties and based on a zero-base review of all Medi-Cal related county administrative activities.

3. The 2013-14 State Budget Act projected that county costs and responsibilities for indigent health care would decrease in connection with the health care reform as uninsured individuals obtain health care coverage. Pursuant to the 2013-14 State Budget Act the twelve public hospital counties and the twelve non-public health/non-County medical service program counties would have the
option to select one of two mechanisms by December 2013 with respect to county health care costs and revenues for Medi-Cal beneficiaries and the uninsured.

4. Under the current law, counties received funds to provide healthcare services to low-income, uninsured residents as part of a realignment of services that was implemented in 1991. Pursuant to the 2013-14 State Budget Act, the State shifted up to $300 million from counties to the State during fiscal year 2013-14. Counties would have the option to select one of two formulas to determine the amount of healthcare savings to be shared with the State. However, the 2013-14 State Budget Act projected that the State will receive the majority of the healthcare savings.

5. The 2013-14 State Budget Act approved proposals to reform the CalWORKs program including, among other things, a prospective 24-month time limit on cash assistance and employment services for adults. The 2013-14 State Budget Act included an increase of $142.8 million in the State’s General Fund in fiscal year 2013-14 to improve employment services. Pursuant to the 2013-14 State Budget Act, counties would enhance and expand their array of employment services and job development activities for program participants, and intensify case management efforts for individuals not currently participating in activities that would eventually lead to self-sufficiency.

6. The 2013-14 State Budget Act estimated that counties would receive the aggregate amount of approximately $1.4 billion in new general purpose revenues during Fiscal Years 2012-13 and 2013-14 in connection with the dissolution of redevelopment agencies in the State. Further, the 2013-14 State Budget Act projected that counties, cities and special districts would receive approximately $675 million annually in unrestricted funds which can be allocated to public services.

State Budget for Fiscal Year 2014-15. On June 20, 2014, the Governor approved the State Budget Act for Fiscal Year 2014-15 (the “2014-15 State Budget Act”), which projects Fiscal Year 2013-14 general fund revenues and transfers of $102.2 billion, total expenditures of $100.7 billion and a year-end surplus of $3.90 billion (inclusive of the $2.4 billion fund balance in the General Fund from fiscal year 2012-13), of which $955 million would be reserved for the liquidation of encumbrances and $2.95 billion would be deposited in a reserve for economic uncertainties. The 2014-15 State Budget Act projects Fiscal Year 2014-15 General Fund revenues and transfers of $105.5 billion, total expenditures of $108.0 billion and a year-end surplus of $1.40 billion (inclusive of the projected $3.90 million State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $449 million would be deposited in a reserve for economic uncertainties. The 2014-15 State Budget Act projects that the State’s multi-year budget will be balanced for the foreseeable future, but cautions that the unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade contribute to the State’s fiscal challenges.

The Fiscal Year 2014-15 State Budget includes the constitutional amendment placed by the State Legislature on the November 2014 ballot proposing to change the formula by which the Rainy Day Fund is funded and to establish certain accounts therein. See “State Funding of Education – State Budget – Fiscal Year 2014-15 Proposed State Budget” and “May Revision to the Proposed State Budget” herein. The Governor expects that the amendment, if approved by voters, will help the State minimize the volatility of future budgetary surplus and deficit cycles.

Features of the 2014-15 State Budget Act affecting counties in general include, but are not limited to, the following:
1. The 2014-15 State Budget Act continues to suspend all mandates suspended in the current year. The State estimates that it owes to counties, cities, and special districts approximately $900 million relating to mandate costs which were incurred prior to 2004. In accordance with State law, the State must repay such amounts by Fiscal Year 2020-21. The 2014-15 State Budget Act appropriates $100 million to local governments in Fiscal Year 2014-15. The State expects to allocate approximately 73% of this amount to counties, 25% to cities and 2% to special districts. The State expects that these amounts will be applied to fund local government services such as public safety and the implementation of the 2011 Public Safety Realignment. In addition, the 2014-15 State Budget Act provides that additional funds, in an amount not to exceed $800 million, will be provided if the State’s estimated General Fund revenues for Fiscal Years 2013-14 and 2014-15 exceed the estimate set forth in the 2014-15 State Budget Act and sufficient moneys remain after payment of the Proposition 98 minimum guarantee for schools.

2. The 2014-15 State Budget Act includes an appropriation of approximately $351 million for loan repayments from the State’s General Fund. The appropriation includes approximately $100 million for cities and counties for local streets and roads. The State expects that the majority of the remaining repayments will be allocated to pavement rehabilitation, maintenance projects on the State highway system and traffic management projects.

3. The 2014-15 State Budget Act estimates that in Fiscal Years 2011-12 and 2012-13 combined, cities received $620 million, counties receive $875 million, and special districts received $310 million in connection with the dissolution of redevelopment agencies in the State. The 2014-15 State Budget Act estimates that cities will receive approximately $593 million, counties will receive approximately $731 million and special districts will receive approximately $227 million in general purpose revenues in Fiscal Year 2013-14 and 2014-15 combined.

4. In connection with the State’s water shortage, the 2014-15 State Budget Act notes that the State Legislature enacted emergency legislation in February 2014 to assist communities impact by the drought and improve management of water supplies. The State’s legislation included, among other things, an allocation of approximately $549 million of bond proceeds for infrastructure grants for local and regional projects. In addition, the State has approved approximately $21 million of special funds and federal funds for the Department of Housing and Community Development and $25 million for the Department of Social Services for housing assistance and food assistance, respectively, to individuals impacted by the drought.

5. In connection with the 2014-15 State Budget Act, the Governor approved a trailer bill which authorizes approximately $500 million of lease revenue bond financing authority for the acquisition, design, and construction of local criminal justice facilities. Such authority will supplement the existing lease revenue bond authority provided by Assembly Bill 900 (2007) and Senate Bill 1022 (2012). The Governor expects these bond proceeds to be used for prove housing and to expand program and treatment space for the adult offender population. Recipients of the bond proceeds may use such amounts to replace existing housing capacity subject to certain conditions.

6. In connection with the 2014-15 State Budget Act, the Governor approved legislation which makes a “split-sentence” the default sentence for realigned offenders unless a court finds, in the interest of justice, that it is not appropriate in a particular case. Under a split-sentence, offenders serve a portion of their terms outside of jail. By increasing the number of offenders who receive split sen-
tences, the State expects that probation departments will have a greater number of offenders under their supervision.

7. The State expects that there will be a temporary increase in the average daily population of offenders on post-release community supervision due to, among other things, additional credits earned by certain offenders. Accordingly, the 2014-15 State Budget Act allocates approximately $11.3 million for county probation departments to supervise such offenders. Pursuant to the 2011 Public Safety Realignment, the Governor expects that many of these offenders will be released to post-release community supervision which is a responsibility of county probation departments.

8. The 2014-15 State Budget Act provides funding for the Community Corrections Performance Incentive Grant Program in the amount of $124.8 million. The grant program will provide funds for county probation departments that have reduced the number of adult felony probationers going to county jail or State prison. In addition, the 2014-15 State Budget Act includes $8 million in one-time funding for each county relating to recidivism reduction (the “Community Recidivism Reduction Grants”). The State will require counties that receive such funds to provide Community Recidivism Reduction Grants to nongovernmental entities engaged in these areas less administrative costs.

9. The 2014-15 State Budget Act allocates $20 million for community reentry programs for mentally ill offenders who are within six to twelve months of release. These programs provide services to assist such offenders as the re integrate into the community. Programs include, among other things, work training, education, living skills and substance use disorder and mental health treatment. In addition, the 2014-15 State Budget Act allocates $18 million for a competitive grant program seeking to reduce crimes committed by mentally ill individuals.

10. In connection with the State’s 2011 Public Safety Realignment program, the State shifted the responsibility for trial court security costs to counties and allocated funding based on historical court security expenditures. The 2014-15 State Budget Act appropriates approximately $1 million of General Fund moneys for increased trial security costs, if any, relating to certain new court facilities if such facility requires an increased level of security compared to the former facility.

Future State Budgets. The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control.
Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," 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 in the Lease Agreement not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest with respect to the Certificates under section 103 of the Code. Interest with respect to the Certificates could become includable in gross income for purposes of Federal income taxation retroactive to the date the Certificates were delivered, as a result of acts or omissions of the County in violation of the Code. Should such an event of taxability occur, the Certificates are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption or mandatory sinking fund redemption provisions of the Trust Agreement.

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Certificates, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the County.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the County and consequently, having an adverse effect on the security for the Certificates.

Taxability Risk

As discussed under the caption "TAX MATTERS," interest with respect to the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were delivered, as a result of future acts or omissions of the County in violation of its covenants in the Lease Agreement. There is no provision in the Certificates or the Trust Agreement for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the Certificates will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Trust Agreement.

In addition, as discussed under the caption "TAX MATTERS," Congress is or may be considering in the future legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. The County can provide no assurance that federal tax law will not change while the Certificates are outstanding or that any such changes will not adversely affect the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes. If the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Certificates would be adversely impacted.
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 Corporation 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 Corporation 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 Corporation or their authority with respect to the Certificates or any action of the County or the Corporation 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 2012-13 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 advised that during the past five years, the County and its related entities have never failed to comply in all material respects with previous continuing disclosure undertakings pursuant to the Rule, except as follows: in certain instances audited financial statements were not filed or were not filed on a timely basis, certain rating changes of bond insurers were not timely filed and documents indicated as included with certain filings were not so included. The County has now made all necessary filings, except with respect to bonds that have matured prior to the date of this Official Statement.

FINANCIAL ADVISOR

The County has retained Capitol Public Finance Group, LLC, Roseville, California, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.
LEGAL MATTERS

All legal matters in connection with the execution and delivery of the Certificates are subject to the approval of Quint & Thimmig LLP, Larkspur, 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, and for the County by Angil Morris-Jones, Esq., County Counsel. Certain legal matters will also be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California. The fees and expenses of Special Counsel, Disclosure Counsel and Underwriter's 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 is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, 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.

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 Rail-
road 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 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 are being purchased by Southwest Securities, Inc. (the “Underwriter”) at a price of $__________ (consisting of $__________ aggregate principal amount of the Certificates, less $__________ of Underwriter’s discount).

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

**RATING**

Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) has assigned the rating of “__” to the Certificates. Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following address: 55 Water Street, New York, NY 10041, (212) 208-8000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Certificates.
FINANCIAL STATEMENTS

The County’s Audited Financial Statements for fiscal year ended June 30, 2013, and the County’s Auditor’s Report regarding such financial statements, are set forth in APPENDIX B—AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE YEAR ENDED JUNE 30, 2013. The County’s 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 County’s 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 Board of Supervisors of the County.

COUNTY OF YUBA

By __________________________
County Administrative Officer
APPENDIX A

GENERAL DEMOGRAPHIC INFORMATION
REGARDING THE COUNTY OF YUBA

General

Yuba County is located in California’s Central Valley along the Feather River. Yuba County was one of the original counties of California, formed in 1850 at the time of statehood. According to the U.S. Census Bureau, the county has a total area of 644 square miles (1,670 km²), of which 632 square miles (1,640 km²) is land and 12 square miles (31 km²) (1.9%) is water. It is the fifth-smallest county in California by total area. National protected areas within Yuba County include portions of the Plumas National Forest and the Tahoe National Forest.

A portion of the county, where Marysville (the county seat) and most of the population lives, is west of the mountains on the valley floor. There is a great deal of agriculture business in this part of the county, especially fruit and nut orchards, rice fields, and cattle grazing.

Population

The table below summarizes population of the County and the State for the past five years.

| Year | Yuba County | California |
|------|-------------|------------|
| 2010 | 72,155      | 37,253,956 |
| 2011 | 72,316      | 37,427,946 |
| 2012 | 72,642      | 37,668,804 |
| 2013 | 73,278      | 37,984,138 |
| 2014 | 73,682      | 38,340,074 |

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2014, with 2010 Census Benchmark. Sacramento, California, May 2014. Dates as of January 1 of each year except 2010 which is measured as of April 1.
Employment

The following table summarizes the historical numbers of workers by industry in Yuba County for the last five years:

|                     | 2009 | 2010 | 2011 | 2012 | 2013(1) |
|---------------------|------|------|------|------|---------|
| Total, All Industries | 15,600 | 15,100 | 15,500 | 16,600 | 16,700 |
| Total Farm          | 900  | 900  | 1,000 | 900  | 900     |
| Total Nonfarm       | 14,700 | 14,200 | 14,500 | 15,700 | 15,900  |
| Goods Producing     | 1,300 | 1,200 | 1,200 | 2,000 | 2,000   |
| Mining, Logging and Construction | 700 | 700 | 700 | 1,400 | 1,400   |
| Manufacturing       | 600  | 500  | 500  | 600  | 600     |
| Service Providing   | 13,400 | 13,000 | 13,400 | 13,700 | 13,800  |
| Trade, Transportation & Utilities | 2,000 | 2,000 | 2,000 | 2,100 | 2,200   |
| Information         | 200  | 200  | 200  | 200  | 200     |
| Financial Activities | 300  | 300  | 300  | 300  | 300     |
| Professional & Business Services | 800 | 800 | 900 | 900 | 900     |
| Educational & Health Services | 2,500 | 2,600 | 2,500 | 2,700 | 2,700   |
| Leisure & Hospitality | 1,100 | 1,100 | 1,200 | 1,300 | 1,400   |
| Other Services      | 300  | 300  | 300  | 400  | 400     |
| Government          | 6,200 | 5,700 | 6,000 | 5,900 | 5,700   |

Source: California Employment Development Department Industry Employment & Labor Force - by Annual Average, based on March 2013 benchmark.

(1) Last available full year data.

*Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.
The following tables summarize historical employment and unemployment for Yuba County, the State of California and the United States for the past five years:

**YUBA COUNTY, CALIFORNIA, AND UNITED STATES**  
Civilian Labor Force, Employment, and Unemployment  
(Annual Averages)

| Year | Area          | Labor Force | Employment | Unemployment | Unemployment Rate (1) |
|------|---------------|-------------|------------|--------------|----------------------|
| 2009 | Yuba County   | 28,400      | 23,500     | 4,900        | 17.2%                |
|      | California    | 18,208,300  | 16,144,500 | 2,063,900    | 11.3                 |
|      | United States | 154,142,000 | 139,877,000| 14,265,000   | 9.3                  |
| 2010 | Yuba County   | 28,100      | 22,700     | 5,400        | 19.1%                |
|      | California    | 18,316,400  | 16,051,500 | 2,264,900    | 12.4                 |
|      | United States | 153,889,000 | 139,064,000| 14,825,000   | 9.6                  |
| 2011 | Yuba County   | 28,000      | 22,900     | 5,100        | 18.3%                |
|      | California    | 18,384,900  | 16,226,600 | 2,158,300    | 11.7                 |
|      | United States | 153,617,000 | 139,869,000| 13,747,000   | 8.9                  |
| 2012 | Yuba County   | 27,900      | 23,200     | 4,700        | 16.8%                |
|      | California    | 18,494,900  | 16,560,300 | 1,934,500    | 10.5                 |
|      | United States | 154,975,000 | 142,469,000| 12,506,000   | 8.1                  |
| 2013 | Yuba County   | 27,100      | 23,300     | 3,800        | 14.0%                |
|      | California    | 18,596,800  | 16,933,300 | 1,663,500    | 8.9                  |
|      | United States | 155,389,000 | 143,929,000| 11,460,000   | 7.4                  |

Source: California Employment Development Department Industry Employment & Labor Force - by Annual Average, based on March 2013 benchmark and US Department of Labor, Federal Bureau of Labor Statistics

(1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.
Major Employers

The table below sets forth the principal employers of the Yuba County.

| Employer Name                        | Location     | Industry                                                        |
|--------------------------------------|--------------|-----------------------------------------------------------------|
| Appeal Democrat                      | Marysville   | Newspapers (Publishers/Mfrs)                                   |
| Beale Air Force Base                 | Beale AFB    | Military Bases                                                  |
| Bishop's Pumpkin Farm                | Wheatland    | Fruits & Vegetables & Produce-Retail                            |
| Comprehensive Security SVC Inc       | Marysville   | Security Guard & Patrol Service                                 |
| Golden West Aviation Assn Inc        | Marysville   | Organizations                                                   |
| Haycart Custom Farming Inc           | Plumas Lake  | Farming Service                                                 |
| Linda Elementary School              | Marysville   | Schools                                                         |
| Lindhurst High School                | Olivehurst   | Schools                                                         |
| Lone Tree School Kitchen             | Beale AFB    | Schools                                                         |
| Marysville Care & Rehab Ctr          | Marysville   | Nursing & Convalescent Homes                                   |
| Marysville School District           | Marysville   | Schools                                                         |
| Pacific Gas & Electric Co            | Marysville   | Electric Companies                                              |
| Pacific Gas & Electric Co            | Marysville   | Electric Companies                                              |
| Pacific Gas & Electric Co            | Marysville   | Electric Companies                                              |
| Pacific Gas & Electric Co            | Marysville   | Electric Companies                                              |
| Recology Yuba-Sutter                 | Marysville   | Garbage Collection                                              |
| Richard R Wilbur Ranch               | Marysville   | Ranches                                                        |
| Rideout Regional Medical Ctr         | Marysville   | Hospitals                                                       |
| Shoeli Foods USA Inc                 | Olivehurst   | Food Products-Retail                                            |
| Sierra Kiwi Inc                      | Marysville   | Fruits & Vegetables-Growers & Shippers                          |
| Transportation Department            | Marysville   | State Government-Transportation Programs                       |
| Transportation Dept-Equipment        | Marysville   | State Government-Transportation Programs                       |
| US Post Office                       | Marysville   | Post Offices                                                    |
| Walmart Supercenter                  | Marysville   | Department Stores                                               |
| Yuba County Health & Human Svc       | Marysville   | County Government-Social/Human Resources                       |

Source: California Employment Development Department – Major Employers by County. Data retrieved October 9, 2014.
Construction Activity

The following tables reflects the five-year history of building permit valuation for the County:

**YUBA COUNTY**  
**Building Permits and Valuation (Dollars in Thousands)**

|                      | 2009  | 2010  | 2011  | 2012  | 2013  |
|----------------------|-------|-------|-------|-------|-------|
| Permit Valuation:    |       |       |       |       |       |
| New Single-family    | $14,145 | $8,748 | $10,149 | $11,670 | $16,318 |
| New Multi-family     | 214   | -     | -     | -     | 6,875  |
| Res. Alterations/Additions | 2,531 | 2,794 | 3,982 | 1,625 | 3,203 |
| Total Residential    | 16,891 | 11,542 | 14,131 | 13,295 | 26,397 |
| Total Nonresidential | 4,962 | 3,690 | 13,855 | 19,677 | 57,005 |
| Total All Building   | $21,853 | $15,233 | $27,986 | $32,973 | $83,403 |

| New Dwelling Units:  |       |       |       |       |       |
| Single Family        | 107   | 60    | 68    | 75    | 99    |
| Multiple Family      | 2     | -     | -     | -     | 48    |
| Total                | 109   | 60    | 68    | 75    | 147   |

Sources: Construction Industry Research Board: “Building Permit Summary.”  
Note: Totals may not add due to independent rounding.
Median Household Income

The following table summarizes the median household effective buying income for the County, the State of California and the nation for the past five years.

### YUBA COUNTY, CALIFORNIA AND UNITED STATES

**Effective Buying Income**

| Year | Area          | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|------|---------------|---------------------------------------------|-----------------------------------------|
| 2009 | Yuba County   | $1,202,023                                  | $37,891                                 |
|      | California    | 844,823,319                                 | 49,736                                  |
|      | United States | 6,571,536,768                               | 43,252                                  |
| 2010 | Yuba County   | $1,106,293                                  | $34,836                                 |
|      | California    | 801,393,028                                 | 47,177                                  |
|      | United States | 6,365,020,076                               | 41,368                                  |
| 2011 | Yuba County   | $1,097,820                                  | $34,935                                 |
|      | California    | 814,578,457                                 | 47,062                                  |
|      | United States | 6,438,704,663                               | 41,253                                  |
| 2012 | Yuba County   | $1,149,160                                  | $38,161                                 |
|      | California    | 864,088,827                                 | 47,307                                  |
|      | United States | 6,737,867,730                               | 41,358                                  |
| 2013 | Yuba County   | $1,065,205                                  | $36,860                                 |
|      | California    | 858,676,636                                 | 48,340                                  |
|      | United States | 6,982,757,379                               | 43,715                                  |

Source: The Nielsen Company (US), Inc.
APPENDIX B

AUDITED FINANCIAL STATEMENT OF THE COUNTY FOR THE
YEAR ENDED JUNE 30, 2013

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

INVESTMENT POLICY OF THE COUNTY
APPENDIX D

FORM OF SPECIAL COUNSEL OPINION

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Supervisors of the
County of Yuba
915 8th Street, Suite 115
Marysville, California 95901

OPINION: $________ Certificate of Participation (2015 Sheriff's Facility Financing Project)
Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the County of Yuba, California, as the Rental for Certain Property
Pursuant to a Lease Agreement with the County of Yuba Facilities Corporation

Members of the Board of Supervisors:

We have acted as special counsel in connection with the delivery by the County of Yuba, California (the “County”), of its $________ Lease Agreement, dated as of February 1, 2015, by and between the County of Yuba Facilities Corporation (the “Corporation”) and the County (the “Lease Agreement”), pursuant to the California Government Code. The Corporation has, pursuant to the Assignment Agreement, dated as of February 1, 2015 (the “Assignment Agreement”), by and between the Corporation 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 February 1, 2015, by and among the Trustee, the Corporation 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 municipal corporation and general law city 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.
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 is excludable from gross income of the owners thereof for federal income tax purposes and 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.

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.

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 THE 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 is rated Aa1 by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and 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 represent-
ing 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 affect 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 YUBA, CALIFORNIA (the “County”) in connection with the execution and delivery of $________ County of Yuba Certificates of Participation (2015 Sheriff’s Facility Financing Project) (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of February 1, 2015, by and among U.S. Bank National Association, as trustee (the “Trustee”), the County and the County of Yuba Facilities Corporation (the “Trust Agreement”). Pursuant to Section 11.08 of the Trust Agreement, the County covenants and agree as follows:

Section 1. 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 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

“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 who (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, depositaries or other intermediaries), or (b) is treated as the owner of any Certificates for Federal income tax purposes.

“Dissemination Agent” shall mean Capitol Public Finance Group, LLC 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 online repository for documents to be filed with the MSRB, 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) or 5(b) 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.

“Participating Underwriter” shall mean any original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the owners and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(3).
Section 3. Provision of Annual Reports.

(a) Delivery of Annual Report. The County shall, or shall cause the Dissemination Agent to, not later than ten months after the end of the County’s fiscal year (which currently ends on June 30), commencing with the report for the 2013-14 Fiscal Year, which is due not later than April 30, 2015, 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(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 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 the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the County shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the County is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto 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 filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

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

(a) Financial Statements. Audited financial statements of the County for the preceding fiscal year, prepared in accordance generally accepted accounting principles. 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 and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Other Annual Information. To the extent not included in the audited final statements of the County, the Annual Report shall also include financial and operating data with respect to the County for preceding fiscal year, as follows, substantially similar to that provided in the corresponding tables and charts in the official statement for the Certificates:
(c) Cross References. 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 EMMA. 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) Further Information. 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, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) Reportable Events. The County shall, or shall cause the Dissemination Agent (if not the County) to, give notice of the occurrence of any of the following events with respect to the Certificates:

1. Principal and interest payment delinquencies.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Defeasances.
6. Rating changes.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar event of the obligated person.
9. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Material Reportable Events. 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:

1. Non-payment related defaults.
2. Modifications to rights of security holders.
3. Bond calls.
4. The release, substitution, or sale of property securing repayment of the securities.
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) **Time to Disclose.** The County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Certificates under the Trust Agreement.

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(c).

Section 8. **Dissemination Agent.**

(a) **Appointment of Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist 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. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the County. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Certificate owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the County shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the County.

(b) **Compensation of Dissemination Agent.** The Dissemination Agent shall be paid reasonable 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 reasonable expenses, legal fees and expenses 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, owners 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. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

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 all of 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) or (b), 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.

(c) **Consent of Holders; Non-impairment Opinion.** The amendment or waiver either (i) is approved by the Certificate owners in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Certificate owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Certificate owners 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(c), 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 owner 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.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys fees and expenses) 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 the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Trust Agreement. The obligations of the County under this Section 12 shall survive resignation or removal of the Dissemination Agent 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 the owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: [Closing Date]

COUNTY OF YUBA, CALIFORNIA

By ________________________________
Authorized Officer

ACKNOWLEDGED:

CAPITOL PUBLIC FINANCE GROUP, LLC, as Dissemination Agent

By ________________________________
Authorized Officer
EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Yuba, California

Name of Issue: Certificates of Participation (2015 Sheriff’s Facility Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the County of Yuba, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the County of Yuba Facilities Corporation

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: ________________

CAPITOL PUBLIC FINANCE GROUP, LLC, Dissemination Agent

By ____________________________
Authorized Officer
AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
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.

SITE AND FACILITY LEASE

Dated as of February 1, 2015

by and between the

COUNTY OF YUBA, as Lessor

and the

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, as Lessee

(2015 Sheriff's Facility Financing Project)
SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this “Site and Facility Lease”), dated as of February 1, 2015, is by and between the COUNTY OF YUBA, 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 COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the State of California, as lessee (the “Corporation”);

WITNESSETH:

WHEREAS, the Corporation intends to assist the County to finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility (the “Project”), by leasing certain land and improvements to the County pursuant to a Lease Agreement, dated as of February 1, 2015, 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 Corporation as a material consideration for the Corporation’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 Corporation and the Corporation hereby leases from the County, on the terms and conditions hereinafter set forth, those certain parcels of real property situated in Yuba 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 Yuba County, State of California, and shall end on February 1, 2023, unless such term is extended or sooner terminated as hereinafter provided. If, on February 1, 2023, 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. When 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 Corporation in consideration of the payment by the Corporation of an advance rental payment of ___________ dollars ($_________). The County and the Corporation 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 February 1, 2015, by and among the County, the Corporation 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 Corporation 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 Corporation 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 Corporation 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 and the Assignment Agreement, without the prior written consent of the County.

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 Corporation 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 Corporation 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 Corporation, 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 Corporation to the Trustee under the Assignment Agreement shall continue to be paid to the Trustee.

Section 11. **Quiet Enjoyment.** The Corporation, 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 Corporation are solely liabilities of the Corporation and the County hereby releases each and every, member, director, officer, employee and agent of the Corporation of and from any personal or individual liability under this Site and Facility Lease. No member, director, officer, employee or agent of the Corporation 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 Corporation 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 Corporation 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 Corporation hereby agree that the lease to the Corporation of the County's right and interest in the Site and the Facility pursuant to Section 2 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 County of Yuba, 915 8th Street, Marysville, CA 95691, or if to the Corporation, addressed to the Corporation in care of the Corporation, 915 8th Street, Marysville, CA 95691, 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 Corporation and their respective successors and assigns.

Section 19. Amendment. This Site and Facility Lease may not be amended except as permitted under Section 9.01 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 Corporation 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 YUBA

By ____________________________
Name __________________________
Title __________________________

Attest:

By ____________________________
   Donna Stottlemyer
   Clerk of the Board of Supervisors

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By ____________________________
Name __________________________
Title __________________________

Attest:

By ____________________________
   Secretary
IN WITNESS WHEREOF, the County and the Corporation 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 YUBA

By __________________________
Name __________________________
Title __________________________

Attest:

By __________________________
  Donna Stottlemeyer
  Clerk of the Board of Supervisors

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By __________________________
Name __________________________
Title __________________________

Attest:

By __________________________
  Secretary
[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]
EXHIBIT A

DESCRIPTION OF THE SITE

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

Animal Shelter Site (APN - 013-410-012)

BEGINNING AT THE NORTHWEST CORNER OF LOT 6 IN BLOCK 31 OF FARM LAND COLONY NO. 1, FILED IN VOLUME 1 OF MAPS, AT PAGE 23, YUBA COUNTY OFFICIAL RECORDS, AND RUNNING THENCE ALONG THE WESTERLY LINE OF SAID LOT 6, SOUTH 0 DEGREES 14 MINUTES 52 SECONDS EAST 518.86 FEET TO THE NORTHERLY LINE OF LOT 11 OF BLOCK 31 OF SAID FARM LAND COLONY NO. 1, THENCE ALONG THE NORTHERLY LINE OF SAID LOT 11 AND LOTS 12 AND 9 OF SAID BLOCK 31, SOUTH 88 DEGREES 52 MINUTES 33 SECONDS WEST 1920.76 FEET TO THE EASTELY LINE OF SACRAMENTO NORTHERN RAILWAY RIGHT OF WAY LINE AS DESCRIBED IN THAT CERTAIN DEED RECORDED JANUARY 9, 1956 IN VOLUME 217 OF OFFICIAL RECORDS, PAGE 518, YUBA COUNTY RECORDS; THENCE ALONG SAID RAILROAD RIGHT OF WAY LINE NORTH 7 DEGREES 37 MINUTES 58 SECONDS EAST 379.28 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 548.14 FEET, A CENTRAL ANGLE OF 58 DEGREES 51 MINUTES 20 SECONDS AND THE CHORD TO WHICH BEARS NORTH 39 DEGREES 30 MINUTES 03 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 563.06 FEET; THENCE NORTH 66 DEGREES 29 MINUTES 18 SECONDS EAST 961.55 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTH, HAVING A RADIUS OF 548.14 FEET, A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS AND THE LONG CHORD TO WHICH BEARS SOUTH 68 DEGREES 30 MINUTES 00 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 861.02 FEET; THENCE SOUTH 23 DEGREES 30 MINUTES 42 SECONDS WEST 376.09 FEET TO THE NORTHERLY LINE OF AFORESAID LOT 6, BLOCK 31 OF FARM LAND COLONY NO. 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 6, SOUTH 88 DEGREES 54 MINUTES 48 SECONDS WEST 209.95 FEET, MORE OR LESS, TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION LYING EASTERY OF THE NORTHERLY EXTENTION OF THE WEST LINE OF SAID LOT 6 BLOCK 31 OF FARM LAND COLONY NO. 1 FILED IN VOLUME 1 OF MAPS, AT PAGE 23, YUBA COUNTY OFFICIAL RECORDS.

APN: 013-410-012

County Library Site (APN - 010-281-029)

LOTS 1, 2, 3, 4, 5, 6, 7, 8 AND THAT CERTAIN ALLEY KNOWN AS OAK STREET, IN BLOCK 3 OF RANGE "D", AS SHOWN UPON THE OFFICIAL MAP OF THE CITY OF MARYSVILLE, APPROVED MARCH 22, 1856, AND NOW ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF YUBA, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID LOT 1; THENCE NORTHERLY ALONG THE WESTERLY LINE OF LOTS 1, 2, 3 AND 4, A DISTANCE OF 326.64 FEET, MORE OR LESS TO THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE EASTERY ALONG THE SOUTHERLY LINE OF THIRD STREET AS SHOWN UPON THE ABOVE REFERRED TO MAP, BEING THE NORTHERLY LINE OF LOT 4 AND 5, THE EASTERLY PROLATION OF THE NORTHERLY LINE OF SAID LOT 4, A DISTANCE OF 346.66 FEET, MORE OR LESS TO THE NORTHERLY CORNER OF SAID LOT 5; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID LOTS 5, 6, 7 AND 8 A DISTANCE OF 326.64 FEET, MORE OR LESS, TO THE SOUTHEASTERLY CORNER OF SAID LOT 8; THENCE WESTERY ALONG THE NORTHERLY LINE OF SECOND STREET, BEING THE SOUTHERLY LINE OF SAID LOTS 1 AND 8 AND THE WESTERY PROLATION OF THE SOUTHERLY LINE OF LOT 8, A DISTANCE OF 346.66 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION OF BLOCK 3, RANGE "D", AS SHOWN ON THE OFFICIAL MAP OF THE CITY OF MARYSVILLE, APPROVED MARCH 22, 1856, ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF YUBA COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 3, RANGE "D"; THENCE, FROM SAID POINT OF BEGINNING, ALONG THE NORTHERLY LINE OF SAID BLOCK 3, NORTH 83° 40' 24" EAST 158.69 FEET; THENCE LEAVING SAID NORTHERLY LINE, SOUTH 06° 29' 18" EAST 190.00 FEET; THENCE SOUTH 38° 30' 42" WEST 5.66 FEET; THENCE SOUTH 06° 29' 17" EAST 25.99 FEET; THENCE SOUTH 83° 40' 24" WEST 14.00 FEET; THENCE SOUTH 06° 29' 18" EAST 107.27 FEET TO A POINT IN THE NORTHERLY LINE OF SECOND STREET; THENCE ALONG SAID NORTHERLY LINE OF SECOND STREET, AND ALONG THE EASTERLY LINE OF "D" STREET, THE FOLLOWING TWO (2) COURSES: (1) SOUTH 83° 38' 58" WEST 139.98 FEET; AND (2) NORTH 06° 16' 45" WEST 327.29 FEET TO THE POINT OF BEGINNING.

A.P.N. 010-281-029, 034 AND 035
EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the County’s Animal Care Facility, located on a portion of the Site at 5245 Feather River Boulevard, Olivehurst, California, and the County Library, located on a portion of the Site at 303 Second Street, Marysville, California.

The Animal Care Facility was built in late 2003/early 2004 and is a modern facility capable of handling a wide variety of small and large animals. It was developed to replace the old animal control building originally constructed in the 1930s. The facility is comprised of two sections, the administration section, comprised of 4,755 square feet, and the kennel section, comprised of 2,495 square feet.

The County Library is a 22,717 square foot facility constructed in 1972 when the County acquired the property from the City of Marysville for the purposes of establishing a new, larger library facility.
LEASE AGREEMENT

Dated as of February 1, 2015

by and between the

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, as Lessor

and the

COUNTY OF YUBA, as Lessee

(2015 Sheriff’s Facility Financing Project)
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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of February 1, 2015, by and between the COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the State of California, as lessor (the "Corporation"), and the COUNTY OF YUBA, 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 February 1, 2015 (the "Site and Facility Lease"), the County has leased those certain parcels of real property situated in Yuba 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 Corporation, all for the purpose of enabling the County to finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility (the "Project");

WHEREAS, the Corporation 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 February 1, 2015, by and between the Corporation and the Trustee;

WHEREAS, pursuant to that certain Trust Agreement, dated as of February 1, 2015, by and among the County, the Corporation 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 Project, (b) fund a reserve fund for the Certificates, and c) 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 February 1, 2015, by and among the County, the Corporation and the Trustee.

Section 1.2, Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.3, 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 Corporation 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 Corporation. The Corporation represents, covenants and warrants to the County as follows:

(a) **Due Organization and Existence.** The Corporation is a nonprofit, public benefit corporation, 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 Corporation, enforceable against the Corporation in accordance with their respective terms.

(b) **No Encumbrances.** The Corporation 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 Corporation is now a party or by which the Corporation is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance...
whichever upon any of the property or assets of the Corporation, or upon the Property, except Permitted Encumbrances.

(d) No Assignments. Except as provided herein and the Assignment Agreement, the Corporation 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 Corporation 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 Corporation shall cause to be deposited with the Trustee the net proceeds of sale of the Certificates. Amounts required to pay Delivery Costs shall be deposited in the Delivery Costs Fund, an amount equal to the Reserve Requirement shall be deposited in the Reserve Fund and the amount estimated to be required to pay Project Costs shall be deposited in the Project 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 3.03 of the Trust Agreement.
ARTICLE IV

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

Section 4.1. Lease.

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

(b) The leasing of the Property by the County to the Corporation 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. The Term of the Lease Agreement shall commence on the Closing Date, and shall end on February 1, ____, unless such term is extended as hereinafter provided. If, on February 1, ____, 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 February 1, ____. If, prior to February 1, ____, 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.

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 Corporation, 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 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 prepaars 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 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 and rights and remedies hereunder have been assigned by the Corporation 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 Corporation 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 Corporation 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 Corporation, except as expressly set forth in this Lease Agreement. The Corporation 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 Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation 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 Corporation shall hold leasehold title to the Property and the County 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 hereof, and pays Additional Payments, if any, all right, title and interest of the Corporation in and to the Property shall be terminated. The Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation agrees to provide only a leasehold interest in 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 Corporation 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 Corporation shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation 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 Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The County shall provide the Corporation with written notice of any such contest and shall provide such updates on the contest as the Corporation 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 Corporation 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 Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation 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 Corporation, 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 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 nonprofit, public benefit corporation created for such purpose.
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 Corporation's leasehold interest in the Property and the County's subleasehold 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 an 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 Corporation, 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 July 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 nonprofit, public benefit corporation, if applicable, for purposes of the insurance required by Section 5.3, 5.4 and 5.5 hereof reviewed at least annually, on or before each July 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation, 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 CORPORATION 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 CITY OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE CORPORATION 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 CITY’S USE OF THE PROPERTY.

Section 7.2. Access to the Property. The County agrees that the Corporation and any County Representative, and the Corporation’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 Corporation, any County Representative, and the Corporation’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 Corporation 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 Corporation, its officers, agents, directors, employees, successors or assigns.
ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. Assignment by the Corporation. The Corporation'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 (but except for its rights to give consents and approvals hereunder), 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 Corporation and subject to, and delivery to the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation and the Trustee 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 11.03 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, as evidenced by an officer’s certificate delivered to the Trustee;

(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 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 Corporation; and

(x) The County shall furnish the Corporation 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 Corporation 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 shall file with the Corporation and the Trustee an amended Exhibit A to this Lease Agreement which describes the Site, as revised by such release;

(iii) The County delivers to the Corporation and the Trustee 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, 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 Corporation that the indemnification provided pursuant
to Section 11.03 of the Trust Agreement applies with respect to the Site, as revised by
such release;

(iv) Such release shall not cause the County to violate any of its covenants,
representations and warranties made herein and in the Trust Agreement, as evidenced
by an officer’s certificate delivered to the Trustee;

(v) 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

(vi) 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
Corporation.

(c) Release of 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 release any portion of
the Facility, 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 Corporation and the Trustee an amended
Exhibit B to the Site and Facility Lease which describes the Facility, as revised by such
release;

(ii) The County shall file with the Corporation and the Trustee an amended
Exhibit B to this Lease Agreement which describes the Facility, as revised by such
release;

(iii) The County delivers to the Corporation and the Trustee 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, 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 Corporation that the indemnification provided pursuant
to Section 11.03 of the Trust Agreement applies with respect to the Facility, as revised by
such release;

(iv) Such release shall not cause the County to violate any of its covenants,
representations and warranties made herein and in the Trust Agreement, as evidenced
by an officer’s certificate delivered to the Trustee; 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
Corporation.

(d) Generally. The Corporation 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 Corporation 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 Corporation, 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 Corporation, 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 Corporation 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 Corporation 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 effective 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 Corporation, 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 Corporation at the time and in the manner as herein provided, to wit:

(a) In the event the Corporation 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 Corporation for any deficiency arising out of the re-
leasing of the Property, or, in the event the Corporation 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 Corporation or any suit in unlawful detainer, or
otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining
possession of the Property or the exercise of any other remedy by the Corporation. The County
hereby irrevocably appoints the Corporation 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 Yuba County, for the account of and at the expense of the County, and the
County hereby exempts and agrees to save harmless the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation to be effected in the sole
and exclusive manner hereinafter provided for in paragraph (b) hereof.

(b) In an Event of Default hereunder, the Corporation 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 Corporation 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 Corporation in any manner whatsoever or the re-leasing of the Property), the
County nevertheless agrees to pay to the Corporation 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 Corporation 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 Corporation 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
Corporation shall have given written notice to the County of the election on the part of the
Corporation 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 Corporation 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 Corporation 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, pay to the nondefaulting party the reasonable fees and expenses 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 Corporation 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 Corporation under this Article IX have been assigned by the Corporation 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 Corporation Default. The County shall not have the right to terminate this Lease Agreement as a remedy for a default by the Corporation 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 Corporation. 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 Corporation 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 Corporation 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 Corporation 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 November 15, ___ in whole or in part on any date, commencing November 15, ____. 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 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 VI of the Trust Agreement. The County and the Corporation 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 Corporation: County of Yuba Public Facilities Corporation
c/o County of Yuba
915 8th Street
Marysville, CA 95691
Attention: __________
Phone: (530) ___-___
Fax: (530) ___-___

If to the County: County of Yuba
915 8th Street
Marysville, CA 95691
Attention: __________
Phone: (530) ___-___
Fax: (530) ___-___

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Phone: (415) 677-3599
Fax: (415) 677-3768

The Corporation, 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 Corporation 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 Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.5. Further Assurances and Corrective Instruments. The Corporation 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. **Corporation and County Representatives.** Whenever under the provisions of this Lease Agreement the approval of the Corporation or the County is required, or the Corporation 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 Corporation by a Corporation 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 Corporation 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.

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By __________________________
Name _______________________
Title _______________________

Attest:

By __________________________
Secretary

COUNTY OF YUBA

By __________________________
Name _______________________
Title _______________________

Attest:

By __________________________
Donna Stottlemyer
Clerk of the Board of Supervisors
IN WITNESS WHEREOF, the Corporation 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.

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By______________________________
Name______________________________
Title______________________________

Attest:

By______________________________
Secretary

COUNTY OF YUBA

By______________________________
Name______________________________
Title______________________________

Attest:

By ______________________________
Donna Stottlemeyer
Clerk of the Board of Supervisors
EXHIBIT A

DESCRIPTION OF THE SITE

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

Animal Shelter Site (APN - 013-410-012)

BEGINNING AT THE NORTHWEST CORNER OF LOT 6 IN BLOCK 31 OF FARM LAND COLONY NO. 1, FILED IN VOLUME 1 OF MAPS, AT PAGE 23, YUBA COUNTY OFFICIAL RECORDS, AND RUNNING THENCE ALONG THE WESTERLY LINE OF SAID LOT 6, SOUTH 0 DEGREES 14 MINUTES 52 SECONDS EAST 518.86 FEET TO THE NORTHERLY LINE OF LOT 11 OF BLOCK 31 OF SAID FARM LAND COLONY NO. 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 11 AND LOTS 12 AND 9 OF SAID BLOCK 31, SOUTH 88 DEGREES 52 MINUTES 33 SECONDS WEST 1920.76 FEET TO THE EASTELY LINE OF SACRAMENTO NORTHERN RAILWAY RIGHT OF WAY LINE AS DESCRIBED IN THAT CERTAIN DEED RECORDED JANUARY 9, 1956 IN VOLUME 217 OF OFFICIAL RECORDS, PAGE 518, YUBA COUNTY RECORDS; THENCE ALONG SAID RAILROAD RIGHT OF WAY LINE NORTH 7 DEGREES 37 MINUTES 58 SECONDS EAST 379.28 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 548.14 FEET, A CENTRAL ANGLE OF 58 DEGREES 51 MINUTES 20 SECONDS AND THE CHORD TO WHICH BEARS NORTH 37 DEGREES 03 MINUTES 38 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 563.06 FEET; THENCE NORTH 66 DEGREES 29 MINUTES 18 SECONDS EAST 961.55 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTH, HAVING A RADIUS OF 548.14 FEET, A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS AND THE LONG CHORD TO WHICH BEARS SOUTH 68 DEGREES 30 MINUTES 42 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 861.02 FEET; THENCE SOUTH 23 DEGREES 30 MINUTES 42 SECONDS EAST 376.09 FEET TO THE NORTHERLY LINE OF AFORESAID LOT 6, BLOCK 31 OF FARM LAND COLONY NO. 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 6, SOUTH 88 DEGREES 54 MINUTES 48 SECONDS WEST 209.95 FEET, MORE OR LESS, TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION LYING EASTERLY OF THE NORTHERLY EXTENTION OF THE WEST LINE OF SAID LOT 6 BLOCK 31 OF FARM LAND COLONY NO. 1 FILED IN VOLUME 1 OF MAPS, AT PAGE 23, YUBA COUNTY OFFICIAL RECORDS.

APN: 013-410-012

County Library Site (APN - 010-281-029)

LOTS 1, 2, 3, 4, 5, 6, 7, 8 AND THAT CERTAIN ALLEY KNOWN AS OAK STREET, IN BLOCK 3 OF RANGE "D", AS SHOWN UPON THE OFFICIAL MAP OF THE CITY OF MARYSVILLE, APPROVED MARCH 22, 1856, AND NOW ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF YUBA, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID LOT 1; THENCE NORTHERLY ALONG THE WESTERLY LINE OF LOTS 1, 2, 3 AND 4, A DISTANCE OF 326.64 FEET, MORE OR LESS TO THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF THIRD STREET AS SHOWN UPON THE ABOVE REFERRED TO MAP, BEING THE NORTHERLY LINE OF LOT 4 AND 5, THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF SAID LOT 4, A DISTANCE OF 346.66 FEET, MORE OR LESS TO THE SOUTHERLY CORNER OF SAID LOT 5; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID LOTS 5, 6, 7 AND 8 A DISTANCE OF 326.64 FEET, MORE OR LESS, TO THE SOUTHEASTERLY CORNER OF SAID LOT 8; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SECOND STREET, BEING THE SOUTHERLY LINE OF SAID LOTS 1 AND 8 AND THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 8, A DISTANCE OF 346.66 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION OF BLOCK 3, RANGE "D", AS SHOWN ON THE OFFICIAL MAP OF THE CITY OF MARYSVILLE, APPROVED MARCH 22, 1856, ON FILE IN THE OFFICE OF THE COUNTY REORDER OF YUBA COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 3, RANGE "D"; THENCE, FROM SAID POINT OF BEGINNING, ALONG THE NORTHERLY LINE OF SAID BLOCK 3, NORTH 83 ° 40'24" EAST 158.69 FEET; THENCE LEAVING SAID NORTHERLY LINE, SOUTH 06 ° 29'18" EAST 190.00 FEET; THENCE SOUTH 38 ° 30'42" WEST 5.66 FEET; THENCE SOUTH 06 ° 29'17" EAST 25.99 FEET; THENCE SOUTH 83 ° 40'24" WEST 14.00 FEET; THENCE SOUTH 06 ° 29'18" EAST 107.27 FEET TO A POINT IN THE NORTHERLY LINE OF SECOND STREET; THENCE ALONG SAID NORTHERLY LINE OF SECOND STREET, AND ALONG THE EASTERLY LINE OF "D" STREET, THE FOLLOWING TWO (2) COURSES: (1) SOUTH 83 ° 38'58" WEST 139.98 FEET; AND (2) NORTH 06 ° 16'45" WEST 327.29 FEET TO THE POINT OF BEGINNING.

A.P.N. 010-281-029, 034 AND 035
EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the County’s Animal Care Facility, located on a portion of the Site at 5245 Feather River Boulevard, Olivehurst, California, and the County Library, located on a portion of the Site at 303 Second Street, Marysville, California.

The Animal Care Facility was built in late 2003/early 2004 and is a modern facility capable of handling a wide variety of small and large animals. It was developed to replace the old animal control building originally constructed in the 1930s. The facility is comprised of two sections, the administration section, comprised of 4,755 square feet, and the kennel section, comprised of 2,495 square feet.

The County Library is a 22,717 square foot facility constructed in 1972 when the County acquired the property from the City of Marysville for the purposes of establishing a new, larger library facility.
## EXHIBIT C

### SCHEDULE OF LEASE PAYMENTS

| Lease Payment Date | Principal Component | Interest Component | Total Lease Payment | Annual Lease Payment |
|--------------------|---------------------|--------------------|--------------------|----------------------|
| 7/15/15            |                     |                    |                    |                      |
| 1/15/16            |                     |                    |                    |                      |
| 7/15/16            |                     |                    |                    |                      |
| 1/15/17            |                     |                    |                    |                      |
| 7/15/17            |                     |                    |                    |                      |
| 1/15/18            |                     |                    |                    |                      |
| 7/15/18            |                     |                    |                    |                      |
| 1/15/19            |                     |                    |                    |                      |
| 7/15/19            |                     |                    |                    |                      |
| 1/15/20            |                     |                    |                    |                      |
| 7/15/20            |                     |                    |                    |                      |
| 1/15/21            |                     |                    |                    |                      |
| 7/15/21            |                     |                    |                    |                      |
| 1/15/22            |                     |                    |                    |                      |
| 7/15/22            |                     |                    |                    |                      |
| 1/15/23            |                     |                    |                    |                      |
| 7/15/23            |                     |                    |                    |                      |
| 1/15/24            |                     |                    |                    |                      |
| 7/15/24            |                     |                    |                    |                      |
| 1/15/25            |                     |                    |                    |                      |
| 7/15/25            |                     |                    |                    |                      |
| 1/15/26            |                     |                    |                    |                      |
| 7/15/26            |                     |                    |                    |                      |
| 1/15/27            |                     |                    |                    |                      |
| 7/15/27            |                     |                    |                    |                      |
| 1/15/28            |                     |                    |                    |                      |
| 7/15/28            |                     |                    |                    |                      |
| 1/15/29            |                     |                    |                    |                      |
| 7/15/29            |                     |                    |                    |                      |
| 1/15/30            |                     |                    |                    |                      |
| 7/15/30            |                     |                    |                    |                      |
| 1/15/31            |                     |                    |                    |                      |
| 7/15/31            |                     |                    |                    |                      |
| 1/15/32            |                     |                    |                    |                      |
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| 7/15/34            |                     |                    |                    |                      |
| 1/15/35            |                     |                    |                    |                      |
| 7/15/35            |                     |                    |                    |                      |
| 1/15/36            |                     |                    |                    |                      |
| 7/15/36            |                     |                    |                    |                      |
| 1/15/37            |                     |                    |                    |                      |
| 7/15/37            |                     |                    |                    |                      |
| 1/15/38            |                     |                    |                    |                      |
| 7/15/38            |                     |                    |                    |                      |
| 1/15/39            |                     |                    |                    |                      |
| 7/15/39            |                     |                    |                    |                      |
| 1/15/40            |                     |                    |                    |                      |
| 7/15/40            |                     |                    |                    |                      |
| 1/15/41            |                     |                    |                    |                      |
| Lease Payment Date | Principal Component | Interest Component | Total Lease Payment | Annual Lease Payment |
|-------------------|---------------------|-------------------|--------------------|---------------------|
| 7/15/41           |                     |                   |                    |                     |
| 1/15/42           |                     |                   |                    |                     |
| 7/15/42           |                     |                   |                    |                     |
| 1/15/43           |                     |                   |                    |                     |
| 7/15/43           |                     |                   |                    |                     |
| 1/15/44           |                     |                   |                    |                     |
| 7/15/44           |                     |                   |                    |                     |
| 1/15/45           |                     |                   |                    |                     |
| 7/15/45           |                     |                   |                    |                     |
| TOTALS            |                     |                   |                    |                     |
TRUST AGREEMENT

Dated as of February 1, 2015

by and among

U.S. BANK NATIONAL ASSOCIATION, as Trustee,

the

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

and the

COUNTY OF YUBA

(2015 Sheriff's Facility Financing Project)
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EXHIBIT A: DEFINITIONS
EXHIBIT B: FORM OF THE CERTIFICATES
EXHIBIT C: DESCRIPTION OF THE PROJECT
TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of February 1, 2015, 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 COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and the COUNTY OF YUBA, a political subdivision, organized and existing under the laws of the State of California (the "County");

WITNESSETH:

WHEREAS, the County and the Corporation have entered into a lease agreement, dated as of the date hereof (the "Lease Agreement"), whereby the Corporation 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 Corporation;

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 finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility (the "Project"), the Corporation 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 Corporation; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the County to (a) finance the Project, (b) fund a reserve fund for the Certificates, and (c) 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. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include
the plural and vice versa and the use of the neuter, masculine, or feminine gender is for
convenience only and shall be deemed to mean and include the neuter, masculine or feminine
gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for
convenience of reference, do not constitute a part hereof and shall not affect the meaning,
construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the
corresponding Articles, Sections or subdivisions of this Trust Agreement; the words “herein,”
“hereof,” “hereby,” “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 1.04. 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 PROJECT
ARTICLE II
THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Corporation 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. In no event shall such Certificates be deemed an obligation, liability or debt of the Trustee.

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 July 15, 2015, 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 wire or 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 February 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 (February 1) | Principal Amount | Interest Rate | Maturity Date (February 1) | Principal Amount | Interest Rate |
|---------------------------|------------------|--------------|---------------------------|------------------|--------------|

(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 and Other Moneys.

(a) 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 premium of $_______, shall forthwith be deposited by the Trustee in the following respective funds:

(i) An amount equal to $_______ shall be deposited in the Project Fund;

(ii) An amount equal to $_______, which is equal to the Reserve Requirement, shall be deposited in the Reserve Fund; and

(iv) An amount equal to $_______ shall be deposited in the Delivery Costs Fund.

(b) 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 Corporation 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 Corporation 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 Corporation 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 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)(i) 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 7.02 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(a)(iii) 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 7.02 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 May 4, 2015, the Trustee shall transfer any moneys then remaining in the Delivery Costs Fund to the Project Fund and applied for the purposes thereof, 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 February 1, ____, are not subject to optional redemption prior to maturity. The Certificates maturing on and after February 1, ____, 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 February 1, ____, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, 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.

(b) Mandatory Redemption. The Certificates maturing on February 1, ____, are subject to mandatory redemption in part on February 1 in each year on and after February 1, ____, to and including February 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, 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 (February 1) | Principal Amount of Certificates to be Redeemed |
|------------------|-----------------------------------------------|

Maturity.

In the event that the Trustee shall redeem Certificates in part but not in whole pursuant to subsection (a) of this Section 4.01, the amount of the Certificates to be redeemed in each subsequent year pursuant to this subsection (b) shall be reduced to correspond to the principal components of the Lease Payments prevailing following such redemption as determined pursuant to Section 4.4 of the Lease Agreement.

(c) 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

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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.

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 Corporation 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. The County shall be required to give the Trustee written notice of its intention to redeem Certificates at least forty-five (45) days prior to the date fixed for redemption unless the Trustee otherwise agrees to a shorter period for such notice. 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 each 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 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 Corporation 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 Corporation'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 Corporation may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation 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 7.04 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 Corporation 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 7.04 hereof), including any moneys received by the Trustee for deposit therein pursuant to Sections 2.07(a)(iii), 4.01, 5.01 or Article VII hereof, or Article IX 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(a)(ii) 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. 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 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 7.2(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 11.3 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 11.3 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 a Corporation 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 7.2(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 11.3 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 11.3 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 7.2(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 11.3 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 Corporation 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 Corporation 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, reasonable attorneys' fees and expenses.
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 Corporation, 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 hold such moneys uninvested. 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. The Trustee may rely on the investment directions of the County Representative as to both the suitability and legality of the directed investments.

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, at no additional cost, 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 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. 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 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 Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed pursuant to Section 3.02 hereof. 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.

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. In determining market value of Permitted Investments, the Trustee may use, and rely conclusively and without liability upon, any generally recognized securities pricing service (including brokers and dealers in securities) available to it.
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 Corporation 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 Corporation 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 County 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 corporate trust 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 indemnity satisfactory to it 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 Corporation 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 depositary 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 a Corporation 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 a Corporation Representative or a County Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation 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 Corporation 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 Corporation,
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, 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 reasonable fees and expenses, including reasonable 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 Corporation 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 Corporation 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 Corporation 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.

(v) The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the County or the Corporation elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee’s understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The County and the Corporation agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(w) In acting or omitting to act pursuant to the Lease Agreement or any other document contemplated or executed in connection herewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Trust Agreement and the Lease Agreement, including, but not limited to, this Article IX.

(x) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include
but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(y) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(z) The Trustee may consult with counsel, who may be counsel of or to the County or the Corporation, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(aa) Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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 reasonable 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. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

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 Corporation 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 Corporation, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Corporation, 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 Corporation.

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 Corporation 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 fifty percent (50%) 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 Corporation 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, materially 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 (unless all such Certificates are owned or held, in which case all such Certificates shall 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 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 Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Site and Facility Lease and 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 Corporation thereunder. The Corporation 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 Corporation, will deliver the same, or a copy thereof, to the Trustee.

Section 11.02. Observance of Laws and Regulations. The County and the Corporation 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 Corporation, 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 reasonable 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 July 1 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 Corporation 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 reasonable 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 Corporation for Trustee Performance. Neither the County nor the Corporation 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 reasonable 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 Corporation or the County; (ii) any breach or default on the part of the Corporation 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 Corporation 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 Corporation 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 Corporation 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 or any other documents contemplated or executed in connection herewith or therewith; (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 Corporation, 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 Corporation, 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 Corporation has transferred, assigned and set over to the Trustee all of the Corporation's rights in and to the Lease Agreement (excepting only the Corporation's rights to give approvals and consents, and its rights under Sections 5.8, 7.3 and 9.4 and its obligations thereof), including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation 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 Corporation'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 reasonable fees and expenses, including reasonable 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 VIII 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 fees, costs and expenses of the Trustee in declaring such Event of Default, and collecting moneys owed hereunder, including reasonable compensation to its agents, attorneys and counsel (including allocated costs of internal counsel), including all fees and expenses past due, and then fees costs and expenses of the Certificate Owners in declaring such Event of Default, and collecting moneys owed hereunder, including reasonable compensation to its agents, attorneys and counsel; 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 shall be deemed 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 reasonable legal fees and expenses in accordance with this Section 13.04. Subject to Section 14.07 hereof, nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Certificate Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Certificate Owners so affected.

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 Corporation 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 Corporation 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 Corporation, 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 11.1 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 11.1 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 or such other accountant ("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 corporate trust industry standards of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the County, the Corporation 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 Corporation: County of Yuba Public Facilities Corporation
c/o County of Yuba
915 8th Street
Marysville, CA 95691
Attention: __________
Phone: (530) ___-____
Fax: (530) ___-____

If to the County: County of Yuba
915 8th Street
Marysville, CA 95691
Attention: __________
Phone: (530) ___-____
Fax: (530) ___-____

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Phone: (415) 677-3599
Fax: (415) 677-3768

The Trustee agrees to notify the Corporation 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 Corporation, 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 Corporation, 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, upon request of the County, 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 then applicable escheat provision of State law, shall, on such date, be repaid to the County (without liability for interest) 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 ______________________
Myrna Presto-Choroski
Vice President

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By ______________________
Name ______________________
Title ______________________

COUNTY OF YUBA

By ______________________
Name ______________________
Title ______________________

Attest:

By ______________________
Donna Stottlemyer
Clerk of the Board of Supervisors
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 ____________________________
  Myrna Presto-Choroski
  Vice President

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By ____________________________
  Name __________________________
  Title __________________________

COUNTY OF YUBA

By ____________________________
  Name __________________________
  Title __________________________

Attest:

By ____________________________
  Donna Stottlemeyer
  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 February 1, 2015, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"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 Project 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 February 26, 2015, 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 Project 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.

"Corporation" means the County of Yuba Public Facilities Corporation, a nonprofit, public benefit corporation organized and existing under and by virtue of the laws of the State.
"Corporation Representative" means the President, the Executive Director, the Treasurer and the Secretary of the Corporation, or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the Corporation under or with respect to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

"County" means Yuba County, a political subdivision of the State.

"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 Corporation 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 Section 3.01 of the Trust Agreement.

"County" means County of Yuba, a political subdivision, duly organized and existing under and by virtue of the laws of the State.

"County Representative" means the President of the Board, the Superintendent, the Chief Business Officer, 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.

"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 Corporation, 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 August 1, 2015, so long as any Certificates are outstanding.

"Lease Agreement" means that certain agreement for the lease of the Property by the Corporation to the County, dated as of February 1, 2015, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means the fifteenth (15th) day of January and July in each year during the Term of the Lease Agreement, commencing July 15, 2015.

"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.

"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 Corporation 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 such funds for which the Trustee, its affiliates or subsidiaries provide investment
advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(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;

(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); and

(k) the Yuba County Investment Pool.

"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 Department, or, solely for the purposes of the presentation of Certificates for payment, transfer or exchange, the designated corporate trust operations office of the Trustee 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" means the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility, more particularly described in Exhibit C to the Trust Agreement.

"Project Costs" means all costs of payment of, or reimbursement for, the Project.
“Project Fund” means the fund by that name established and held by the Trustee pursuant to Article II 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 February 2 in any year and ending on February 1 in the next succeeding year, provided, however, that the first Rental Period shall commence on the Closing Date and shall end on February 1, 2016.

“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 maximum annual Lease Payments, which amount shall be $________ on the Closing Date. The amount of the Reserve Requirement shall not 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 Standard & Poor’s Financial Services LLC business, or its successors.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th 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 February 1, 2015, by and between the County, as lessor, and the Corporation, 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 February 1, 2015, by and among the County, the Corporation 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.
EXHIBIT B

FORM OF THE CERTIFICATES

Certificate of Participation
(2015 Sheriff’s Facility Financing Project)
Evidencing a Direct, Undivided Fractional Interest of the
Owners Hereof in Lease Payments to be Made by the
COUNTY OF YUBA
As the Rental for Certain Property Pursuant to a Lease Agreement
with the County of Yuba Public Facilities Corporation

| RATE OF INTEREST | MATURITY DATE | DATED DATE | CUSIP |
|------------------|---------------|------------|-------|
| %                | February 1,   | February 26, 2015 | 010762 |

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 Yuba, 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 February 1, 2015, by and between the County of Yuba Public Facilities Corporation, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the “Corporation”) 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 August 1, 2015 (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 July 15, 2015, 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 Corporation and the County, dated as of February 7, 2015 (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 with the written consent of 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 Corporation 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 Corporation 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 February 1, ____, are not subject to optional redemption prior to maturity. The Certificates maturing on and after February 1, ____, 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 so designate the order of redemption, in pro rata among maturities) and by lot within a maturity, on or after February 1, ____, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, 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.

The Certificates maturing on February 1, ____, are subject to mandatory redemption in part on February 1 in each year on and after February 1, ____, to and including February 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 (February 1) | Principal Amount of Certificates to be Redeemed |
|-------------------|-----------------------------------------------|

**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 the 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

Exhibit B  
Page 4
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 PROJECT

The Project consists of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility. The County’s intention is to move its entire Sheriff operations and administration staff into this facility. Critical operations such as dispatch, records, administration, emergency operations center and emergency generator will all be located on the second floor as to allow for continued operations during a flood event.
CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the COUNTY OF YUBA (the “County”) in connection with the execution and delivery of $_________ County of Yuba Certificates of Participation (2015 Sheriff’s Facility Financing Project) (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of February 1, 2015, by and among U.S. Bank National Association, as trustee (the “Trustee”), the County and the County of Yuba Public Facilities Corporation (the “Trust Agreement”). Pursuant to Section 11.08 of the Trust Agreement, the County covenants and agree as follows:

Section 1. 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 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

“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 who (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 Capitol Public Finance Group, LLC, 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 for documents to be filed with the MSRB, 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) or 5(b) 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.

“Participating Underwriter” shall mean any original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.
Section 2. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the owners and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. ** Provision of Annual Reports.**

(a) **Delivery of Annual Report.** The County shall, or shall cause the Dissemination Agent to, not later than ten months after the end of the County’s fiscal year (which currently ends on June 30), commencing with the report for the 2013-14 Fiscal Year, which is due not later than April 30, 2015, 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(b), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) **Delivery of Annual Report to Dissemination Agent.** Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 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 the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the County shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the County is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto 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 filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

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

(a) **Financial Statements.** Audited financial statements of the County for the preceding fiscal year, prepared in accordance generally accepted accounting principles. 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 and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) **Other Annual Information.** To the extent not included in the audited final statements of the County, the Annual Report shall also include financial and operating data with respect to
the County for preceding fiscal year, as follows, substantially similar to that provided in the corresponding tables and charts in the official statement for the Certificates:

[TO BE DETERMINED]

(c) Cross References. 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 EMMA. 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) Further Information. 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, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) Reportable Events. The County shall, or shall cause the Dissemination Agent (if not the County) to, give notice of the occurrence of any of the following events with respect to the Certificates:

(1) Principal and interest payment delinquencies.
(2) Unscheduled draws on debt service reserves reflecting financial difficulties.
(3) Unscheduled draws on credit enhancements reflecting financial difficulties.
(4) Substitution of credit or liquidity providers, or their failure to perform.
(5) Defeasances.
(6) Rating changes.
(7) Tender offers.
(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Material Reportable Events. 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:

(1) Non-payment related defaults.
(2) Modifications to rights of security holders.
(3) Bond calls.
(4) The release, substitution, or sale of property securing repayment of the securities.
(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) Time to Disclose. The County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Certificates under the Trust Agreement.

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(c).

Section 8. Dissemination Agent.

(a) Appointment of Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any 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. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the County. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Certificate owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the County shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the County.

(b) Compensation of Dissemination Agent. The Dissemination Agent shall be paid reasonable 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 reasonable expenses, legal fees and expenses 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, owners 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. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

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 all of 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(e) or (b), 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.

(c) Consent of Holders; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Certificate owners in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Certificate owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Certificate owners 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 in 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(c), 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 owner 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. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys fees and expenses) 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 the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Trust Agreement. The obligations of the County under this Section 12 shall survive resignation or removal of the Dissemination Agent 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 the owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: February 26, 2015

COUNTY OF YUBA

By ____________________________
Name __________________________
Title __________________________

ACKNOWLEDGED:

CAPITOL PUBLIC FINANCE GROUP,
LLC, as Dissemination Agent

By ____________________________
Name __________________________
Title __________________________
EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: County of Yuba

Name of Issue: $_________ Certificates of Participation (2015 Sheriff's Facility Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the County of Yuba, as the Rental for Certain Property Pursuant to a Lease Agreement with the County of Yuba Public Facilities Corporation

Date of Issuance: February 26, 2015

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated February 26, 2015, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by ________________.

Date: ____________

CAPITOL PUBLIC FINANCE GROUP, LLC, Dissemination Agent

By ________________________________

Authorized Officer
$$_{\text{CERTIFICATES OF PARTICIPATION}}$$
(2015 Sheriff's Facility Financing Project)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
COUNTY OF YUBA
as the Rental for Certain Property
Pursuant to a Lease Agreement with the
County of Yuba Public Facilities Corporation

CERTIFICATE PURCHASE AGREEMENT

February 5, 2015

County of Yuba
915 8th Street
Marysville, CA 95691

Ladies and Gentlemen:

The undersigned, Southwest Securities, Inc., as underwriter (the “Underwriter”), hereby offers to enter into this Certificate Purchase Agreement (this Certificate Purchase Agreement, together with the exhibits hereto, being herein called the "Purchase Agreement") with the County of Yuba (the "County"), which, upon acceptance, will be binding upon the County and the Underwriter. This offer is made subject to the acceptance by the County, by execution of this Purchase Agreement and its delivery to the Underwriter prior to 5:00 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the County at any time prior to such acceptance.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings given to such terms as set forth in Trust Agreement, dated as of February 1, 2015 (the "Trust Agreement") by and among Trust Agreement by and among the the County of Yuba Public Facilities Corporation (the "Corporation"), the County, and U.S. Bank National Association, as trustee (the "Trustee").

The County hereby acknowledges and agrees that (a) the purchase and sale of the Certificates pursuant to this Certificate Purchase Agreement is an arm's-length commercial transaction between the County and the Underwriter, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and are not acting as the agent or fiduciary of the County, (c) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering and sale of the Certificates contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County on other matters) and the Underwriter has no obligation to the County with respect to the offering and sale of the Certificates contemplated hereby except the
obligations expressly set forth in this Certificate Purchase Agreement, and (d) the County has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the issuance of the Certificates and the other matters contemplated by this Certificate Purchase Agreement.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the County hereby agrees to sell and deliver to the Underwriter all of the $____ aggregate principal amount of County of Yuba Certificates of Participation (2015 Sheriff’s Facility Financing Project) (the “Certificates”), evidencing the direct, undivided fractional interests of the owners thereof in lease payments (the “Lease Payments”) to be made by the County pursuant to a Lease Agreement, dated as of February 1, 2015 (the “Lease Agreement”), with the Corporation. The purchase price of the Certificates shall be $______ (representing an aggregate principal amount of the Certificates of $______), plus an net original issue premium of $______, and less an Underwriter’s discount of $______).

The Underwriter agrees to make a bona fide public offering of all the Certificates at the initial public offering prices (or yields) set forth on Exhibit A attached hereto. After the initial offering, the Underwriter reserves the right to change such public offering prices as the Underwriter shall deem necessary in marketing the Certificates.

Section 2. The Certificates. The Certificates will be dated their date of delivery and will be substantially in the form described in, shall be authorized, executed and delivered under the provisions of, and shall be payable as provided in, the Trust Agreement. The Certificates are being executed and delivered to provide funds to: (a) finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff’s facility, (b) fund a reserve fund for the Certificates, and (c) pay costs incurred in connection with executing and delivering the Certificates.

The County will lease certain land and the improvements thereon (the “Property”) to the Corporation pursuant to a Site and Facility Lease, dated as of February 1, 2015 (the “Site Lease”). The Corporation will sublease the Property back to the County pursuant to the Lease Agreement. The Corporation will assign its right to receive Lease Payments from the County under the Lease to the Trustee pursuant to an Assignment Agreement, dated as of February 1, 2015 (the “Assignment Agreement”).

The County will also enter into a Continuing Disclosure Certificate, dated the Closing Date (the “Continuing Disclosure Certificate”). The Trust Agreement, the Site Lease, the Lease Agreement, the Assignment Agreement, the Continuing Disclosure Certificate and this Purchase Agreement are hereinafter referred to as the “Legal Documents.”

Section 3. The Official Statement.

(a) By its acceptance of this proposal, the County ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement, dated January 28, 2015, relating to the Certificates (including the cover page, the inside cover page, all appendices and all information incorporated therein, the “Preliminary Official Statement”). The County hereby certifies that such Preliminary Official Statement is deemed final as of its date, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) except for certain omissions with respect to the pricing of the Certificates permitted to be omitted therefrom by Rule 15c2-12, and has executed and delivered a certificate in substantially the form attached hereto as Exhibit B.
The County hereby agrees to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Certificates (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, the inside cover page all appendices, all information incorporated therein and any amendments or supplements as have been approved by the County and the Underwriter, the "Official Statement") in such quantity as the Underwriter shall reasonably request. The County has approved the use and distribution by the Underwriter of the Official Statement, and the County hereby authorizes the use by the Underwriter of the Legal Documents in connection with the offer and sale of the Certificates.

Section 4. Closing. At 8:00 A.M., California time, on February 26, 2015, or at such other time and date as may be agreed upon by the County and the Underwriter (the "Closing Date"), (i) the County will cause to be delivered to the Underwriter the Certificates in definitive form, bearing CUSIP numbers and fully registered, through the book-entry system of The Depository Trust Company, New York, New York ("DTC"); and (ii) the County will cause to be delivered to the Underwriter the other documents herein mentioned at the offices of Quint & Thimmig LLP in Larkspur, California, or another place to be agreed upon by the County and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 hereof in immediately available funds to the order of the Trustee on behalf of the County. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Certificates on the Closing Date in accordance with the terms of this Purchase Agreement.

Section 5. Representation, Warranties and Covenants of the County. The County represents, warrants and covenants to the Underwriter that:

(a) The County is a political subdivision, duly organized and validly existing under the Constitution and laws of the State of California. The County has all necessary power and authority and has taken all official action necessary to enter into and perform its duties under the Trust Agreement, the Site Lease, the Lease Agreement, the Continuing Disclosure Certificate and this Purchase Agreement (collectively, the "County Documents"). The County Documents and the Official Statement have been duly executed and delivered by the County and, assuming the due authorization, execution and delivery by the other respective parties thereto, the County Documents will constitute legally valid and binding obligations of the County enforceable against the County in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally.

(b) Except as may be required under Blue Sky or other securities laws of any state (as to which no representation is made), there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the County required for the execution, delivery and sale of the Certificates or the consummation by the County of the transactions contemplated by the County Documents and by the Official Statement, which has not been duly obtained or made on or prior to the date hereof.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court or governmental or public entity pending or threatened against the County which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates, or contesting the powers of the County to enter into or perform its obligations under any of the County Documents or the existence or powers of the County.
(d) the distribution of the Preliminary Official Statement and the Official Statement have been duly authorized by the County and as of the date hereof and at all times subsequent thereto up to and including the time of the Closing, the statements and information contained in the Official Statement (excluding statements under the captions "THE CORPORATION," "UNDERWRITING," information relating to DTC and the book-entry only system and information as to bond prices on the inside cover page of the Official Statement, as to which no opinion or view is expressed) are and will be true, correct and complete in all material respects and the Official Statement does not and will not omit to state a material fact required to be stated therein or necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(e) The County agrees that, if at any time before the Closing Date any event of which it has knowledge occurs, as a result of which the Official Statement as then in effect would include any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the County shall promptly prepare or cooperate in the preparation of an amendment or supplement to the Official Statement if in the opinion of the County and the Underwriter or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement. The County shall advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and shall effect such amendment or supplement in a form and manner approved by the Underwriter. The County shall promptly advise the Underwriter of the institution of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Certificates.

If the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein concerning the County or the County's affairs, in the light of the circumstances under which it was presented, not misleading.

(f) The County shall furnish or cause to be furnished to the Underwriter, in such quantities as shall be reasonably required by the Underwriter, copies of the Official Statement and all amendments and supplements thereto, in each case as soon as available.

(g) The proceeds from the sale to the Underwriter of the Certificates will be applied in the manner and for the purposes specified in the Trust Agreement.

(h) The resolution of the County approving the execution and delivery of the County Documents and the Official Statement has been duly adopted by the County, has not been amended, modified or repealed and is in full force and effect on the date hereof.

(i) Neither the execution and delivery by the County of the County Documents nor the County's adoption of the resolution, nor the County's compliance with such documents or such resolution, nor the consummation of the transactions contemplated by such documents, such resolution or the Official Statement, conflicts with or constitutes a breach of or default under, or will conflict with or constitute a breach of or default under, any term or provision of any applicable law or any administrative rule or regulation of the State of California or the United States or any applicable judgment, decree, order, license, permit, agreement or instrument to
which the County is subject or is otherwise bound has or will have a material adverse effect on
the ability of the County to perform its obligations under the County Documents, and no event
has occurred and is continuing which, with the passage of time or the giving of notice, or both,
would constitute a default or an event of default under any such instruments.

(j) The County agrees to cooperate with the Underwriter in endeavoring to qualify the
Certificates for offer and sale under the securities or Blue Sky laws of as many jurisdictions of
the states of the United States as the Underwriter may request; provided, however, that the
County will not be required to expend any of its own funds in connection with such
qualifications and will not be required to consent to service of process in any such jurisdiction
in which it is not now subject to service of process or to qualify as a broker or a foreign
corporation in connection with any such qualification in any jurisdiction.

(k) The County covenants that it will not take any action which would cause interest
payable with respect to the Certificates to be subject to federal income taxation or State of
California personal income taxation.

(l) The County has not failed to comply with any previous continuing disclosure
undertaking within the prior 5 years.

Section 6. Conditions to the Obligations of the Underwriter. The Underwriter has
entered into this Purchase Agreement in reliance upon the representations and warranties of the
County contained herein. The obligations of the Underwriter to accept delivery of and pay for
the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the
performance by the Corporation and the County of their obligations, to be performed hereunder and under the Legal Documents, at or prior to the Closing Date and the following
additional conditions:

(a) at the time of Closing, the Legal Documents shall be in full force and effect as valid
and binding agreements between or among the various parties thereto and the Legal
Documents and the Official Statement shall not have been amended, modified or supplemented
except as may have been agreed to in writing by the Underwriter, and all such reasonable
actions as, in the opinion of Special Counsel or counsel to the Underwriter, shall reasonably
deem necessary in connection with the transactions contemplated hereby;

(b) between the date hereof and the Closing Date, the market price or marketability, at
the initial public offering prices set forth on the inside cover page of the Official Statement, of
the Certificates shall not have been materially adversely affected, in the reasonable judgment of
the Underwriter, by reason of any of the following:

(i) legislation enacted (or resolution passed) by or introduced or pending
legislation amended in the Congress or recommended for passage by the President of
the United States, the Secretary of the Treasury or any member of Congress, or a
decision rendered by a court established under Article III of the Constitution of the
United States or by the Tax Court of the United States, or an order, ruling, regulation
(final, temporary or proposed), official statement, press release or other form of notice or
communication issued or made by or on behalf of the Treasury Department or the
Internal Revenue Service of the United States, by the President or other agency of the
federal government or members of Congress with the purpose or effect, directly or
indirectly, of imposing federal income taxation upon interest as would be received by
the owners of the Certificates;

(ii) the declaration of war or engagement in major military hostilities by the
United States or the occurrence of any other national emergency or calamity relating to
the normal operation of the government of or the financial community in the United States;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates or obligations of the general character of the Certificates or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters; or

(v) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that (i) obligations of the general character of the Certificates, or the Certificates, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (ii) the execution and delivery, offering or sale of obligations of the general character of the Certificates, or the execution and delivery, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

c) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(ii) the approving opinion of Special Counsel, dated the Closing Date and addressed to the County, in substantially the form attached as Appendix B to the Official Statement, together with a reliance letter addressed to the Underwriter;

(iii) a supplemental opinion of Special Counsel dated the Closing Date and addressed to the Underwriter and the County, in form and substance acceptable to each of them to the effect that:

(A) the statements in the Official Statement under the captions, "INTRODUCTION," "THE CERTIFICATES," "CONTINUING DISCLOSURE," "LEGAL MATTERS—Tax Matters," "APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," "APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE" AND "APPENDIX D—FORM OF SPECIAL COUNSEL OPINION," insofar as such statements purport to summarize certain provisions of the Certificates, security for the Certificates, the Trust Agreement, the Site Lease, the Lease, the Assignment Agreement, the Continuing Disclosure Certificate and the legal opinion of Special Counsel with respect thereto concerning the validity and tax status of interest with respect to the Certificates, are accurate in all material respects; but excluding therefrom information about DTC and the book-entry only system;

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(b) the Purchase Agreement has been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the other respective parties thereto, constitutes the valid and binding agreement of the County and is enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought; and

(C) the Certificates are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification as an Trust Agreement pursuant to the Trust Indenture Act of 1939, as amended;

(iv) a certificate, dated the Closing Date, signed by a duly authorized official of the County satisfactory in form and substance in the reasonable judgment of the Underwriter to the effect that:

(A) the County is a political subdivision, duly organized and existing under the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the County Documents;

(B) by official action of the County, the County has approved the execution and delivery of and the performance by the County of the obligations on its part contained in the County Documents;

(C) the execution and delivery of the County Documents to which it is a party, compliance with the provisions thereof and performance of its duties thereunder, will not conflict with or constitute a breach of or default under the County’s duties under any law, administrative regulation, judgment, decree, note, resolution, charter, by-law or other agreement to which the County is a party or is otherwise subject or by which its properties may be affected;

(D) the Official Statement does not contain any untrue or misleading statement of a material fact or omit to state any material fact which is necessary to make such statements therein, in the light of the circumstances under which they were made, not misleading;

(E) there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the County required for the execution, delivery and sale of the Certificates or the consummation by the County of the transactions on its part contemplated by the County Documents;

(F) the County is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, agreement or other instrument to which the County is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, which breach or default has or may have a material adverse effect on the ability of the County to perform its obligations under the County Documents;
(G) there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court or governmental agency or body, pending or, to the best knowledge of the County, threatened against the County, except as disclosed in the Official Statement, to restrain or enjoin the execution or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates or the County Documents or contesting the powers of the County to enter into or perform its obligations under any of the foregoing; and

(H) the County covenants that it will not take any action which would cause interest with respect to the Certificates to be subject to federal income taxation or California personal income taxes;

(v) a certificate of the Trustee, dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that:

(A) the Trustee is a national banking association duly organized and existing under and by virtue of the laws of the United States of America authorized to carry out corporate trust powers and has all necessary power and authority to enter into and perform its duties under the Trust Agreement and the Assignment Agreement and to execute the Certificates;

(B) the representations of the Trustee in the Trust Agreement and the Assignment Agreement are true and correct in all material respects as of the Closing Date;

(C) to the best of its knowledge, no litigation is pending or threatened (either in state or federal courts) (1) to restrain or enjoin the execution or delivery of any of the Certificates or the collection of revenues pledged under the Lease Agreement, or (2) in any way contesting or affecting any authority for the execution or delivery of the Certificates or the validity or enforceability of the Trust Agreement or the Assignment Agreement;

(D) the Trustee is duly authorized to execute and deliver the Certificates to the Underwriter upon instruction by the County pursuant to the terms of the Trust Agreement, and the Trust Agreement and the Assignment Agreement constitute legal, valid and binding obligations of the Trustee enforceable in accordance with its respective terms;

(E) to the best of its knowledge, the execution and delivery of the Trust Agreement and the Assignment Agreement, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Trustee's duties under said documents or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Trustee is subject or by which it is bound; and

(F) the Certificates have been validly executed and delivered by the Trustee;

(vi) the opinion of counsel to the Trustee, addressed to the Underwriter and the County, dated the Closing Date, to the effect that;
(A) the Trustee has been duly organized and is validly existing in good standing as a national banking association under the laws of the United States of America, with full corporate power to enter into the Trust Agreement and the Assignment Agreement and to accept the trust as provided therein, and to perform its obligations under the Trust Agreement and the Assignment Agreement;

(B) the Trustee has duly authorized, executed and delivered the Trust Agreement and the Assignment Agreement and by all proper corporate action has authorized the acceptance of the trust of the Trust Agreement;

(C) assuming the due authorization, execution and delivery by the other party to the Trust Agreement and the Assignment Agreement, the Trust Agreement and the Assignment Agreement, constitute legally valid and binding agreements of the Trustee, enforceable against the Trustee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(D) the Certificates have been validly executed by the Trustee; and

(E) to the best of such counsel's knowledge, no authorization, approval, consent or order of any governmental agency or any other person or corporation is required for the valid authorization, execution and delivery of the Trust Agreement and the Assignment Agreement by the Trustee or the authentication by the Trustee of the Certificates;

(vii) a copy of the Official Statement, executed on behalf of the County;

(viii) a copy of the general resolution of the Trustee authorizing the execution and delivery of the Trust Agreement and the Assignment Agreement;

(xix) a copy of all resolutions relating to the Certificates, the Official Statement and the Legal Documents adopted by the Corporation and the County, as applicable, and certified by an authorized official of the Corporation and the County;

(x) a tax certificate by the County in form and substance acceptable to Special Counsel;

(xi) a letter from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. indicating that the Certificates have been rated "__".

(xii) such additional legal opinions, certificates, proceedings, instruments or other documents as Special Counsel and counsel to the Underwriter, if any, may reasonably request to evidence compliance by the Corporation and the County with legal requirements, the truth and accuracy, as of the Closing Date, of the representations and warranties of the County contained herein, and the due performance or satisfaction by the Corporation and the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Corporation and the County.

Section 7. Changes in Official Statement. After the Closing, the County will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing. Within 90 days after the Closing or within 25 days following the end of the underwriting period, whichever occurs first, if any event relating to or affecting the Certificates,
the Trustee, the Corporation or the County shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the County will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The County shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with a nationally recognized municipal securities repository. For the purposes of this section the Trustee, the Corporation and the County will each furnish such information with respect to itself as the Underwriter may reasonably request from time to time during such period.

Section 8. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the County shall pay from the proceeds of the Certificates or otherwise, all expenses and costs of the County and the Corporation incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Certificates to the Underwriter, including, without limitation, printing costs, rating agency fees and charges, initial fees of the Trustee, including fees and disbursements of its counsel, if any, fees and disbursements of Special Counsel and Disclosure Counsel and other professional advisors employed by the County or the Corporation, the fee of counsel to the Underwriter and costs of preparation, printing, signing, transportation, delivery and safekeeping of the Certificates. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Service Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Certificates, shall be paid by the Underwriter.

Section 9. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Mr. Todd Smith, Senior Vice President, Southwest Securities, Inc., 2535 South Coast Highway 101, Suite 250, Cardiff by the Sea, CA 92007. Any notice or communication to be given to the County under this Purchase Agreement may be given by delivering the same in writing to the County’s address set forth above, Attention: ____________.

The approval of the Underwriter when required hereunder or the determination of the Underwriter’s satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

Section 10. Parties in Interest. This Purchase Agreement is made solely for the benefit of the County and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the County in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment of the Certificates.

Section 11. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
Section 12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

SOUTHWEST SECURITIES, INC., as Underwriter

by ___________________________
Jeffrey S. Harris
Senior Vice President

Accepted and Agreed to:

COUNTY OF YUBA

by ___________________________
Name: _________________________
Title: ___________________________
Section 12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

SOUTHWEST SECURITIES, INC., as Underwriter

By __________________________

Jeffrey S. Harris
Senior Vice President

Accepted and Agreed to:

COUNTY OF YUBA

By __________________________

Name _________________________
Title __________________________
EXHIBIT A

MATUREY SCHEDULE

$\text{CERTIFICATES OF PARTICIPATION}
(2015 Sheriff's Facility Financing Project)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
\text{COUNTY OF YUBA}
as the Rental for Certain Property
Pursuant to a Lease Agreement with the
\text{County of Yuba Public Facilities Corporation}

\begin{tabular}{|c|c|c|c|c|}
\hline
Maturity Date & Principal Amount & Interest Rate & Yield & Price \\
\hline
\end{tabular}

REDEMPTION PROVISIONS

\emph{Extraordinary Redemption}. 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.

\emph{Optional Redemption}. The Certificates maturing on or before February 1, \text{____}, are not subject to optional redemption prior to maturity. The Certificates maturing on and after February 1, \text{____}, 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 \textit{pro rata} among maturities) and by lot' within a maturity, on or after February 1, \text{____}, 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.

\emph{Mandatory Redemption}. The Certificates maturing on February 1, \text{____}, are subject to mandatory redemption in part on February 1 in each year on and after February 1, \text{____}, to and including February 1, \text{____}, 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:

\begin{itemize}
\item
\end{itemize}
| Year (February 1) | Principal Amount of Certificates to be Redeemed |
|------------------|-------------------------------------------------|

†Maturity.

The Certificates maturing on February 1, ____, are subject to mandatory redemption in part on February 1 in each year on and after February 1, ____, to and including February 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 (February 1) | Principal Amount of Certificates to be Redeemed |
|------------------|-------------------------------------------------|

†Maturity.
CONSULTING SERVICES ORDER

This Consulting Services Order ("CSO") is an attachment to the Consulting Services Agreement made between the Yuba County Administrator ("Client") and Capitol Public Finance Group, LLC ("Capitol PFG").

Financing Planning Services:

Capitol PFG shall provide Client with a debt analysis, evaluation of the tax base, identification and classification of existing and potential revenue sources and capital expenditures, preparation of short-term and long-term cash flow schedules, development of financing plans and strategies related to the issuance of municipal securities and other financing alternatives, participation in public information meetings, and general financial advisory services on an as-needed basis.

Financial Transaction Services:

In the event a debt issuance, Capitol PFG will provide all related financial advisory services including advice on the bond structure, method of sale, the bond market, assistance with the credit rating, due diligence reviews, validation of bond pricing, review of official statement and bond documents, coordination and management of the bond sale and financing team as well as participation in public meetings and other activities required for the successful issuance of bonds.

Consulting Service Fee:

Financial Planning Services, will be provided at an hourly rate of $175 plus reimbursement of out-of-pocket expenses. Financial transaction services will be provided at a flat fee of $65,000 for issuing debt plus research and regulatory compliance expenses of $6,500. Capitol PFG will be compensated for all Financial Transaction Services and related Financial Planning Services from the debt financing. If there is no debt financing, Financial Planning Services will be invoiced by June 30, 2015.

Jeffrey B. Small
Capitol Public Finance Group, LLC
Date: 1/15/2015

Robert Bendorf
Yuba County Administrator
Date: 1/27/15
Agreement for Legal Services

CERTIFICATES OF PARTICIPATION
(2015 Sheriff's Facility Financing Project)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
COUNTY OF YUBA
as the Rental for Certain Property
Pursuant to a Lease Agreement with the
County of Yuba Public Facilities Corporation

BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES

THIS AGREEMENT FOR LEGAL SERVICES is made and entered into this 27 day of
January, 2015, by and between the COUNTY OF YUBA (the “County”), and QUINT &
THIMMIG LLP, Larkspur, California (“Attorneys”).

WITNESSETH:

WHEREAS, the County, working together with the County of Yuba Public Facilities
Corporation (the “Corporation”), proposes to undertake the financing of the costs of the
renovation and build out of approximately 43,000 square feet of a 56,463 square foot building
located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a
Sheriff’s facility;

WHEREAS, for such purposes, the County has determined to cause the execution and
delivery of certificates of participation evidencing the direct, undivided fractional interests of
the owners thereof in lease payments to be made by the County pursuant to a lease agreement
with the Corporation (the “Certificates”), such lease payments to be paid from the County’s
general fund;

WHEREAS, the County requires the services of bond counsel and disclosure counsel in
connection with the authorization, issuance and sale of the Certificates;

WHEREAS, the County has determined that Attorneys are qualified by training and
experience to perform the services of bond counsel and disclosure counsel, and Attorneys are
willing to provide such services; and
WHEREAS, the public interest, economy and general welfare will be served by this Agreement for Legal Services;

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

Section 1. Duties of Attorneys.

A. Attorneys shall provide legal services, as bond counsel, in connection with the authorization, and consummation of the financing proceedings relating to the Certificates. Such services shall include the following:

(a) Consult and cooperate with officials of the County, County legal counsel, financing consultants, underwriters and other consultants, staff and employees of the County, and assisting such consultants, staff and employees in the formulation of coordinated financial and legal proceedings;

(b) Attend all meetings of the County at which the financing is to be discussed, as deemed necessary by for the proper planning of the financing proceedings or when specifically requested to attend;

(c) Prepare any required indentures, ordinances and all resolutions, notices and legal documents necessary for the proper conduct of the financing proceedings;

(d) Review all financial documents for legal sufficiency;

(e) Review, without undertaking an independent investigation, any official statement or other disclosure document prepared in connection with the financing proceedings to assure correctness of disclosure relating to the legal documents;

(f) Prepare and provide a signature and no-litigation certificate, an arbitrage certificate and any and all other closing documents required to accompany delivery of the securities;

(g) Prepare and provide a complete transcript of the proceedings necessary to accompany delivery of the Certificates;

(h) Subject to the completion of proceedings provide a legal opinion that the interest due with respect to the Certificates is excluded from gross income for purposes of federal income taxation and that such interest is exempt from California personal income taxation;

(i) Subject to the completion of proceedings, provide a legal opinion approving in all regards the legality of all proceedings relating to the Certificates;

(j) Confer and consult with the County officials and agents with regard to problems which may arise during the servicing and payment of principal and interest with respect to the Certificates; and

(k) Such other and further services as are normally performed by bond counsel in connection with the issuance of securities.
B. Attorneys shall provide legal services, as disclosure counsel, in connection with the preparation of the official statement to be used in connection with the offering and sale of the Certificates (the "Official Statement"). Such services shall include the following:

(a) Prepare the Official Statement (both preliminary and final) in connection with the offering of the Certificates;

(b) Confer and consult with the officers and administrative staff of the County as to matters relating to the Official Statement;

(c) Attend all meetings of the County and any administrative meetings at which the Official Statement is to be discussed, deemed necessary by Attorneys for the proper exercise of their due diligence with respect to the Official Statement, or when specifically requested by the County to attend;

(d) On behalf of the County, prepare the continuing disclosure certificate in a form which is acceptable to the County and the underwriter of the Certificates;

(e) On behalf of the County, prepare the certificate purchase agreement, if required, between the County and the underwriter of the Certificates in a form which are acceptable to the County and the underwriter of the Certificates;

(f) Subject to the completion of proceedings to the satisfaction of Attorneys, provide letters of Attorneys addressed to the County and the underwriter of the Certificates to the effect that, although Attorneys have not undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, in the course of Attorneys participation in the preparation of the Official Statement Attorneys have been in contact with representatives of the County and others concerning the contents of the Official Statement and related matters, and, based upon the foregoing, nothing has come to Attorneys attention to lead Attorneys to believe that the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion included therein, and information relating to The Depository Trust Company and its book-entry system, as to which Attorneys need express no view) as of the date of the Official Statement or the date of the closing for the Certificates contain any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) Services Not Provided. Attorneys shall not be responsible for: (i) any continuing disclosure requirements under federal securities laws that may apply to the Certificates during the period following the delivery of the Certificates, (ii) on-going advice and preparation of necessary documentation regarding compliance with Section 148 of the Internal Revenue Code of 1986, relating to arbitrage limitations and rebate provisions applicable to the financing, or (iii) the representation of the County in connection with any litigation involving the financing. Without limiting the generality of the foregoing, Attorneys shall not be responsible for preparing any documentation related to, or for providing any, ongoing continuing disclosure, arbitrage and rebate computation services or litigation services in respect of the financing without a separate agreement between the County and Attorneys. In addition, unless specifically retained to do so by a separate agreement between Attorneys and the County, Attorneys shall not be responsible for auditing or otherwise reviewing or assuring compliance by the County with any past or existing continuing disclosure obligations of the County related to any debt obligations.
Section 2. **Compensation.**

(a) For the services set forth under Section 1A. above, Attorneys shall be paid a legal fee of $35,000, inclusive of all out-of-pocket expenses.

(b) For the services set forth under Section 1B, Attorneys shall be paid a legal fee of $25,000, inclusive of all out-of-pocket expenses.

*Payment of said fees shall be entirely contingent,* shall be due and payable upon the delivery of the Certificates and shall be payable solely from the proceeds of the Certificates and from no other funds of the County.

Section 3. **Responsibilities of County.** The County shall cooperate with Attorneys and shall furnish Attorneys with certified copies of all proceedings taken by the County and deemed necessary by Attorneys to render an opinion on the validity of the Certificates. All costs and expenses incurred incidental to the financing, including the cost and expense of preparing certified copies of proceedings required by Attorneys in connection with the financing, the cost of all printing and publication costs, fees and expenses of parties other than Attorneys, costs and expenses of legal advertising and all other expenses incurred in connection with the financing, shall be paid by the County from the proceeds of the financing and shall not be the responsibility of Attorneys.

Section 4. **Non-Legal Services.** In performing their services as bond counsel and as disclosure counsel pursuant to this Agreement for Legal Services, it is understood and acknowledged by the County that Attorneys will not be providing financial advisory, placement agent, investment banking or other similar services. It is expected that the County will engage other consultants to provide any such services with respect to the financing.

Section 5. **Termination of Agreement.** This Agreement for Legal Services may be terminated at any time by the County, with or without cause, upon written notice to Attorneys. In the event of such termination, all finished and unfinished documents shall, at the option of the County, become its property and shall be delivered by Attorneys to the County.

Section 6. **Amendment or Modification.** No amendment, modification, or other alteration of this Agreement shall be valid unless in writing and signed by both of the parties hereto.

Section 7. **Entire Agreement.** This Agreement contains the entire agreement of the parties hereto. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties hereto.
IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

COUNTY OF YUBA

By

Name  Robert Bendorf
Title  County Administrator

QUINT & THIMMIG LLP

By

Brian D. Quint, Partner
PUBLIC
FACILITIES
CORPORATION
THIS PAGE INTENTIONALLY LEFT BLANK
TO: Yuba County Public Facilities Corporation
FROM: Robert Bendorf, County Administrator
RE: Authorization of Certificates of Participation (Sheriff's Facility)
DATE: January 27, 2015

RECOMMENDATION

Adopt resolution approving the form and authorizing the execution of certain lease financing documents in connection with the offering and sale of Certificates of Participation (COP) relating thereto to finance the costs of the renovation and build out of a building for use as a Sheriff's Facility (Project) and authorizing and directing certain actions with respect thereto.

BACKGROUND

In order to complete the recommended financing, the County must utilize a nonprofit corporation ("Corporation") to satisfy the legal requirements associated with the financing structure.

DISCUSSION

The County formed the Corporation in 1991 for the specific purpose of assisting with the financing of public facilities that are used for the benefit of the citizens of Yuba County. The County, and other public agencies located in the County, have used the Corporation for similar lease type financings. Essentially, the role of the Corporation is to act as a third party lessor. As such, it must authorize the approval and execution of the lease financing documents. Apart from this approval, and maintaining the Corporation in good standing, the Corporation has no further role or responsibility for the financing.

FISCAL IMPACT

None.
COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

RESOLUTION NO. ______

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF CERTIFICATES OF PARTICIPATION RELATING THERETO TO FINANCE THE COSTS OF THE RENOVATION AND BUILD OUT OF A BUILDING FOR USE AS A SHERIFF'S FACILITY AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the Board of Directors (the "Board") of the County of Yuba Public Facilities Corporation (the "Corporation"):  

WHEREAS, the County of Yuba (the "County"), with the assistance of the Corporation, has determined at this time, due to prevailing interest rates in the municipal bond market and for other reasons, to finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility (the "Project"), and to implement a lease financing for such purposes;

WHEREAS, it is in the public interest and for the public benefit that the Corporation authorize and direct execution of certain financing documents in connection therewith; and

WHEREAS, the documents below specified shall be filed with the Corporation and the members of the Board, with the aid of its staff, shall review said documents;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. Certificates of Participation (2015 Sheriff's Facility Financing Project) (the "Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement, as hereinafter defined, to finance the Project.

Section 2. The below-enumerated documents, in the forms on file with the Secretary, be and are hereby approved, and the President or the Treasurer, or the designee of such officials, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, the execution thereof to be conclusive evidence of such approval, and the Secretary or any deputy to the Secretary is hereby authorized and directed to attest to such official's signature

(a) a site and facility lease, by and between the County, as lessor, and the Corporation, as lessee, pursuant to which the County will lease certain existing property (the "Property") to the Corporation, for the purpose of leasing the Property back to the County pursuant to the Lease Agreement;
(b) a lease agreement relating to the Property, between the Corporation, as lessor, and the County, as lessee (the "Lease Agreement");

(c) an assignment agreement, by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), pursuant to which the Corporation will assign certain of its rights under the Lease Agreement, including its right to receive lease payments thereunder, to the Trustee; and

(d) a trust agreement, by and among the Corporation, the County and the Trustee, relating to the execution and delivery of the Certificates (the "Trust Agreement");

Section 3. The President, the Treasurer, the Secretary and other officials of the Corporation are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the lease financing herein authorized.

Section 4. This Resolution shall take effect upon its adoption by the Board.

************

I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Board of Directors of the County of Yuba Public Facilities Corporation in a regular meeting assembled on the 27th day of January, 2015, by the following vote to wit:

YAES:

NOES:

ABSENT:

ABSTENTIONS:

_____________________________
Roger Abe, President/Chief Executive Officer

ATTEST:

_____________________________
Mary Jane Griego, Secretary

APPROVED AS TO FORM:

_____________________________
Angi Morris-Jones, County Counsel
AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Brian D. Quint, Esq.

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

ASSIGNMENT AGREEMENT

Dated as of February 1, 2015

by and between the

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, as Assignor

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

(2015 Sheriff's Facility Financing Project)
ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, dated as of February 1, 2015, by and between the COUNTY OF YUBA PUBLIC FACILITIES CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), 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 Corporation and the County of Yuba (the "County"), have entered into a lease agreement, dated as of February 1, 2015, a memorandum of which is recorded concurrently herewith (the "Lease Agreement"), whereby the Corporation has agreed to lease to the County, and the County has agreed to lease from the Corporation, those certain parcels of real property situated in Yuba 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 Corporation in consideration of the County's use and enjoyment of the Property.

(b) Under the Lease Agreement, the Corporation 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 February 1, 2015 (the "Trust Agreement"), by and among the Corporation, the County and the Trustee.

(c) Upon delivery of the Lease Agreement, the Corporation is required to deposit with the Trustee moneys to finance the costs of the renovation and build out of approximately 43,000 square feet of a 56,463 square foot building located at 720 Yuba Street, Marysville, California, acquired by the County in 2011, for use as a Sheriff's facility (the "Project"). For the purpose of obtaining such moneys, the Corporation 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 Corporation, the Corporation 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 Corporation to make the deposits required under the Lease Agreement and the Trust Agreement and to permit the Corporation to finance 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 Corporation, 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 Corporation's rights and interests under the Lease Agreement (excepting only the Corporation's rights to give approvals and consents and its 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 Corporation 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 Corporation 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.

COUNTY OF YUBA PUBLIC FACILITIES CORPORATION

By ____________________________  
Name ____________________________  
Title ____________________________  

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ____________________________  
Myrna Presto-Choroski  
Vice President
[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]
EXHIBIT A

DESCRIPTION OF THE SITE

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

Animal Shelter Site (APN - 013-410-012)

BEGINNING AT THE NORTHWEST CORNER OF LOT 6 IN BLOCK 31 OF FARM LAND COLONY NO. 1, FILED IN VOLUME 1 OF MAPS, AT PAGE 23, YUBA COUNTY OFFICIAL RECORDS, AND RUNNING THENCE ALONG THE WESTERN LINE OF SAID LOT 6, SOUTH 0 DEGREES 14 MINUTES 52 SECONDS EAST 518.86 FEET TO THE NORTHERLY LINE OF LOT 11 OF BLOCK 31 OF SAID FARM LAND COLONY NO. 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 11 AND LOTS 12 AND 9 OF SAID BLOCK 31, SOUTH 88 DEGREES 52 MINUTES 33 SECONDS WEST 1920.76 FEET TO THE EASTELY LINE OF SACRAMENTO NORTHERLY RAILWAY RIGHT OF WAY LINE AS DESCRIBED IN THAT CERTAIN DEED RECORDED JANUARY 9, 1956 IN VOLUME 217 OF OFFICIAL RECORDS, PAGE 518, YUBA COUNTY RECORDS; THENCE ALONG SAID RAILROAD RIGHT OF WAY LINE NORTH 7 DEGREES 37 MINUTES 58 SECONDS EAST 379.28 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 548.14 FEET, A CENTRAL ANGLE OF 58 DEGREES 51 MINUTES 20 SECONDS AND THE CHORD TO WHICH BEARS NORTH 37 DEGREES 03 MINUTES 38 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 563.06 FEET; THENCE NORTH 66 DEGREES 29 MINUTES 18 SECONDS EAST 961.55 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTH, HAVING A RADIUS OF 548.14 FEET, A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS AND THE LONG CHORD TO WHICH BEARS SOUTH 68 DEGREES 30 MINUTES 42 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 861.02 FEET; THENCE SOUTH 23 DEGREES 30 MINUTES 42 SECONDS EAST 376.09 FEET TO THE NORTHERLY LINE OF AFORESAID LOT 6, BLOCK 31 OF FARM LAND COLONY NO. 1; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 6, SOUTH 88 DEGREES 54 MINUTES 48 SECONDS WEST 209.95 FEET, MORE OR LESS, TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION LYING EASTERY OF THE NORTHERLY EXTENTION OF THE WEST LINE OF SAID LOT 6 BLOCK 31 OF FARM LAND COLONY NO. 1 FILED IN VOLUME 1 OF MAPS, AT PAGE 23, YUBA COUNTY OFFICIAL RECORDS.

APN: 013-410-012

County Library Site (APN - 010-281-029)

LOTS 1, 2, 3, 4, 5, 6, 7, 8 AND THAT CERTAIN ALLEY KNOWN AS OAK STREET, IN BLOCK 3 OF RANGE "D", AS SHOWN UPON THE OFFICIAL MAP OF THE CITY OF MARYSVILLE, APPROVED MARCH 22, 1856, AND NOW ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF YUBA, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTEY CORNER OF SAID LOT 1; THENCE NORTHERLY ALONG THE WESTERY LINE OF LOTS 1, 2, 3 AND 4, A DISTANCE OF 326.64 FEET, MORE OR LESS TO THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE EASTERY ALONG THE SOUTHERLY LINE OF THIRD STREET AS SHOWN UPON THE ABOVE REFERRED TO MAP, BEING THE NORTHERLY LINE OF LOT 4 AND 5, THE EASTERY PROLONGATION OF THE NORTHERLY LINE OF SAID LOT 4, A DISTANCE OF 346.66 FEET, MORE OR LESS TO THE NORTHERLY CORNER OF SAID LOT 5; THENCE SOUTHERLY ALONG THE EASTERY LINE OF SAID LOTS 5, 6, 7 AND 8 A DISTANCE OF 326.64 FEET, MORE OR LESS, TO THE SOUTHEASTERLY CORNER OF SAID LOT 8; THENCE WESTERY ALONG THE NORTHERLY LINE OF SECOND STREET, BEING THE SOUTHERLY LINE OF SAID LOTS 1 AND 8 AND THE WESTERY PROLONGATION OF THE SOUTHERLY LINE OF LOT 8, A DISTANCE OF 346.66 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION OF BLOCK 3, RANGE "D", AS SHOWN ON THE OFFICIAL MAP OF THE CITY OF MARYSVILLE, APPROVED MARCH 22, 1856, ON FILE IN THE OFFICE OF THE COUNTY REORDER OF YUBA COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 3, RANGE "D"; THENCE, FROM SAID POINT OF BEGINNING, ALONG THE NORTHERLY LINE OF SAID BLOCK 3, NORTH 83° 40'24" EAST 158.69 FEET; THENCE LEAVING SAID NORTHERLY LINE, SOUTH 06° 29'18" EAST 190.00 FEET; THENCE SOUTH 36° 30'42" WEST 5.66 FEET; THENCE SOUTH 06° 29'17" EAST 25.99 FEET; THENCE SOUTH 83° 40'24" WEST 14.00 FEET; THENCE SOUTH 06° 29'18" EAST 107.27 FEET TO A POINT IN THE NORTHERLY LINE OF SECOND STREET; THENCE ALONG SAID NORTHERLY LINE OF SECOND STREET, AND ALONG THE EASTERLY LINE OF "D" STREET, THE FOLLOWING TWO (2) COURSES: (1) SOUTH 83° 38'58" WEST 139.98 FEET; AND (2) NORTH 06° 16'45" WEST 327.29 FEET TO THE POINT OF BEGINNING.

A.P.N. 010-281-029, 034 AND 035
EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of the County's Animal Care Facility, located on a portion of the Site at 5245 Feather River Boulevard, Olivehurst, California, and the County Library, located on a portion of the Site at 303 Second Street, Marysville, California.

The Animal Care Facility was built in late 2003/early 2004 and is a modern facility capable of handling a wide variety of small and large animals. It was developed to replace the old animal control building originally constructed in the 1930s. The facility is comprised of two sections, the administration section, comprised of 4,755 square feet, and the kennel section, comprised of 2,495 square feet.

The County Library is a 22,717 square foot facility constructed in 1972 when the County acquired the property from the City of Marysville for the purposes of establishing a new, larger library facility.
COUNTY DEPARTMENTS
January 27, 2015

TO: YUBA COUNTY BOARD OF SUPERVISORS

FROM: MICHAEL G. LEE, DIRECTOR OF PUBLIC WORKS

SUBJECT: Approve Contract Change Orders for the SR 70 / Feather River Blvd. Interchange Project and Authorize the Public Works Director to Execute

RECOMMENDATION:
The Public Works Department recommends that the Board of Supervisors approve the Contract Change Orders (CCOs) for the SR 70 / Feather River Blvd (FRB) Interchange Project and authorize the Public Works Director to sign the change orders for payment.

BACKGROUND:
Yuba County is replacing the existing signalized at-grade intersection at SR 70 and Feather River Blvd with a grade separated interchange. Construction of the project is underway and as is standard with large projects change orders are written for additional work as required. Work for these change orders include modifications to curb ramps and pedestrian facilities to meet current ADA standards, box culvert redesign to accommodate deep soil loading, lime treatment of the roadway to reduce the Class 2 Aggregate Base section and improve construction access during the winter months (for a net cost savings), extra work required to stay in compliance with the NPDES permit and the Storm Water Pollution Prevention Plan (SWPPP) due to severe winter storms and placing bird deterrent in the box culvert to prevent migratory birds from building nests.

DISCUSSION:
Field Orders have been given to the Contractor to perform necessary additional work to complete the project as detailed in the CCOs below:

- CCO No. 4: Additional Work for Public Convenience and Public Safety. $ 51,164
- CCO No. 5: Box Culvert Redesign. $175,878
- CCO No. 6: Lime Treat Roadway. $(-14,135)
- CCO No. 7: Additional work to comply with the SWPPP. $300,000
- CCO No. 8: Bird Deterrent for Reinforced Concrete Box Culvert $ 10,000

TOTAL: $522,907

The cost will be split approximately in the following percentages:

- Plumas Lake Specific Plan (PLSP) 48%
- RSTP Funding 26%
- Trade Corridor Improvement Funds (TCIF) 26%

COMMITTEE ACTION:
The Land Use & Public Works Committee was bypassed as this project is included in the Public Works Budget.

FISCAL IMPACT:
The approximate cost for each funding source will be PLSP ($250,995), RSTP ($135,956) and TCIF ($135,956).
To: Yuba County Board of Supervisors

From: Kevin Mallen, CDSA Director

Date: January 27, 2015

Subject: Lease by Tsi Akim Maidu Tribe for a portion of Sycamore Ranch Park

Recommendation:
Approve the attached Sycamore Ranch Educational Area Lease between the County and the Tsi Akim Maidu Tribe, subject to insurance review by the Risk Manager.

Background:
The County purchased the 90 acre Sycamore Ranch Park on the Yuba River in March of 2010. The facility has undergone significant and constant improvements to help fully realize the potential of this key facility to the County's park system.

Discussion:
At the time of the County's purchase of the Park, the Tsi Akim Maidu Tribe provided the County technical advice on the facility's native and non-native vegetation as well as areas of potential cultural significance that helped shape the County’s operation and maintenance plans for the Park. The Tribe has also hosted an Indigenous Peoples Day Event over a weekend each October at the Park since 2011 and in 2013 the Board adopted a resolution allowing the Tribe to continue the Event into the future.

Continuing on the theme of education and awareness, the Tribe would like to expand to a more permanent and ongoing basis with additional programs at the Park throughout the year and would like to have a designated area to do so. The attached Lease represents a proposed approach to accomplish their request.

Committee:
This item was presented to the Land Use and Public Works Committee on December 9, 2014 and they recommended approval.

Fiscal Impact:
The proposed Lease does not generate additional revenue directly however it will reduce the County’s maintenance obligations for a 2.5 acre portion of the Park as well as increase awareness and use of the Park. The increase use should in turn increase the use of the Park campgrounds and group areas that do generate revenue.
SYCAMORE RANCH EDUCATIONAL AREA LEASE

THIS LEASE, made on the _____day of ____________, 2015, by and between the COUNTY OF YUBA, a political subdivision of the State of California (hereinafter referred to as “Lessor”) and the Tsi Akim Maidu Tribe (hereinafter referred to as “Lessee”).

WITNESSETH:

1. DESCRIPTION OF PREMISES. Lessor does hereby lease to Lessee, and Lessee does hereby rent and accept from Lessor, for the consideration and subject to all of the terms and conditions hereinafter set forth, the premises (the “Premises”) as depicted in Exhibit A is a portion of APN 005-270-037 at approximately 2.5 acres of land that includes an approximately 1,000 square foot building with power and no plumbing located within the Lessor’s 90 acre Sycamore Ranch Park.

2. TERM. The term of the Lease shall be for five (5) years commencing on the _____day of ____________, 2015 (Effective Date). The Lease shall automatically renew on the anniversary date for a subsequent five (5) years unless the Lessee is notified in writing ninety (90) days in advance of the expiration by the Lessor to terminate the Lease. Ninety (90) days in advance of renewal, the Lessor shall notify the Lessee of any revised terms the Lessor has elected to enact upon renewal. Lessee has the right to terminate the Lease if the revised terms are unacceptable.

3. RENT. The annual lease Rent of this Lease Agreement shall be at the rate of $1 per year for the Premises.

4. OTHER CHARGES AND FEES:
Lessee shall meet all expenses and payments in connection with their use of the Premises. Lessee may, however, at their sole expense and cost, contest any tax, fee, or assessment.

5. **USE OF PREMISES.** Lessee shall be limited in the use of the Premises to activities that are consistent and/or beneficial to the Lessor's operation of Sycamore Ranch Park as determined by the Lessor. Types of activities conducted by the Lessee will be subject to approval by the Lessor and Lessor has the right to enter Premises to inspect their use with twenty four (24) hour notice to the Lessee. Activities envisioned include those of an educational nature that promote historical, ecological, and/or a scientific nature. Lessee has the ability to request use of other areas within Sycamore Ranch tied to activities within the Premises, subject to approval by the Lessor on a case by case basis. Lessor retains the right to access through or over Premises for purposes of accessing other portions of Lessor’s property. Lessee’s use of Sycamore Ranch Park outside of Premises is subject to all terms and conditions as any other member of the public as set forth in County Ordinance, State and Federal laws.

6. **LESSEE’S IMPROVEMENTS ON PREMISES.** Lessee shall not make any physical alterations or improvements to the Premises without first obtaining approval of the Lessor. Any physical alterations or improvements to the Premises by the Lessee shall be at their sole expense unless a separate agreement is reached with the Lessor on an individual basis. Any physical alterations or improvements to the Premises during the term of the Lease that has become so annexed and regarded a part of the real property shall remain with the Premises upon termination of the Lease unless otherwise stated at termination by the Lessor or agreed to by the Lessor at the time of improvement.

7. **MAINTENANCE OF PREMISES.** Lessee, at its own cost and expense, shall keep the said Premises and improvements and permanent equipment in good condition and repair during the full term of this Lease, and Lessor may inspect said Premises from time to time, and
notify Lessee of any repairs that may be necessary, and if the Lessee shall within a reasonable amount of time make such necessary repairs, then the Lessor may make same at the expense and cost of the Lessee at a reasonable or market rate. Lessee shall maintain the vegetation on the Premises in a manner consistent with the maintenance of the surrounding vegetation in Sycamore Ranch so as to reduce fire danger and ensure an overall cohesive appearance for the area.

8. **COMPLIANCE WITH LAWS.** Lessee, at its own expense, shall promptly observe and comply with all rules, regulations, orders, and laws now in effect or which may hereafter be enacted during this Lease by any municipal, county, state, or federal authorities, with respect to the operation and use of the Premises by Lessee.

9. **INSURANCE:** Lessee shall throughout the existence of this Lease, at its own cost and expense, procure and maintain in full force and effect comprehensive general liability insurance in the minimum amounts of ONE MILLION DOLLARS ($1,000,000.00) combined single limit as follows:

   A. The terms of the attached Exhibit B, “Insurance Provisions,” are made a part of this Lease and are incorporated herein by reference.

   B. Full Worker’s Compensation and Employers’ Liability Insurance covering all employees of Lessee as required by law in the State of California.

   C. Additional Insureds: The insurance required shall include the County of Yuba, its officers and employees, as additional insureds except with regard to occurrences that are the result of their sole negligence.

   D. Cancellation Notice: The insurance required shall provide that no cancellation or material change in any policy shall become effective except upon thirty (30) days’ prior written notice to the County of Yuba.

   E. Proof of Insurance: Lessee shall furnish proof of coverage satisfactory
to the Yuba County Risk Manager as evidence that the insurance required above is being maintained.

10. **INDEMNITY:** Lessee shall indemnify and defend the County and its officers, agents, and employees against and hold it harmless from any and all loss, damage, and liability for damages, including attorneys’ fees and other costs of defense incurred by County, whether for damage to or loss of property, or injury to or death of person, including properties of County and injury to or death of County’s officers, agents, and employees, which shall in any way arise out of or be connected with Lessee’s operations hereunder, unless such damage, loss, injury or death shall be caused solely by the negligence of County.

11. **TAXES AND ASSESSMENTS:** Under this Lease, a possessory interest subject to property taxation may be created. Notice is hereby given pursuant to California Revenue and Taxation Code Section 107.6 that such property interest may be subject to property taxation created, and that the party to whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. Lessee shall pay all taxes and assessments of whatever character that may be levied or charged upon Lessee’s operations hereunder and upon Lessee’s right to use.

12. **UTILITIES:** Lessee shall have sole and exclusive responsibility for obtaining all electricity, gas, water, telephone, sewer, or other utility services and for the payment of all rates or charges levied, assessed, or charged against said Premises in the operation thereof for such services. Lessee will furnish its own heat, light, and power for the operation of said Premises, including but not limited to any service charges, connection or installation fees, related thereto.

13. **ASSIGNMENT OR SUBLEASE:**

   A. Lessee shall not assign or transfer in whole or in part by operation of law or otherwise this Lease or any of the Lessee’s rights, duties, or obligations hereunder nor sublet any portion or all of the Premises leased hereunder or the equipment constructed upon said Premises
without Lessor's consent to assignment of this Lease. Lessor retains the right at time of proposed assignment to terminate Lease and renegotiate a new Lease with proposed assignees at Lessor's option.

B. If Lessee, without securing prior written approval of Lessor, attempts to effect such a transfer, assignment, sublease, or if a transfer occurs by operation of law, Lessor may terminate this Lease upon thirty (30) days' notice to Lessee without further liability to Lessee and such assignment, transfer, or sublease shall be void.

14. **DEFAULT:** In the event Lessee is in default in the payment on any amount due under the terms of this Lease or defaults in the performance of any of the covenants or conditions on Lessee's part to be performed, then Lessor, at its option, may terminate this Lease and re-enter the Premises. Lessor shall have the right to retain all rents and any other sums owing and unpaid to the date of termination hereunder.

15. **BANKRUPTCY:** In the event of bankruptcy, either voluntary or involuntary, or any assignment for the benefit of creditors made by Lessee, Lessee's interest hereunder shall automatically terminate.

16. **FIRE DAMAGE:** It is mutually understood and agreed between the parties hereto that in the event any portion of the Premises is damaged by fire through no fault of the Lessee and the same cannot be repaired within ninety (90) days, then Lessee may elect to terminate this Lease.

17. **BREACH OR NONCOMPLIANCE:** The waiver of any breach or noncompliance with any terms, covenants, conditions, or provisions of this Lease or any rules, regulations, or decisions adopted pursuant thereto shall not constitute the waiver of any subsequent breach thereof whether such breach or noncompliance be the same or of a different kind or character.

18. **ATTORNEY'S FEES:** In case Lessor, without fault on its part, be made a party to any litigation commenced by or against Lessee, Lessee shall pay all costs, reasonable attorney's
fees, and expenses which may be incurred or imposed on Lessor by or in connection with such litigation. Should either party hereto bring any action at law or in equity to enforce any of the rights hereunder, the prevailing party in such action shall be entitled to recover attorney’s fees and any other relief that may be granted by the court, whether or not the party prevailing in such action be the party who instituted the same.

19. NOTICES: Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first-class mail. Such matters shall be addressed to the other party at the following address:

To County At:

Public Works Director
Yuba County
915 8th Street, Suite 123
Marysville, CA 95901

To Lessee At:

Title:
Organization:
Street address:

Copy:

Yuba County
County Counsel
Suite 111
915 8th Street
Marysville, CA 95901
IN WITNESS WHEREOF the parties hereto have set their hands the day and year first above written.

COUNTY OF YUBA

By ______________________
Chairman

Tsi Akim Maidu Tribe

By ______________________
Title:

ATTEST: DONNA STOTTMEMEYER
Clerk of the Board of Supervisors

By ______________________

REVIEW OF INSURANCE:

__________________________
Risk Manager

APPROVED AS TO FORM:

__________________________
Angi Morris-Jones
County Counsel
TO: Board of Supervisors

FROM: Wendy Hartman, Director of Planning

SUBJECT: Development Code Update – Public Comments on Draft

Date: January 27, 2015

Recommendation:

1. Receive update on comments received from the public on the public review draft of the Development Code.
2. Provide policy direction to County staff on changes to the draft Development Code.

Background/Discussion:

The Public review draft of the Development Code was released for public review on October 21, 2014. A workshop was held on November 19, 2014 to go over the draft Development Code and receive input from the public. The public comment period on this draft ended on December 5, 2015. CDSA received comments from 14 individuals or agencies (a few individuals submitted more than one letter). In addition to the workshop on November 19th and previous stake holder meetings, staff held additional meetings with members of the Yuba Sutter Farm Bureau and North Yuba Growen on the public review draft.

In reviewing the letters most of the comments fell into one of the following broad categories:

- Development standards within the Valley Growth Boundary;
- Animal Keeping outside the Valley Growth Boundary;
- Ranch Marketing regulations particularly related to bed & breakfasts and farmstays;
- Home Occupation regulations;
- Sign requirements;
- Solar energy facilities;
- Agricultural housing, employee housing, and caretaker units;
- Allowed uses within agricultural districts; and
- Items not related to the Development Code, commentary, or general questions.

In reviewing the comment letters and the questions that some members of the public raised, staff believes additional clarification may be needed in certain sections of the Development Code. Other comments were
very minor in nature and the proposed change would be consistent with the overall intent of the Development Code. However, there were also some comments that staff believes making changes would result in inconsistencies with the primary purpose of a particular zone district or use classification and therefore additional policy direction from the Board is needed. At the Board meeting, staff will go over each of these items in more detail and receive policy direction from the Board. Staff will then make any recommended changes to the Development Code and the changes will be posted for public review prior to the public hearings before the Planning Commission and the Board of Supervisors on the final draft document.

All comment letters received have been posted to the Development Code Update website at: http://www.yubazoningupdate.org/ select the link ‘Public Review Draft Development Code,’ the letters are listed under the November 19th workshop materials. The Draft Development Code and comment letters received are also available at the CDSA public counter (suite 123 of the Government Center).

Fiscal Impact:

The Development Code Update is primarily funded through Prop 84 Grant funds and development fees. General Fund allocations were already included in the Planning Department budget. No additional General Fund allocations are anticipated at this time.
ORDINANCES
AND
PUBLIC HEARINGS
TO: Yuba County Board of Supervisors

FROM: Wendy W. Hartman, Director of Planning & Community Services

SUBJECT: Community Development Block Grant (CDBG) Program
Program Income “Reuse Plan” Revision

DATE: January 27, 2015

Recommendation:

Hold a public hearing and approve by resolution the required changes to the Program Income Reuse Plan to adhere to California Department of Housing and Community Development (HCD) new Program Income Reuse Plan template. Yuba County staff recommends approval as submitted.

Background:

In July 2014, the State Department of Housing and Community Development (HCD) issued Management Memo Number 14-05 that noticed a revised Program Income Reuse Plan fill-in template that must be completed and adopted by all jurisdictions. County of Yuba’s Program Income Reuse Plan was last revised June 18, 2013.

Discussion:

Yuba County Community Development and Services Agency staff has worked with Yuba-Sutter Economic Development Corporation (YSEDC) and the Regional Housing Authority of Sutter & Nevada Counties (RHASN) staff to review the new Program Income Reuse Plan template. YSEDC assists the County in administering the economic development and business loan component of the CDBG program and RHASN was recently contracted to assist the County of Yuba with program reporting and affordable housing component of the CDBG program.

The appropriate information has been incorporated and a copy of the Program Income Reuse Plan (Revised 1/2015) is attached hereto for your review.

Fiscal Impact:

There are no costs associated with this agenda item that would impact the General Fund.
BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA

RESOLUTION ADOPTING AN AMENDED
“CDBG PROGRAM INCOME REUSE PLAN,
A REUSE PLAN GOVERNING PROGRAM
INCOME FROM CDBG-ASSISTED ACTIVITIES”

RESOLUTION NO. _____________

WHEREAS, the “CDBG Program Income Reuse Plan, A Reuse Plan Governing Program Income from CDBG-Assisted Activities” (hereinafter referred to as “Reuse Plan”) was approved by the Board of Supervisors on September 9, 1997 and subsequently amended on November 17, 1998, July 9, 2002, January 4, 2005, March 6, 2007, June 28, 2011, April 16, 2013 and June 18, 2013 (by Resolution nos. 2011-54, 2013-33, 2013-65); and

WHEREAS, the California Department of Housing and Community Development (HCD) announced a revised Program Income Reuse Plan template, via Management Memo 14-05, that must be completed and adopted by jurisdictions; and

WHEREAS, before the County may spend Program Income, the County’s Program Income Reuse Plan must be amended to adhere to HCD’s new template.

WHEREAS, pursuant to CDBG regulations, the public has been invited to comment on the proposed Plan during a noticed public hearing, as well as to submit written comments.
NOW, THEREFORE, BE IT RESOLVED, by the County Board of Supervisors that the “CDBG Program Income Reuse Plan, A Reuse Plan Governing Program Income from CDBG-Assisted Activities,” which has been revised to include the provision described above and is attached hereto as Exhibit A, is hereby adopted.

This RESOLUTION WAS PASSED AND ADOPTED by the Board of Supervisors, County of Yuba, at its regular meeting on the ______ day of ___________ 2015 by the following vote:

AYES:

NOES:

ABSENT:

________________________________________
Chairman of the Board of Supervisors

ATTEST: DONNA STOTTLEMEYER
CLERK OF THE BOARD OF SUPERVISORS

________________________________________

ANGIL P. MORRIS-JONES
YUBA COUNTY COUNSEL
APPROVED AS TO FORM:

[Signature]
Execution of the this PI Reuse Agreement by both the Jurisdiction and the California, State Department of Housing and Community Development (Department) provides official notification of the Department’s approval for the Jurisdiction to expend PI funds under the State’s administration of the federal Community Development Block Grant Program (CDBG) for (1) state non-entitlement jurisdictions; and (2) former state non-entitlement jurisdictions that are now entitlement jurisdictions; pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. CDBG funding is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program. The Agreement also includes asset repayments from activities administered under DRI contracts.

By completing this PI Reuse Agreement and signing the end of this document, the Authorized Representative certifies the Jurisdiction has read, understands and will adhere to the Program Income (PI) Reuse Overview and Process discussed in the first section of this document, the Jurisdictional Certifications in the second section of this document, and Department of Housing and Community Development (hereinafter Department) terms and conditions in the third section of this document.

SECTION ONE: OVERVIEW AND PROCESS

JURISDICTION: County of Yuba

GOVERNING BODY ADOPTED ON:

This PI Reuse Agreement establishes policies and procedures for the administration and utilization of PI received as a direct result of eligible activities funded under CDBG and DRI contracts with the Department. For payments generated under DRI contracts, while the funding was loaned under DRI, when a payment is received, per DRI regulation, the payment becomes CDBG program income.

Applicability of this Agreement:

This PI Reuse Agreement between the Jurisdiction and Department is required by CDBG federal regulation. This Agreement allows Jurisdictions receiving repayments from CDBG and DRI assets to spend those PI funds in the absence of an active Department CDBG grant contract. This Agreement applies to all current Department-eligible Non-Entitlement Jurisdictions and HUD Entitlement Jurisdictions that are still receiving Non-Entitlement PI revenue from previous State grants (CDBG and/or DRI).
RECEIPT OF PROGRAM INCOME

Pursuant to the definition of program income found at 24 CFR 570.489(e)(2), repayments of assets generated from use of CDBG funds received by the Jurisdiction from the Department are PI. These repayments of loans, lease payments, and proceeds of asset sales will be deposited into one of three separate local PI accounts depending on what activity generated the PI. It is possible that the Jurisdiction may have up to three separate accounts with which to manage PI.

1. If the Jurisdiction has a Department approved Revolving Loan Fund (RLF) for Housing and/or ED, any PI from Housing or ED activities must be deposited into the RLF associated with the activity that generated the PI.

   This means:

   a. Housing PI must be deposited into the Housing RLF.

   b. ED PI must be deposited into the ED RLF.

   *Note: The accounts for each RLF must be separate accounts, however they both must be interest bearing.*

2. If RLF(s) are not approved for use, the Jurisdiction must deposit all CDBG repayments into a single regular PI account which must be separate from either of the RLF accounts, but it must also be interest bearing.

3. If repayment comes from a loan or asset that was originally paid with CDBG and non-CDBG funds, the PI accounting and reporting must reflect the correct amounts and proportions of CDBG PI and non-CDBG funds invested in the asset. Only the CDBG portion of the repayment is deposited into one of the three PI accounts.

OVERVIEW OF WAYS TO USE PROGRAM INCOME

There are five (5) ways to manage PI under the Agreement.

They are:

1. *Expend PI and RLF monies first on active grant contract activities;*
2. *Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)*
3. *Expend through an approved PI Revolving Loan Fund (RLF)*
4. *Expend PI on an approved waiver activity when no active contract is in force;*
5. *Return PI annually to the Department.*

The undersigned Jurisdiction certifies that PI will be expended first when there is an active grant contract with the Department. PI being received when there is no active grant contract will be deposited into separate accounts for approved activities under this Agreement (via GA, PI Waiver or RLF) and only be distributed and expended, as follows:

1. **Expend PI and RLF Monies First on Active Grant Contract Activities:**
If the undersigned Jurisdiction has an active grant contract with the Department, all PI on hand must be expended on open grant activities, prior to requesting grant funds from the Department.

If the undersigned Jurisdiction has a Department approved PI Revolving Loan Fund (RLF) per this Agreement, and has an active grant contract which includes the same eligible CDBG activity as the RLF, the RLF monies must be expended first before requesting any contract funds from the Department. PI must always be expended first on active contract activities, prior to requesting grant contract funds.

See the Chapter on Program Income and Revolving Loan Funds in the Department’s CDBG Grant Management Manual for additional information regarding use of PI to pay costs for activities under an active grant contract in the Department.

2. **Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)**

The undersigned Jurisdiction must track a calculation of up to seventeen percent (17%) of PI received annually for eligible GA costs. However, the seventeen percent (17%) PI GA only applies to PI received that is not generated by a RLF activity.

Since all PI must be expended first, GA funds cannot be held and used only as PI GA costs are incurred. All PI must be spent on the next funds request submitted. Thus, the Jurisdiction can choose to keep an accounting of the total amount of PI GA available for use based on all regular PI received.

PI GA funds cannot be used for planning studies or technical assistance activities, these activities can only be funded under awarded grant contracts. See the Program Income Chapter for further details on eligible PI GA activities under this Agreement.

3. **Expend PI through an approved PI Revolving Loan Fund (RLF):**

To establish one or both of the RLFs discussed below, the undersigned Jurisdiction must submit formal written request for Department approval using the required process included with this Agreement.

The undersigned Jurisdiction agrees to all the Department’s RLF requirements as stated in this Agreement and detailed in the GMM Chapter.

The two RLFs and their corresponding definitions, as permitted by this agreement, are:
1) **Housing Revolving Loan Fund (RLF)**

Eligible housing activities under this RLF include:

I. **Housing Rehabilitation - Single Unit Residence** program for **owner and/or tenant occupied** properties. Matrix code **14A**.

II. **Housing Rehabilitation - 2-4 Units** program for **tenant occupied** properties. Matrix code **14B**.

III. **Housing Acquisition - Single Family** program for homebuyer assistance. Matrix code **13**.

2) **Economic Development (ED) Revolving Loan Funds (RLF)**

Eligible ED activities under this RLF include:

i. **Business Assistance** program (direct financial assistance to a for-profit business). Matrix code **18A**; and

ii. **Microenterprise Financial Assistance (loans)**. Matrix code **18C**.

The undersigned Jurisdiction will provide program guidelines for all eligible RLF activities as part of the approval process when obtaining Department approval of a RLF. Department written approval must be received before incurring any activity or activity delivery costs associated with implementing any activities under the approved RLF. All approved RLF projects, will be required to be reported to the Department via the applicable CDBG Set-up/Completion reports.

4. **Expend PI on an Approved PI Waiver Activity when no active contract is in force.**

The undersigned Jurisdiction may only utilize the Department's PI Waiver process when it has no active grant contracts with the Department. Once there are no active contracts with the Department, the undersigned Jurisdiction can have up to two active eligible CDBG activities approved by the Department, for which PI may be expended. Waivers will consist of a single program, service or single project activity. If it is a single program activity, it cannot be the same program activity as funded under an approved RLF.

The undersigned Jurisdiction will follow all PI Waiver procedural requirements as stated in the Program Income Chapter of the Grant Management Manual (GMM).

Written Department approval is required before expending any PI funds on a Waiver activity. Each Waiver activity must clear the activity General and any Special Conditions which include federal overlays as posted on Department's webpage.

A PI Waiver project can only be approved if the total project / program cost for
the proposed activity is on hand in the Jurisdiction’s PI account. Future PI may not be committed for PI Waivers.

The undersigned Jurisdiction understands that PI Waiver activities are limited to two active projects, services and/or programs, and will remain active until close out has been completed and approved by the Department. Each approved Waiver activity will be set up with the Department using current Set-Up Report.

The undersigned Jurisdiction understands if they receive a subsequent award of CDBG funds, upon execution of the new grant contract all waiver activities are to be completed first, after which, PI must be expended first on the active grant contract activities. PI Waivers will not be included in the grant, because Supplemental activities will be included in contracts.

5. **Return PI to the Department**

The undersigned Jurisdiction has the option to return PI back to the Department. However, semi-annual and annual reports are still required to confirm PI being returned.

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SECTION TWO: CERTIFICATION FOR PROCESS AND USE OF PROGRAM INCOME

Since CDBG is a federal funding source, Citizen Participation is required when utilizing any of the five (5) ways to use PI listed above. Those requirements are incorporated below.

The County of Yuba certifies that:

1. **Resolution:**
   The PI Reuse Agreement was formally adopted via resolution on by the Jurisdiction’s Governing Body, executed by the Authorized Representative and submitted to Department with certified copy of the approving resolution attached for full execution.

2. **Citizen Participation:**
   Each of the processes discussed in this Agreement will be carried out in compliance with the CDBG Citizen Participation process as specified in federal regulations at 24 CFR 570.486, and Jurisdiction’s public hearing requirements.

3. **Governing Compliance:**
   The undersigned Jurisdiction certifies the administration of all CDBG eligible activities conducted under the above described Ways to Spend PI, will be conducted in compliance with all current State and federal regulations and policies, including all applicable Grant Management Manual (GMM) chapters and Department Management Memos.

4. **Ineligible Activities and Costs:**
   The undersigned Jurisdiction acknowledges that if ineligible activities or costs are paid for with CDBG PI, those funds must be returned to the Jurisdiction’s PI or RLF account (whichever account expended ineligible funds) using local Jurisdiction funds.

   The undersigned Jurisdiction acknowledges that ineligible activities or costs paid for with PI under an active grant contract must be repaid to the Department using local non-federal funds.

5. **Jurisdictions Leaving the State Non-Entitlement Program and Jurisdictions Entering the State Non-Entitlement Program:**
The undersigned Jurisdiction certifies that it will follow these procedures when leaving or entering the State CDBG Program:

A. 24 CFR 570.489(e)(3)(iii) Transfer of program income to Entitlement program.

Jurisdictions that are entitlement communities or part of an urban agreement, or grantees that at a later date become an entitlement community or join a urban agreement, have the following options for PI and RLFs:

PI not associated with a RLF, the jurisdiction must:

1) Complete the process to certify they will be reporting the State PI into the Entitlement Programs process, including receipting the CDBG proceeds into IDIS, or,

2) Return all State CDBG Program Income to the Department, the amounts on hand once the HUD agreement is signed and as it is received until all PI generated by State CDBG funding has been returned.

PI in an approved RLF:

Entitlement jurisdictions and those who are part of an urban agreement may keep their RLF(s) and monies within an RLF as long as the following is met:

1) They have a State Reuse Plan (Agreement) signed by the Department and the City/County Authorized Representative.

2) Agree to operate the RLF under the Department’s RLF rules going forward

3) Report all expenditure, and accounting of RLF(s) as required by the Department.

4) The Jurisdiction shall be required to have loan servicing policies and asset management policies and procedures, pursuant to the Department’s Grant Management Manual Chapter on Asset and Real Property Management.

B. 24 CFR 570.489(e)(3) (iv) Transfer of program income of grantees losing Entitlement status.

Upon entry into the State CDBG program, a unit of general local
government that has lost or relinquished its Entitlement status must submit a letter to the department, signed by the Authorized Representative stating which of the following options the jurisdiction will be implementing. Keep in mind, that retaining Entitlement PI while participating in the State CDBG program will require PI reporting for both sets of funding. Entitlement PI and any PI generated by State CDBG fund cannot be comingled.

Within 90 days of leaving the Entitlement Program to join the State CDBG program, the jurisdiction must certify that it will either:

1) Retain program income generated under Entitlement grants and continue to comply with Entitlement program requirements for program income, including reporting it into IDIS or the urban county; or

2) Retain the program income and transfer it to the State CDBG program, in which case the jurisdiction must comply with the State’s rules for PI and RLF address within this Memo, the Reuse Plan and Chapter 14 of the Grant Management Memo.

6. **Requirements of Program Income**

This PI Reuse Agreement is intended to satisfy the requirements specified in federal statute and regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489(e) and (f). These statutory and regulatory sections permit a unit of local government to retain PI for CDBG-eligible activities, with Department approval. Under federal guidelines adopted by the State of California’s CDBG Program, local governments are permitted to retain PI as long as the local government has received advance approval from the State of a local Agreement that will govern the expenditure of the PI. This Agreement has been developed to meet that requirement when an active contract between the Department and the undersigned Jurisdiction is not in force.

The undersigned Jurisdiction certifies their PI will be used to fund eligible CDBG activities that meet a National Objective and any public benefit requirements. Eligible activities, National Objective and public benefit requirements are specified in Federal Statute at Sections 104(b), 105(a) of The Housing and Community Development Act of 1974, and in Federal Regulations at 24 CFR 570.482 and 24 CFR 570.483. The Jurisdiction understands, if it is determined that an activity/project funded with PI that does not meet a National Objective and/or meet the public benefit requirement, the Jurisdiction will be required to use its own local funds to repay the PI Account.

7. **Definition of Program Income**

"Program Income" means gross income earned by the Jurisdiction from grant-funded activities and is subject to CDBG regulatory requirements pursuant to
24 CFR, Part 570.489(e) - Program Administrative Requirements as amended in the CDBG Final Rule, 24 CFR, Part 570.504 - Program Income, 24 CFR Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, and OMB Circulars A-87 and A-122 as applicable. These regulations include the requirement that the Jurisdiction record the receipt and expenditure of PI as part of the financial transactions of the grant activity(ies).

For activities generating PI that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation. Examples of PI include but are not limited to: payments of principal and interest on housing rehabilitation or business loans made using CDBG funds; interest earned on PI pending its disposition; interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; and, income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating Jurisdiction or Sub-recipient.

8. Fiscal Reporting of Program Income Receipts, Deposits and Disbursements

The undersigned Jurisdiction certifies that CDBG PI will be accounted for using the Department’s fiscal year timeframe (July 1 to June 30). All receipts of PI or RLF revenue (and the depositing of those funds into separate account(s)) and expenditures of PI in accordance with this PI Reuse Agreement will be monitored and reported per the Department’s fiscal year cycle. The undersigned Jurisdiction certifies that they will report using the Department’s reports/forms and will submit them in a timely manner.

9. Duration of This Program Income Reuse Agreement

The undersigned Jurisdiction certifies that it and its Governing Body understand that this document is effective for five (5) years from the execution date by the authorized CDBG Representative listed in this Agreement. At that time unless here are no further CDBG PI assets generating repayments, or the Jurisdiction has become a HUD entitlement Jurisdiction and uses these funds for entitlement activities, a new PI Reuse Agreement will be submitted to the Department. The Department has the Authority to void the Agreement with notice for cause.

10. Program Income General Administration (PI GA)

A. After the PI Reuse Agreement is executed, the Jurisdiction reserves the right to calculate and track up to seventeen percent (17%) of PI received pursuant to Section 1, item 2 above, for payment of eligible PI GA costs. PI GA will not
be calculated for any RLF deposits. PI GA funds will not be used until General Conditions for PI GA are cleared and Departmental written approval is received. As noted above, these funds cannot be set aside since all PI must be expended first on whatever CDBG cost must be paid next, however tracking the amount of PI GA generated by the Jurisdiction’s PI revenue permits the Jurisdiction to use that amount on eligible CDBG costs that don’t have to meet a national objective, and ensures the Department is not exceeding the administrative funding cap of twenty percent (20%), as set by federal statute.

B. If more funds are expended than what is available under PI GA calculation, the Jurisdiction will be required to return the over-expended PI GA amount back into their PI Account.

C. Ineligible PI GA costs will be required to be returned to their PI Account.

D. PI GA funds, once approved for use, may be used to pay for costs associated with receiving Department approval of PI activities funded under this agreement. Before submitting any proposed PI activities (Waivers or RLF) for Department approval, the Jurisdiction must hold at least one formal public hearing to discuss eligible activities and proposed PI activities. Department recommends that this public hearing be conducted to review current fiscal year PI activities and proposed and possible activities for future Department applications.

11. Revolving Loan Funds (RLFs)

A. Pursuant to the criteria noted below, the undersigned Jurisdiction may be eligible to apply for the Housing RLF and/or the ED RLF.

B. RLFs listed under the Agreement will only be utilized after the Jurisdiction submits written certification as well as the required guideline documents, and receives written Departmental approval certifying that the proposed RLF meets the Department’s definition as follows:

1) There are existing loans and assets from past RLF eligible activities that can be reasonable expected to generate repayments.

2) The existing loans and assets have generated at least one loan repayment in the current fiscal year.

C. The two RLFs and their respective CDBG eligible activities listed in this Agreement will be administered under the guidance and requirements provided in this Agreement and in the Department’s current GMM Chapter on Program Income, and any subsequent policy, regulation, or statutory guidance, from the Department.

D. Pursuant to Management Memorandum 14-05, the undersigned Jurisdiction
certifies acknowledgement that the Department reserves the right to cancel the grantee's RLF and require the funds to be returned to the Department as a corrective action for significant, ongoing non-compliance with RLF rules.

E. The two (2) RLFs listed below each have a multiple eligible CDBG program activities. All CDBG rules pertaining to eligible RLF program activities will be followed.

1) **Housing Revolving Loan Fund**

There are three (3) housing programs that must be made available under this RLF. The Jurisdiction will get written Department approval for all three programs as part of Housing RLF approval.

Eligible housing activities under this RLF include:

i. **Housing Rehabilitation - Single Unit Residence** program for owner and/or tenant occupied properties. Matrix code 14A.

ii. **Housing Rehabilitation - 2-4 Units** program for owner and/or tenant occupied properties. Matrix code 14B.

iii. **Housing Acquisition - Single Family** program for homebuyer assistance. Matrix code 13.

2) **Economic Development (ED) Revolving Loan Funds (RLF)**

Eligible ED activities under this RLF include:

i. Business Assistance program (direct financial assistance to a for-profit business). Matrix code 18A; and

ii. Microenterprise Financial Assistance. Matrix code 18C.

F. Each approved RLF will offer all eligible activities under the RLF definition.

G. Separate and formally adopted program guidelines for each eligible activity will be provided to the Department as part of General Conditions for all eligible RLF activities when obtaining Department approval of a RLF.

H. The undersigned Jurisdiction acknowledges that although all eligible activities under each approved RLF must be available, the Jurisdiction has the discretion to fund RLF loans for the activity or activities they deem to address the greatest need in their community.

i. RLF receipts on deposit may be used for one or both single family housing program activities. Although both activities are required to be approved by the Department for use under the RLF, the Jurisdiction may choose to only operate one program at time or both simultaneously.

J. In addition, each approved RLF will meet the following criteria:
1) RLFs will operate on a fiscal year of July 1 to June 30 for accounting and performance reporting.

2) Jurisdictions will set up RLFs as separate accounts (Housing and ED RLF accounts must be separate) with separate fund and transaction numbers. All other CDBG funds received as PI must be accounted for in a separate account.

3) All accounts set up pursuant to 2.G.2 will be interest bearing.

4) RLF monies will be expended first when the same RLF activity is funded under an awarded active grant contract.

5) RLF projects may be funded with both RLF monies and an active grant contract.

6) RLFs will be expended primarily on loans since RLFs must revolve. Thus, activities under an active contract that are funded using only grants rather than loans, will use contract funds not RLF monies to pay for the activity. Microenterprise grants, home repair grants and closing cost grants, that do not have loans associated with them, will not become RLF assets and therefore will not require RLF funds to be spent first on the active grant activities.

7) The RLFs will primarily provide financing instruments that will revolve, (i.e. loans), RLFs cannot fund projects primarily or solely with grants or forgivable loans.

8) RLF receipts from loans or assets generated from the same program activity, (i.e. single family housing rehabilitation loan repayments will only be deposited into a Housing RLF). Thus, repayments from the same program activities that go into an RLF must be used for originating loans for the same program activities.

9) RLF PI balances will not be moved to another approved RLF account or to the Jurisdiction’s regular PI account. The Department may use a state or federal disaster declaration to formally allow for re-purposing of PI funds by the Jurisdiction. Funds approved by the Department for repurposing to meet an urgent need are considered PI and must be expended first under active grant contracts or under approved waivers if there is no active contract.

10) RLFs that become depleted of funds and do not have additional asset repayments to sustain revolving activities, such that no longer meeting the Departments RLF definition, will be canceled by the Department.

11) RLF PI received and deposited is not allowable for PI GA expenses thus, seventeen percent (17%) cannot be set aside as with Jurisdictions with separate PI accounts.

12) RLFs with no annual revolving activities, (i.e. approved loans), are not able to be used by the Jurisdiction for reimbursement of non-revolving
costs therefore, activity delivery (AD) costs are not eligible. **AD costs are only eligible if one or more projects are funded and accomplishment data (i.e., beneficiaries), for those activity(ies), on an annual basis, are reported.**

13) RLF projects must be documented as meeting a national objective. If a project does not meet a national objective, then all expenses associated with the project (activity and activity delivery funds) must be repaid to the RLF with non-federal funds.

14) Given that RLF revenue cannot be “banked”, to remain eligible, a RLF must revolve. To meet the definition of revolving, the undersigned Jurisdiction will not have more than $100,000 on deposit in an RLF within a fiscal year without making at least one loan. Nor will the undersigned Jurisdiction have more than $500,000 on hand even if making loans, each fiscal year.

15) The undersigned Jurisdiction certifies they are aware that the Department will address excess funds and revolving compliance by issuing finding letters to the grantee which could result in the Department cancelling the grantee’s RLF, which immediately converts the funds to PI; and, therefore, must be used prior to drawing down grant funds.

16) RLF activity delivery funds (AD) may be used to pay for loan servicing costs.

17) Citizens of the Jurisdiction must be the primary beneficiaries of all RLF program activities.

18) Financial and performance reporting, on RLF projects will be done using current eligible activity set up, performance and completion reports for National Objective data and beneficiary demographics as HUD required accomplishment information.

19) Additional financial reports for RLF PI deposits and expenditures will be done twice a year using the Department’s current PI fiscal reporting forms.

20) The Jurisdiction will be required to repay the RLF account for ineligible costs or activities with local non-federal funds.

21) RLF programs will meet the CDBG National Objective of benefit to Low/Moderate-income (Low/Mod) households, per 24 CFR Part 5, and in accordance with the Department’s Income Manual.

22) Loan servicing costs under the RLFs are not eligible as PI GA costs but are eligible AD costs. As such, loan servicing costs are only eligible if one or more loans are made fiscally.
K. Activity Specific Requirements:

1) **Housing RLF:**
   a. All Housing Rehabilitation and Homeownership Assistance programs will only fund projects that meet a National Objective and comply with other State and federal requirements, including Department Management Memorandums and GMM Chapters on Housing Rehabilitation, Multi-Family Rehabilitation (2-4 units), and Homeownership Assistance.
   
   b. No more than nineteen percent (19%) of funds expended for **Housing Rehabilitation** in the RLF will be used for AD costs on an annual fiscal basis.
   
   c. No more than eight percent (8%) of funds expended in a fiscal year for **Homeownership Assistance** will be used to reimburse eligible AD costs.
   
   d. AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.
   
   e. Projects cannot be solely funded as a grant.

2) **ED RLF:**
   a. Both ED programs will only fund projects that meet a National Objective and comply with other State and federal requirements, including Department Management Memorandums and GMM Chapters on Microenterprise and BA program.
   
   b. Income eligibility must be met per 24 CFR Part 5 and in accordance with the Department’s Income Manual.
   
   c. No more than 15 percent (15%) of the total funds expended for **BA or Microenterprise financial assistance** activities shall be used to reimburse Jurisdiction for eligible activity delivery (AD) costs on an annual fiscal basis.
   
   d. Annual AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.
   
   e. For **Business Assistance (BA)**, local review and underwriting of business assistance projects requesting a CDBG loan under this RLF shall be conducted under the Business Assistance Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction and approved in writing by the Department, as part of RLF approval.
   
   f. For **Microenterprise Assistance (ME)** The CDBG eligible activity
of direct financial assistant to eligible Microenterprise businesses will be conducted under this RLF. Local review and approval of microenterprise business assistance projects requesting a CDBG loan under this RLF shall be conducted under the Microenterprise Financial Assistance Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction and approved in writing by the Department as part of the General Conditions clearance. **Note: this subsection applies to ME loans only, not ME grants. Financial Assistance that is solely a grant cannot be made through an RLF.**

12. Loan Portfolio and Asset Management Policies and Costs

A. The undersigned Jurisdiction certifies that it has asset management policies and loan portfolio servicing policies that are in compliance with HUD standards per 24 CFR Part 570, OMB Circulars A-87, A-122 A-133, and 24 CFR Part 85.

B. The use of CDBG funds creates public financial assets. The public financial assets created can be in the form of loans or other repayment instruments which result in PI. Financial assets may also be in the form of real property or chattel (equipment and fixtures). All assets created from the use of CDBG funds must be administered in compliance with OMB Circulars A-87, A-122 A-133, 24 CFR Part 85. These policies will be used for managing all CDBG assets, including those which generate PI and RLF PI.

C. General Administration PI funds may be used to reimburse the Jurisdiction for loan servicing and asset management costs. If the Jurisdiction has no PI GA available, GA funds from active grant contracts may be used to pay for eligible loan servicing costs.

13. Program Income Waivers

A. The PI Waiver Submission Process will only be conducted when the undersigned Jurisdiction has no active grant contract(s) with the Department.

B. The process below will be followed if a PI Waiver is to be requested:

1) All PI Waiver requests will be submitted on approved Departmental forms for the Department's written approval.

2) After the Department's review of the activity for eligibility and national objective compliance, the PI Waiver will be formally adopted via public hearing and resolution of the Jurisdiction's Governing Body, as part of the PI Waiver General (and Special Conditions if applicable) Clearance process.

3) Expenditure of PI Waiver funds will not commence until clearance of all
required General and Special Conditions have been met, and written Departmental approval has been issued to the Jurisdiction.

4) Possible Waiver activities will be discussed at a properly noticed public hearing, held in front of the Jurisdiction’s Governing Body, prior to submission of a Certified Resolution as part of a PI Waiver Request to the Department.

5) The PI Waiver request must be submitted in accordance with current Department policy, and any subsequent policy, regulation, or statutory guidance.

6) PI Waiver activity reporting will be submitted per current Departmental policies and includes financial accounting of all PI received and expended, including PI Waivers and PI Waiver activity performance.

7) PI Waiver activities must be fully funded with program income already on hand.

8) Only two (2) PI Waivers may be open and active at any one time.

9) RLF funds will not be used for PI Waivers, since RLF monies must be expended on the activity that generated the payments.

10) PI Waivers will not be approved for the same program activities for approved RLFs.

C. PI GA and PI Waiver financial and performance reporting will be done using current eligible activity set up and completion reports which will collect national objective data and beneficiary demographics for HUD required accomplishment information.

D. Additional financial reports for PI GA, PI Waivers, PI deposits and expenditures will be done semi-annually using the Department’s current PI fiscal reporting forms.

E. Ineligible costs will be required to be repaid to the PI Account. In some cases with ongoing significant compliance issues, the Department reserves the right to require the jurisdiction return all PI to the Department until it is satisfied that the jurisdiction has resolved all compliance issues.

14. Program Income Not Associated with an RLF

A. Provided the undersigned Jurisdiction has made the Department aware at the beginning of the fiscal year they intend to exercise the $35,000 rule, PI which is received annually that has a cumulative amount up to $35,000 (RLF receipts are not included in the $35,000 calculation) may be “re-categorized” as non-CDBG funds. In electing to exercise the $35,000 rule, the Jurisdiction agrees not to expend CDBG revenue until either the fiscal year ends or the amount received goes above $35,000, at which point the jurisdiction must consider the revenue as CDBG PI and must use it, first prior to drawing CDBG contract funds.
B. The undersigned Jurisdiction certifies that it acknowledges if it has PI on hand and has not applied for or been awarded CDBG funds with the past three NOFAs, the Jurisdiction will be required to submit a PI Expenditure Plan for its PI on hand. The plan must be submitted via the CDBG PI Waiver process. If the Jurisdiction does not initiate the request, the Department will send the Jurisdiction a letter requiring submission of the plan within a set time frame. If the Jurisdiction does not respond to the Department’s letter, the Jurisdiction will be required to return all PI on hand to the Department, regardless of the amount of PI.

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SECTION THREE: DEPARTMENT TERMS, CONDITIONS AND AUTHORIZATION

TERMS AND CONDITIONS: The undersigned Jurisdiction certifies that all terms and conditions listed below have been read and understood, and will be implemented and followed:

1. **Authority & Purpose**

   This Agreement provides official notification of the Jurisdiction’s PI Reuse Agreement’s approval under the State’s administration of the Federal CDBG for Non-entitlement Jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. The Program is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program.

   In accepting the PI Reuse Agreement approval, the Jurisdiction agrees to comply with the terms and conditions of this Agreement, all exhibits hereto and the representations contained in the Jurisdiction’s PI Reuse Agreement. Any changes made to the PI Reuse Agreement after this Agreement is accepted must receive prior written approval from the Department.

2. **Distribution for Reuse of PI**

   A. The Jurisdiction shall perform PI funded activities as described in the Distribution for Reuse in the PI Reuse Agreement. All written materials or alterations submitted as addenda to the original PI Reuse Agreement and which are approved in writing by the Department are hereby incorporated as part of the PI Reuse Agreement.

   The Department reserves the right to require the Jurisdiction to modify any or all parts of the PI Reuse Agreement in order to comply with CDBG requirements. The Department reserves the right to review and approve all work to be performed by the Jurisdiction in relation to this Agreement. Any proposed revision to the work must be submitted in writing for review and approval by the Department and may require an amendment to this Agreement. Approval shall not be presumed unless such approval is made in writing by the Department.

   B. The PI funded activities shall principally benefit Low/Mod-income persons or households residing in the Jurisdiction. HUD defines Low/Mod as having an annual income that is no more than 80 percent (80%) of the
county median area income, adjusted for household size.

3. **Sufficiency of Funds and Termination**

The Department may terminate this Agreement at any time for cause. The Jurisdiction will have at least 14 days upon receipt of the Department's written notice. Termination shall consist of violations of any terms and/or conditions of this Agreement, upon the request of HUD, or withdrawal of the Department's expenditure authority.

The Department reserves the right, for any significant on-going non-compliance with RLF or Program Income rules, to cancel any RLF and require, all RLF and PI funds, to be returned to the Department.

4. **Meeting National Objectives**

All activities performed under this Agreement must meet one of the National Objectives determined by the HUD regulations as included in the Application authorized under Title I of the Housing and Community Development Act of 1974, as amended.

A. Benefit to HUD defined Low/Mod-income person or household (LMI). The term Low/Mod-income is defined under CDBG as no more than 80 percent (80%) of the median area income, as determined by HUD, per Federal Regulation 24 CFR, Part 570.483(b); and/or;

B. Prevention or elimination of slums or blight. In order for an activity to meet the National Objective of elimination of slums and blight, the activity must take place in an area that meets the definition of a blighted area and the project must be shown to eliminate blight or prevent further blight per Federal Regulation 24 CFR, Part 570.483(c).

C. For Microenterprise Assistance activities, the Jurisdiction must only meet the benefit to Low/Mod-income person or household (LMI) National Objective.

5. **Inspections of Activities**

A. The Department reserves the right to inspect any activity(ies) performed hereunder to verify that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.

B. The Jurisdiction shall inspect any activity performed by contractors and subrecipients hereunder to ensure that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.
The Jurisdiction agrees to require that all activity(ies) found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to its contractor or subcontractor, respectively, until it is so corrected.

6. **Insurance**

The Jurisdiction shall have and maintain in full force and effect during the term of this Agreement such forms of insurance, at such levels as may be determined by the Jurisdiction and the Department to be necessary for specific components of the activity(ies) described in this Reuse Agreement.

7. **Contractors and Subrecipients**

   A. The Jurisdiction shall not enter into any agreement, written or oral, with any contractor or subrecipient without the prior determination that the contractor or subrecipient is eligible to receive CDBG funds and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.

      1) Contractors are defined as program operators or construction contractors who are procured competitively.

      2) Subrecipients are defined as public or private non-profit agencies or organizations and certain (limited) private for-profit entities who receive CDBG funds from an awarded Jurisdiction to undertake eligible activities.

   B. An agreement between the Jurisdiction and any contractor or subrecipient shall require:

      1) Compliance with the applicable State and federal requirements of this Agreement, which pertain to, among other things, labor standards, non-discrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace; and, Compliance with the applicable provisions relating to Labor Standards/Prevailing Wages. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code.

      2) Maintenance of, at minimum, the State-required Workers’ Compensation Insurance for those employees who will perform the activity(ies) or any part of it.

      3) Maintenance of, if so required by law, unemployment insurance, disability insurance and liability insurance, which is reasonable to compensate any person, firm, or corporation, who may be injured
or damaged by the contractor, or any subcontractor in performing the activity(ies) or any part of it.

4) Compliance with the applicable Equal Opportunity Requirements described in this Agreement.

C. Contractors shall:

1) Perform the activity(ies) in accordance with federal, State and local housing and building codes, as are applicable.

2) Provide security to assure completion of the project by furnishing the borrower and construction lenders with Performance and Payment Bonds, or other security approved in advance in writing by the Department.

D. Subrecipients shall:

1) Retain all books, records, accounts, documentation, and all other materials relevant to this Agreement for a period of five (5) years from date of termination of this Agreement, or five (5) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement, and any amendments, whichever is later.

2) Permit the State, federal government, the Bureau of State Audits, the Department and/or their representatives, upon reasonable notice, unrestricted access to any or all books, records, accounts, documentation, and all other materials relevant to the agreement for the purpose of monitoring, auditing, or otherwise examining said materials.

8. Obligations of the Jurisdiction with Respect to Certain Third Party Relationships

The Jurisdiction shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Activities funded under this agreement with respect to which assistance is being provided under this Agreement to the Jurisdiction.

The Jurisdiction shall comply with all lawful requirements of the Department necessary to ensure that the Program, with respect to which assistance is being provided under this Agreement to the Jurisdiction, is carried out in accordance with the Department's Assurance and Certifications, including those with respect
to the assumption of environmental responsibilities of the Department under Section 104(g) of the Housing and Community Development Act of 1974.

9. **Periodic Reporting Requirements**

During the term of this Agreement, the Jurisdiction must submit the following reports by the dates identified, respectively, or as otherwise required at the discretion of the Department. The Jurisdiction’s performance under this Agreement will be based, in part, on whether it has submitted the reports on a timely basis.

A. **Semi-Annual PI Expenditure/Performance Report:** Submit by January 31 and July 31 of each year regardless of whether or not the Jurisdiction has any unexpended PI. PI Waivers or open Grants with no accomplishment are not excluded to the reporting requirement.

B. **Annual Federal Overlay Reporting:** Submit by July 31 starting from the contract effective date to subsequent June 30, and for each State Fiscal Year. Annual Reporting includes but is not limited to: Section 3, and Minority Owned Business/Women Owned Business (MBE/WBE).

C. **Wage Compliance Reports:** Semi-annual Wage Compliance Reports are to be submitted by October 7 and April 7 during the entire construction period. The final Wage Compliance Report is to be submitted thirty (30) days after construction is completed.

D. Any other reports that may be required as a Special Condition of this Agreement.

10. **Monitoring Requirements**

The Department shall perform a program and/or fiscal monitoring of the activity(ies). The Jurisdiction shall be required to resolve any monitoring findings to the Department’s satisfaction by the deadlines set by the Department. If findings are not adequately resolved in a timely manner, the Department may deduct points from the Jurisdiction’s performance score on future applications.

Additionally, the Department reserve the right to suspend a Jurisdiction’s authority to expend PI (Waiver, RLF and/or PI attached to an open grant) based on significant compliance issues, reporting concerns or serious lack of cooperation in clearing PI monitoring findings.

11. **Signs**

If the Jurisdiction places signs stating that the Department is providing financing, it shall indicate in a typeface and size commensurate with the Department’s
funding portion of the project that the Department is a source of financing through
the CDBG Program.

12. **Audit/Retention and Inspection of Records**

A. The Jurisdiction must have intact, auditable fiscal records at all times. If
the Jurisdiction is found to have missing audit reports from the SCO during
the term of this Agreement, the Jurisdiction will be required to submit a
Agreement to the State, with task deadlines, for submitting the audit to the
SCO. If the deadlines are not met, the Jurisdiction will be subject to
termination of this Agreement and disencumbrance of the funds awarded.
The Jurisdiction’s audit completion Agreement is subject to prior review
and approval by the Department.

B. The Jurisdiction agrees that the Department or its designee will have the
right to review, obtain, and copy all records pertaining to performance of
this Agreement. The Jurisdiction agrees to provide the Department or its
designee with any relevant information requested and shall permit the
Department or its designee access to its premises, upon reasonable
notice, during normal business hours for the purpose of interviewing
employees and inspecting and copying such books, records, accounts,
and other material that may be relevant to a matter under investigation for
the purpose of determining compliance with California Public Contract
Code (PCC) Section 10115 et seq., Government Code (GC)    
Section 8546.7 and 2 CCR 1896.60 et seq. The Jurisdiction further
agrees to maintain such records for a period of five (5) years after final
payment under this Agreement. The Jurisdiction shall comply with the
caveats and be aware of the penalties for violations of fraud and for
obstruction of investigation as set forth in PCC 10115.10.

C. An expenditure which is not authorized by this Agreement or which cannot
be adequately documented shall be disallowed and must be reimbursed to
the Department or its designee by the Jurisdiction.

D. Absent fraud or mistake on the part of the Department, the determination
by the Department of allowable expenditures shall be final.

E. For the purposes of annual audits under OMB Circular A-133 (The United
States Office of Management and Budget Circular for Audits of States and
Local Governments), Jurisdiction shall use the Federal Catalog
Number 14.228 for the State CDBG Program.

F. Notwithstanding the foregoing, the Department will not reimburse the
Jurisdiction for any audit cost incurred after the expenditure deadline of
this Agreement.
G. The Jurisdiction understands that the expenditure of PI is covered under the OMB A-133 Single Audit Requirements and will meet all these requirements and report said PI Expenditure along with grant funds each fiscal year.

13. Conflict of Interest of Members, Officers, or Employees of Contractors, Members of Local Governing Body, or other Public Officials

Pursuant to 24 CFR 570.611, no member, officer, or employee of the Jurisdiction, or its designees or agents, no member of the Governing Body of the locality in which the program is situated, and no other public official of such locality or localities who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-assisted activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. The Jurisdiction shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

14. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Jurisdiction of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

15. Litigation

A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent Jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.

B. The Jurisdiction shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.
16. **Lead-Based Paint Hazards**

Activity(ies) performed with assistance provided under this Agreement are subject to lead-based paint hazard regulations contained in Title 8 (Industrial Relations) and Title 17 (Public Health) of the CCR and 24 CFR, Part 35 (Lead Disclosure). Any grants or loans made by the Jurisdiction with assistance provided under this Agreement shall be made subject to the provisions for the elimination or mitigation of lead-based paint hazards under these Regulations. The Jurisdiction shall be responsible for the notifications, inspections, and clearance certifications required under these Regulations.

17. **Prevailing Wages**

A. Where funds provided through this Agreement are used for construction work, or in support of construction work, the Jurisdiction shall ensure that the requirements of California Labor Code (LC), Chapter 1, commencing with Section 1720, Part 7 (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

B. For the purposes of this requirement “construction work” includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the “construction contract”). Where the construction contract will be between the Jurisdiction and a licensed building contractor, the Jurisdiction shall serve as the “awarding body” as that term is defined in the LC. Where the Jurisdiction will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the “awarding body.” Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

18. **Compliance with State and Federal Laws and Regulations**

A. The Jurisdiction agrees to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Jurisdiction, its subcontractors, contractors or subcontractors, and the Reuse activity(ies), and any other State provisions as set forth in this Agreement.

B. The Jurisdiction agrees to comply with all federal laws and regulations applicable to the CDBG Program and to the activity(ies), and with any other federal provisions as set forth in this Agreement.
19. **Anti-Lobbying Certification**

The Jurisdiction shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with this activity(ies) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and no more than $100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

A. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement; and,

B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

20. **Bonus or Commission, Prohibition Against Payments of**

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

A. Obtaining the Department's approval of the Application for such assistance; or,

B. The Department's approval of the Applications for additional assistance; or,

C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of
1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

21. **Citizen Participation**

The Jurisdiction is subject to the requirements concerning citizen participation contained in Federal Regulations at 24 CFR, Part 570.486, Local Government Requirements, Part 91.105 and 91.115.

22. **Clean Air and Water Acts**

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR, Part 15, as amended from time to time.

23. **Conflict of Interest of Certain Federal Officials**

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same. The Jurisdiction shall report all perceived or actual conflicts of interest cases to the State for review before financial benefits are given.

24. **Environmental Requirements**

The Jurisdiction shall comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR, Part 58. The Jurisdiction shall not undertake any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR, Part 58.22 until HUD or the Department has issued an environmental clearance.

25. **Equal Opportunity**

A. **The Civil Rights, Housing and Community Development, and Age Discrimination Acts Assurances**

During the performance of this agreement, the Jurisdiction assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, familial status, or religious preference, under any activity funded by this Agreement, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, the
Age Discrimination Act of 1975, the Fair Housing Amendment Act of 1988, and all implementing regulations.

B. Rehabilitation Act of 1973 and the "504 Coordinator"

The Jurisdiction further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR, Part 8, including, but not limited to, for Jurisdiction's with fifteen (15) or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator."

C. The Training, Employment, and Contracting Opportunities for Business, and Lower-Income Persons Assurance of Compliance

1) The activity(ies) to be performed under this Agreement are subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. 1701u. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR, Part 135.34(a)(2).

2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

3) The Jurisdiction will include these Section 3 clauses in every contract and subcontract for Work in connection with the activity(ies) and will, at the direction of the Department, take appropriate action pursuant to the contract or subcontract upon a finding that the Jurisdiction or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR, Part 135 and, will not let any contract unless the Jurisdiction or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

4) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement shall be a condition of the federal financial assistance provided to the activity(ies), binding upon the Jurisdiction, its successors, and assigns. Failure to fulfill these requirements shall
subject the Jurisdiction, its contractors and subcontractors and its
successors, to such sanctions as are specified by 24 CFR, Part 135
and those sanctions specified by this Agreement.

D. Assurance of Compliance with Requirements Placed on Construction
Contracts of $10,000 or More

The Jurisdiction hereby agrees to place in every contract and subcontract
for construction exceeding $10,000 the Notice of Requirement for
Affirmative Action to ensure Equal Employment Opportunity (Executive
Order 11246), the Standard Equal Employment Opportunity, and the
Construction Contract Specifications. The Jurisdiction furthermore agrees
to insert the appropriate Goals and Timetables issued by the U.S.
Department of Labor in such contracts and subcontracts.

26. Flood Disaster Protection

A. This Agreement is subject to the requirements of the Flood Disaster
Protection Act (FDPA) of 1973 (Public Law 93-234). No portion of the
assistance provided under this Agreement is approved for acquisition or
construction purposes as defined under FDPA, Section 3 (a) of said Act,
for use in an area identified by the Secretary of HUD as having special
flood hazards which is located in a community not then in compliance with
the requirements for participation in the national flood insurance program
pursuant to FDPA, Section 102(d) of said Act.

B. The use of any assistance provided under this Agreement for such
acquisition or construction in such identified areas in communities then
participating in the national flood insurance program shall be subject to the
mandatory purchase of flood insurance requirements of FDPA, Section
102(a) of said Act.

C. Any contract or agreement for the sale, lease, or other transfer of land
acquired, cleared or improved with assistance provided under this
Agreement shall contain certain provisions. These provisions will apply if
such land is located in an area identified by the Secretary of HUD as
having special flood hazards and in which the sale of flood insurance has
been made available under the National Flood Insurance Act of 1968, as
amended, 42 U.S.C. 4001 et seq.

D. These provisions shall obligate the transferee and its successors or
assigns to obtain and maintain, during the ownership of such land, such
flood insurance as required with respect to financial assistance for
acquisition or construction purposes under FDPA, Section 102(s) of the
Flood Disaster Protection Act of 1973. Such provisions shall be required
notwithstanding the fact that the construction on such land is not itself
funded with assistance provided under this Agreement.
27. **Federal Labor Standards Provisions**

The Jurisdiction shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

A. **Davis-Bacon Act (40 U.S.C. 3141-3148)** requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over $2,000.

B. **"Anti-Kickback Act of 1986" (41 U.S.C. 51-58)** prohibits any person from (1) providing, attempting to provide, or offering to provide any kickback; (2) soliciting, accepting, or attempting to accept any kickback; or (3) including directly or indirectly, the amount of any kickback prohibited by clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States.

C. **Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702)** requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.

D. **Title 29, Code of Federal Regulations CFR, Subtitle A, Parts 1, 3 and 5** are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Jurisdiction shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.

28. **Procurement**

The Jurisdiction shall comply with the procurement provisions in 24 CFR, Part 85.36: Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

29. **Non-Performance**

The Department shall review the actual National Objective and/or Public Benefit achievements of the Jurisdiction. In the event that the National Objective and/or Public Benefit requirements are not met, the Department will require the recapture of the entire PI expended on that project/activity. Additional remedies
may include suspending the Jurisdiction's authority to use PI funds until the
Jurisdiction has developed capacity to ensure future PI funds will be used for
eligible activities that will meet a National Objective.

30. **Relocation, Displacement, and Acquisition**

The provisions of the Uniform Relocation Act, as amended, 49 CFR, Part 24, and
Section 104(d) of the Housing and Community Development Act of 1974 shall be
followed where any acquisition of real property is carried out by the Jurisdiction
and assisted in whole or in part by funds allocated by CDBG.

31. **Uniform Administrative Requirements**

The Jurisdiction shall comply with applicable Uniform Administrative
Requirements as described in 24 CFR, Section 570.502, including cited Sections
of 24 CFR, Part 85.

32. **Section 3**

The Jurisdiction will comply with Section 3 of the Housing and Urban
Development Act of 1968 (12 U.S.C. 1701u), and implementing Regulations at
24 CFR, Part 135.

33. **Affirmatively Furthering Fair Housing**

The Jurisdiction will affirmatively further fair housing, which means that it will
conduct an analysis to identify impediments to fair housing choice within the
Jurisdiction, take appropriate actions to overcome the effects of any impediments
identified through that analysis, and maintain records reflecting the analysis and
actions in this regard.

34. **General Contract Conditions**

The following conditions apply to all activities, including set aside activities. The
Jurisdiction must meet the conditions within ninety (90) days of this Agreement's
execution. Failure to meet the following Special Conditions may result in
termination of this Agreement.

A. **Environmental Compliance**

The Jurisdiction shall have satisfied all National Environmental Policy Act
(NEPA) requirements and California Environmental Quality Act (CEQA)
requirements. CEQA shall be approved by the Jurisdiction. The level of
compliance varies by activity. NEPA review must be completed by the
Jurisdiction for each activity and approved in writing by Department staff
prior to incurring costs on the activity(ies).
B. **Acquisition/Relocation Compliance**

The Jurisdiction must document its compliance with the Uniform Relocation Act, Section 104(d) before release of funds by the Department. The Jurisdiction must submit a specific relocation assistance Agreement for each activity which may result in temporary or permanent displacement. For projects where there will be temporary or permanent displacement, the Jurisdiction must submit signed General Information Notices (GINs) from each tenant who was residing in the project at the time of Application submittal. If the Jurisdiction believes that there will be no displacement as a result of their activities, they must submit a letter explaining why no displacement or relocation will occur, which will be subject to written approval by the Department.

C. **Site Control**

The Jurisdiction shall demonstrate site control of the proposed project property by submitting evidence of one or more of the following to the Department:

1) Fee title;

2) A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all Program requirements;

3) An option to purchase or lease;

4) A disposition and development agreement with a public agency;

5) A land sale contract, or other enforceable agreement for the acquisition of the property; or,

6) All easements and right-of-ways (required for completion of the CDBG project) must be obtained.

D. **Funding Commitments and Project Cost Estimates**

All funding required for project completion must be documented and committed. If all funding is not committed, the Department shall terminate this Agreement. If the Jurisdiction has applied for other funding prior to the execution of this Agreement, the Jurisdiction must notify the Department as soon as that application is approved or denied. If the Jurisdiction must apply for other funding after the execution date of this Agreement, the Jurisdiction must apply at the earliest possible opportunity offered by the
other funding source(s) and notify the Department as soon as that application is approved or denied.

A current third-party cost estimate must be provided by the engineer or architect for the project.

E. Activity Administration Documentation

There are four methods of administering and/or completing RLF activities:

1) Use of in-house staff only;

2) Subrecipient agreement(s) with qualified non-profit(s);

3) Consultants/contractors/others obtained through federal procurement procedures; and,

4) Any combination of the above methods.

The Jurisdiction must provide the following documentation demonstrating that one or more of these methods were used for the GA of the RLF and for all activities carried out under this Agreement.

1) Use of in-house staff only: If not previously provided in the Application, submit staff resumes and duty statements that clearly identify that Jurisdiction staff has capacity and experience to complete administration of the proposed activities in the Application.

2) Subrecipient agreement(s) with qualified non-profit(s): Subrecipients and their respective agreements with the Jurisdiction must adhere to all Program requirements. Submit the subrecipient agreement that was executed between the non-profit and the Jurisdiction. (Submitting draft documents for review prior to execution is recommended.) The scope of work in the subrecipient agreement must match the description of activity in this Agreement. Any parts of the activity description in this Agreement not covered by the subrecipient agreement must have separate procurement information. If the subrecipient is using CDBG funds to hire other consultants or subrecipients to do part or all of the Work then the procurement documentation or additional subrecipient agreements must be provided to the Department for review and approval.

3) Consultants: Submit procurement documentation that all third-party consultants are procured in accordance with Federal Procurement Procedures and the Grant Management Manual, as follows:
a. A copy of the document used to notify prospective consultants, such as a Request for Proposal or similar document.

b. A list of all bid respondents, showing respondents' contact information and the dollar amount of each proposal.

c. A brief description of the process used to select the consultant/contractor/other, including the rationale for the selection.

d. Additional information may be found in the Grant Management Manual, Program Operators.

F. Compliance With All Loans and/or Grant Agreements

Pursuant to this Agreement, the Jurisdiction must comply with State and Federal Laws and Regulations that pertain to matters applicable to the Jurisdiction. Prior to disbursement of any funds under this Agreement, the Jurisdiction shall be in compliance with all loan and/or grant agreements to which it is a party, which are administered by the Department.

G. Easements and Rights-of-Way

If required for the completion of a CDBG project, the Jurisdiction must obtain all easements and rights-of-ways required for completion of the CDBG project within twelve (12) months of execution of this Agreement. Failure to obtain these may result in termination of this Agreement.

H. Section 504 Accessibility Requirements

1) Section 504 Regulations apply when CDBG funds are used on a new construction housing or public facility project or when an existing public facility or housing project with fifteen (15) or more units is being purchased and/or "substantially" rehabilitated. Qualified CDBG assisted housing projects are required to have a certain percentage of the units designed for and accessible to persons with mobility and sensory impairments.

2) For a federally assisted new construction housing project, Section 504 requires five percent (5%) of the dwelling units, or at least one unit, whichever is greater, to meet Uniform Federal Accessibility Standards or a standard that is equivalent or stricter, for persons with mobility disabilities. An additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
3) Under Section 504, alterations are substantial (i.e. substantially rehabilitated) if they are undertaken to a housing project that has 15 or more units and the cost of the alterations is seventy-five percent (75%) or more of the replacement cost of the completed facility; and require that a minimum of five percent (5%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

4) The Jurisdiction shall provide documentation satisfactory to the Department verifying that the required housing units or public facility described in the project comply with the accessibility standards. CDBG funds will not be released until the necessary documentation is provided. All CDBG funded programs must, to the greatest degree possible, be conducted in buildings which meet Section 504 accessibility standards.

I. Grantee's Data Universal Numbering System (DUNS)

The Jurisdiction shall provide the Department with a DUNS number for any contractor or subcontractor prior to release of any funds under this Agreement.

35. Community Development Activity Conditions

A. Homeownership Assistance

If the Work to be performed under this Agreement involves Homeownership Assistance, the following additional special conditions apply:

1) Program Guidelines: The Jurisdiction must submit a copy of its Homeownership Assistance Program Guidelines and its PI Re-Use Agreement to the Department for review and approval within ninety (90) days of the execution date of this Agreement.

2) If the Jurisdiction proposed to assist homebuyers to purchase newly constructed units in its CDBG application under the Homeownership Assistance activity, the following requirements must be met:

   a) The units must have been available for sale to the general public;
b) Development of the new subdivision must not be dependent upon the funding of the homebuyer loan;

c) CDBG funds shall not be used for construction; and,

d) Homeownership Assistance loans will not be approved prior to the foundation of the housing being in place.

B. Housing Rehabilitation

If the Work to be performed under this Agreement involves Housing Rehabilitation, the following additional special conditions apply:

1) Program Guidelines: The Jurisdiction must submit a copy of its Housing Rehabilitation Program Guidelines and its PI Re-Use Agreement to the Department for review and approval.

2) Affordable Rent: If the Jurisdiction's Housing Rehabilitation Program provides for rehabilitatig rental properties, the Jurisdiction must submit to the Department its provisions for assuring affordable rent for the LMI occupants. Jurisdiction may include this information as part of the Housing Rehabilitation Program Guidelines.

36. Economic Development Activity-Specific Conditions

A. Restrictions on CDBG-Assisted Public Property

CDBG funds can be used by the Jurisdiction to purchase or rehabilitate public property. The change of use of real property provisions contained in 24 CFR 570.489(i) apply to real property within the unit of general local government's control (including activities undertaken by subrecipients), which was acquired or improved in whole or in part using CDBG funds in excess of the threshold for small purchase procurement (currently $100,000). The restrictions shall apply from the date CDBG funds are first expended for the property until five (5) years after completion of the project. See the Federal Regulations for the full text of this regulation. The Jurisdiction must provide documentation of proper restriction on assisted property.

B. Business Assistance Activity

1) Jurisdictions implementing Business Assistance (BA) Loans, shall submit program guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR 570, Appendix
A, "Guidelines and Objectives for Evaluating Project Costs and
Financial Requirements" and with public benefit requirements
contained in 24 CFR 570.482(f).

2) Jurisdictions implementing a BA loan shall provide a written
Employment Agreement required to be executed between the
Jurisdiction and the business owner [requirements of the
Employment Agreement are described in 24 CFR 570.506 (b), (5),
and (6)]. The written Employment Agreement must include a
commitment by the business that the jobs are to be created or
retained by the termination date of this Agreement and that at least
fifty-one percent (51%) of all jobs created or retained (on a FTE
basis) will be held by LMI persons. The Employment Agreement
shall specify that, prior to receiving assistance, the business shall
agree to:

a) Provide a listing, by job title, of the permanent jobs projected
to be created;

b) Identify which jobs, if any, are part-time and the annual
hours of work for each position;

c) Identify which jobs are projected to be filled by LMI; and,

d) Provide periodic reporting (semi-annual) not limited to: listing
jobs, by job title, of all the permanent jobs actually filled, and
which of those jobs are held by members of the LMI.

C. Microenterprise Assistance Activities

1) Jurisdictions implementing a Microenterprise Assistance activity for
technical assistance and/or microenterprise loans, shall submit
program guidelines that ensure compliance with CDBG
requirements. Specifically, guidelines must ensure that all
beneficiaries of the program are eligible micro enterprises, per HUD
definitions. A microenterprise must:

a) Have all owners of the business documented as meeting
HUD family income eligibility standards; and,

b) Have documentation that the business's owners and
employees are five (5) or fewer in number.

2) When implementing a Microenterprise Program, the program
guidelines shall include the proposed benefits, eligible activities and
ongoing evaluation of program services. The guidelines will include
a Beneficiary Tracking Agreement, which defines the goals; identifies the roles and responsibilities of the service providers; identifies the market and focuses the outreach; defines the screening and referral process; and, tracks the beneficiaries through the program’s level of service. The Beneficiary Tracking Agreement shall also describe the roles and responsibilities of the Jurisdiction and/or program operator for meeting the reporting requirements of the State CDBG Program.

3) When implementing a Microenterprise Program that is part of an integrally-related component of a larger project where non-LMI persons will be extended training and supportive services, shall submit guidelines including the methodology describing how CDBG funds will only be used towards the assistance of LMI to LMI persons under the Jurisdiction’s activity.

4) Jurisdictions implementing a Microenterprise activity for loans to microenterprises made with Grant funds or PI funds, shall submit guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR, Part 570, Appendix A, “Guidelines and Objectives for Evaluating Project Costs and Financial Requirements.”

5) If under this Agreement, a Microenterprise Façade Improvement activity is being implemented, the Jurisdiction shall submit program guidelines that ensure compliance with CDBG National Objective requirements, as described in 24 CFR 570, Appendix A, “Guidelines and Objectives for Evaluating Project Costs and Financial Requirements.”

D. Required Agreements for Assisted Businesses

The Jurisdiction shall execute a written agreement between the Jurisdiction and the business receiving CDBG funds (loans or grants) under this Agreement to ensure compliance with CDBG State and federal regulations. The written agreement shall contain language to ensure each business complies with the terms of this Agreement, Exhibit A, as well as each of the criteria as set forth in 24 CFR 570.506 (b)(4) and (c).

1) Each agreement between the Jurisdiction and the business(es) shall be submitted to the Department for review and written approval, prior to execution by the business and the Jurisdiction.

2) Each agreement shall require the business to report employee information periodically to the Jurisdiction, so that the Jurisdiction can comply with its reporting requirements to the Department. The
report shall list each job position by job title and number of annual hours worked and LMI status. The report shall list all the permanent jobs actually created or retained, and identify which of those job positions are held by members of the LMI. Additionally, the report shall include the demographics of job holders (ethnicity/race, disability, status, gender, and head of household status).

3) Each agreement shall require the business(es) submit a Data Universal Numbering System (DUNS) number and be verified as not being on the current federal debarred list, prior to receiving any CDBG financial assistance. The agreement shall require proof of proper insurance for secured collateral and protecting the Jurisdiction. The agreement shall reference this Agreement between the Department and the Jurisdiction. The agreement shall contain all other special conditions as directed by the Department or local loan committee.

37. **Community and Economic Development Agreement Activities**

Non Implementation Activities and Planning activities are not allowed under this agreement using PI.

A. **Implementation Activity**

Implementation Activities are not permitted under this Agreement using PIGA funds.

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I certify that the foregoing is true and correct and the County of Yuba will follow all requirements of this agreement. I understand that my certification also acknowledges that serious compliance issue with the above requirements could result in the State suspending the authority of the County of Yuba to expend PI or may require County of Yuba to return unused PI to the State until the County of Yuba clears the serious compliance issues.

Signature of Authorized Representative

Mary Jane Griego, Chair of the Yuba County Board of Supervisors

Name and Title of Authorized Representative

Signature of CDBG Section Chief

Date Signed

Date Signed

Name of CDBG Section Chief
MEMO

To: Board of Supervisors
From: John Vacek, Chief Deputy County Counsel
Re: 2014 Amendment to Yuba County Conflict of Interest Code
Date: January 27, 2015

Recommendation: Adopt 2014 Amendment to Yuba County Conflict of Interest Code.

Background: Government Code sections 87300 et seq. require each county to keep a conflict of interest code which must be reviewed during each even-numbered year and updated to reflect changes that occur in the organization of county departments. Proposed changes must be submitted to the Board of Supervisors no later than March first of the subsequent odd-numbered year.

The County Counsel’s office has conducted a survey of all county departments to determine the positions currently allocated, which positions are required to file disclosure forms, and the proper disclosure categories for those positions. Based upon the information provided, an amendment to the conflict of interest code has been prepared and is attached.

Discussion: Prior to the 2012 amendments to the County’s conflict of interest code the code had listed every allocated position and then either listed the proper disclosure category or indicated that the position was “exempt” from the disclosure requirements. The 2012 amendments deleted reference to the “exempt” positions entirely and listed only the positions for which disclosure is required. The 2014 revisions continue the practice of not referencing “exempt” positions. Certain elected and appointed positions, for example members of the Board of Supervisors or the County Administrator, are by statute (GC 87302) excluded from the requirement that they be listed in a county’s conflict of interest code. This does not mean that those positions are not required to file conflict of interest disclosure forms—they must file, but under a different statute (GC 87200)—they do not, however, have to be listed in the County’s conflict of interest code. The major amendment seen in these 2014 revisions stems from the creation of the Information Technology Department and the transfer of several positions from Administrative Services to that new department. The 2014 amendments also reflect a few positions that have been added or deleted from allocated positions, or where the title of a position has been changed. A copy of the 2012 Yuba County Conflict of Interest Code is attached for comparison.

Government Code section 87311 requires review of a conflict of interest code to be carried out under procedures which guarantee to officers, employees, and members...
and consultants of the agency, and to residents of the County, adequate notice and a fair opportunity to present their views. The Conflict of Interest Code revisions have been noticed as an action item on the Board of Supervisors agenda and a copy of the proposed Conflict of Interest Code has been transmitted to each County department with a request to post the notice.

**Fiscal Impact:** No impact to the general fund.

**Committee Action:** No committee action required as this is a routine and recurring matter mandated by State statute.
CONFLICT OF INTEREST CODE FOR

THE COUNTY OF YUBA

(2014)

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations, Section 18730, which contains the terms of a standard conflict of interest code. The regulation can be incorporated by reference and may be amended by the Fair Political Practices Commission, after public notice and hearings, to conform to amendments to the Political Reform Act. Therefore, the terms of 2 California Code of Regulations, Section 18730, and any amendments thereto duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference and, along with the attached Appendices in which officers, employees and consultants are designated and disclosure categories are set forth, constitute the conflict of interest code of the County of Yuba.

Recognizing that different positions have different levels of power and responsibility, this Conflict of Interest Code establishes categories of disclosure to which positions are assigned based on the scope of their decision making authority. Positions with no significant decision making responsibility are classified as exempt and are not required to file statements under this Code.

The job titles of the officers, employees, and consultants of this governmental entity and the categories to which they are assigned are set forth in Appendix A attached hereto and incorporated herein by reference. The specific disclosure and
reporting requirements of each category are set forth in Appendix B attached hereto and incorporated herein by reference.

Consultants are also subject to the disclosure requirements of this conflict of interest code if they are in a position to make decisions or influence decisions that could have an effect on their financial interest.

Designated employees shall file statements of economic interest with the Yuba County Clerk before April first of each year. The Yuba County Clerk shall make the statements available for public inspection and reproduction when appropriate pursuant to Government Code section 81008.

In any event, all County officers, employees and agents are disqualified and shall not make, participate in making or in any way attempt to use his or her official position to influence the making of any governmental decisions which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, upon such officer, employee or agent, or a member of his or her immediate family.

A copy of the California Code of Regulations shall be available for review at the Yuba County Library.
# APPENDIX

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| Housing Program Manager                               | 1                             |
| Housing Specialist                                    | 4                             |
| Plan Checker I/II                                     | 4,7,8                         |
| Planner I/II/III                                      | 1                             |
| Planning Technician                                   | 3,4,5,8                       |
| Principal Engineer                                    | 3,4,5                         |
| Project Manager                                       | 8,9,10                        |
| Public Works Director                                 | 1                             |
| Public Works Project Manager                          | 5,7,16                        |
| Public Works Superintendent                           | 1                             |
| Senior Environmental Health Specialist                | 4,7,8                         |
| Senior Housing Specialist                             | 4                             |
| Supervising Building Official                         | 4,7,8                         |
| **County Administrator**                              |                               |
| Assistant County Administrator                       | 1                             |
| Communications & Legislative Affairs Coordinator      | 1                             |
| Deputy County Administrator/Emergency Services        | 1                             |
| Economic Development Coordinator                      | 1                             |
| Emergency Operations Manager                          | 1                             |
| Emergency Operations Planner                          | 1                             |
| Management Analyst I/II                               | 1                             |
| Principal Management Analyst I/II                     | 1                             |
| **County Clerk/Recorder**                             |                               |
| County Clerk/Recorder                                 | 1                             |
| Job Title                                      | Assigned Disclosure Categories |
|-----------------------------------------------|-------------------------------|
| **County Counsel**                           |                               |
| Chief Deputy County Counsel                   | 1                             |
| Deputy County Counsel I/II/III                | 1                             |
| Legal Services Coordinator                    | 1                             |
| **District Attorney**                         |                               |
| Chief Deputy District Attorney                | 1                             |
| Deputy District Attorney I/II/III             | 1                             |
| Legal Services Supervisor                     | 5                             |
| **Health and Human Services**                 |                               |
| Deputy Director of Health & Human Services    | 1                             |
| Director of Health & Human Services           | 1                             |
| Director of Nurses                           | 1                             |
| Health & Human Services Program Manager       | 1                             |
| Health Officer                                | 1                             |
| Project Manager                               | 1                             |
| Veterans’ Services Officer                    | 1                             |
| **Human Resources and Organizational Services** |                               |
| Human Resources Deputy Director               | 1                             |
| Human Resources Director                      | 1                             |
| **Information Technology**                    |                               |
| Chief Information Officer                     | 1                             |
| Information Technology Analyst I/II           | 15                            |
| Information Technology Manager                | 10.                           |
| Information Technology Supervisor             | 15, 16                        |
|                                               | 10,15                         |
## Job Title

| Job Title                                      | Assigned Disclosure Categories |
|------------------------------------------------|------------------------------|
| Information Technology Support Technician I/II | 15                           |
| Senior Accounting Technician                   | 10,                          |
|                                                | 11, 15                       |
| Senior Information Technology Analyst          | 15                           |

## Probation

| Job Title                                      | Assigned Disclosure Categories |
|------------------------------------------------|------------------------------|
| Administrative Services Manager                | 5, 6, 10                     |
|                                                | 11, 15,                      |
|                                                | 16                           |
| Administrative Services Officer I/II           | 5, 6, 10                     |
|                                                | 11, 15,                      |
|                                                | 16                           |
| Administrative Technician                      | 1                            |
| Assistant Chief Probation Officer              | 1                            |
| Chief Probation Officer                        | 1                            |
| Clinical Social Worker I/II                    | 1                            |
| Kitchen Supervisor                             | 5                            |
| Probation Program Manager I                    | 1                            |
| Probation Program Manager II                   | 1                            |
| Senior Deputy Probation Officer                | 1                            |
| Senior Victim Witness Advocate                 | 5                            |
| Supervising Deputy Probation Officer           | 1                            |
| Victim Witness Program Manager                 | 1                            |

## Public Guardian

| Job Title                                      | Assigned Disclosure Categories |
|------------------------------------------------|------------------------------|
| Deputy Public Guardian                         | 1                            |
| Public Guardian/Conservator                    | 1                            |
### Sheriff/Coroner/Public Administrator

| Job Title                                              | Assigned Disclosure Categories |
|--------------------------------------------------------|-------------------------------|
| Accounting Technician                                  | 5,6,10                        |
| Commissary Coordinator                                 | 5,6,10                        |
| Correctional Maintenance Technician I/II               | 5                             |
| Correctional Food Services Supervisor                 | 5                             |
| Correctional Lieutenant                               | 1                             |
| Evidence Technician                                    | 1                             |
| Sheriff/Coroner                                        | 1                             |
| Sheriff’s Captain                                      | 5                             |
| Sheriff’s Civil Service Associate                     | 1                             |
| Sheriff’s Financial Manager                            | 5,6,10                        |
| Sheriff’s Lieutenant - Operations                      | 1                             |
| Senior Accounting Technician                           | 5,6,10                        |
| Supervising Animal Care Services Officer              | 5,6,10                        |
| Undersheriff                                           | 1                             |

### Treasurer/Tax Collector

| Job Title                                              | Assigned Disclosure Categories |
|--------------------------------------------------------|-------------------------------|
| Assistant Treasurer & Tax Collector                    | 1                             |
| Chief Deputy Treasurer & Tax Collector                 | 1                             |
| Senior Accounting Technician                           | 1                             |

### Miscellaneous

| Job Title                                              | Assigned Disclosure Categories |
|--------------------------------------------------------|-------------------------------|
| Consultants                                            | 19                            |
| Grand Jury Members                                     | 20                            |
COUNTY OF YUBA
CONFLICT OF INTEREST CODE
APPENDIX "B"

DISCLOSURE CATEGORIES

Disclosure Category

1. All investments and business positions in business entities, sources of income and interests in real property within County of Yuba and within two miles of the exterior boundaries of Yuba County.

2. Investments and business positions in business entities, and all source of income.

3. Interests in real property.

4. Investments and business positions in, and income (including gifts or loans) from business entities or individuals who are subject to regulation, inspection or licensing by the County of Yuba.

5. Investments and business positions in business entities, and sources of income from entities providing supplies, services, equipment or machinery of the type used in the designated employee’s department.

6. Investments and business positions in, and income from entities which are vendors, Book outlets, or providers of business services.

7. Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.

8. Investments and business positions in business entities and income from sources engaged in construction, land development, or the acquisition or sale of real property.

9. Investments and business positions in, and income from sources engaged in, the construction of public works projects.

10. Investments and business positions in business entities and income from business entities of the type providing bids, supplies, vehicles and equipment.

11. Investments and business positions in business entities which provide training, services, or facilities of the type utilized by the County.

12. Investments and business positions in business entities and sources of income which provide services and supplies of the type used in emergency services coordination and training activities.
13 Investments and business positions in, and income from, union pension funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandums.

14 Investments and business positions in, and income from entities providing medical, health, mental, or social services or facilities for such purposes of the type used or provided by the County.

15 Investments and business positions in, and income from, business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the County.

16 Investments and business positions in, and income from business entities providing supplies, services, equipment or machinery of the type used by the County.

17 Investments and business positions in, and income from employment agencies or entities which provide employment training or pre-employment services. Services include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.

18 Investments and positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.

19 The County Administrator shall determine in writing that a particular consultant, although a “designated position”, is hired to perform a range of duties that is limited in scope and this is not required to fully comply with the disclosure requirements described in this appendix. Such written determination shall include a description of the consultant’s duties and, based upon that description, a determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

20 All investments and positions in business entities within Yuba County held during the previous two years which have done business with an entity currently under civil investigation by the Grand Jury; and income from individuals who are employees of the County and/or entities under investigation; and all interests in real property.
December 12, 2014

Yuba County Government Center
915 8th Street, Suite 125
Marysville, Ca. 95901
Attn: Wendy Hartman, Director of Planning & Housing

Subject: Yuba County Office of Education
Written Offer to Sell or Lease Surplus Property

To Whom it May Concern:

In accordance with California Government Code Section 54222-54232 and/or California Education Code Chapter #4, please allow this letter serve as notice the Yuba County Office of Education is in the process of disposing of the below listed four (4) surplus parcels:

1. APN 010-272-006
   131 “F” Street, Marysville, CA
   T.E. Mathews Retail/Commercial Storefront Alternative Education school site

2. APN 009-202-007, 008, 009
   1010 “I” Street, Marysville, CA
   “Old Operating Engineers Building” - Current T.E. Mathews Alternative

3. APN 010-061-014, 015
   1114 Yuba Street, Marysville, CA (10th Street and abandoned 11th Street)
   Vacant parcels adjacent to One Stop

4. APN 013-041-022
   4979 Olivehurst Avenue, Olivehurst, CA
   Olivehurst Community Center building

Government Code Section 17464 and/or Education Code 54222 specifically requires the Yuba County Office of Education to notice your agency of its intent to dispose of the aforementioned properties prior to disposition and send a written offer to sell or lease the property for your consideration.
Should your agency desire to purchase or lease any of the surplus properties listed above, a notice of your intent/interests must received within 60 days of receipt of this notification.

Your agency’s notice of interest can be directed to the individual and address listed below:

Yuba County Office of Education  
Operations Center  
Attn: Dave Heslop  
938 14th Street, Marysville, California 95901  
e-mail: shirahbuilders1@gmail.com  
Cellular: (530) 300-2793

Should you have any questions and/or require additional information, please do not hesitate to contact Dave Heslop via e-mail or phone at the above e-mail and cellular phone number.

Sincerely,

[Signature]

Scotia Holmes Sanchez, Ed.D.  
Yuba County Superintendent of Schools  
Yuba County Office of Education

Cc: David Shirah, Shirah Builders  
File