

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2010

NEW ISSUE - BOOK ENTRY ONLY

RATINGS:
(See "CONCLUDING INFORMATION –
Ratings" herein.)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Base Rental Payment paid by the County under the Sublease designated as and evidencing and representing interest and received by the Owners of the Series A-1 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. **Special Counsel is of the opinion that such interest received by the Owners of the Series A-2 Certificates is not excluded from gross income for federal income tax purposes.** Special Counsel is also of the opinion that such interest received by the Owners of the Certificates is exempt from State of California personal income taxes. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates. See "TAX EXEMPTION" herein with respect to tax consequences of the Certificates.*

\$22,000,000*	
COUNTY OF SANTA BARBARA	
2010 CERTIFICATES OF PARTICIPATION	
\$ _____ *	\$ _____ *
SERIES A-1	TAXABLE SERIES A-2
	(RECOVERY ZONE ECONOMIC
	DEVELOPMENT BONDS)

Dated: Date of Delivery

Due: December 1, as set forth on inside cover

The County of Santa Barbara 2010 Certificates of Participation, Series A-1 (the "Series A-1 Certificates") and the County of Santa Barbara 2010 Certificates of Participation, Taxable Series A-2 (Recovery Zone Economic Development Bonds) (the "Series A-2 Certificates" and, with the Series A-1 Certificates, the "Certificates") will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Certificates. Individual purchases of the Certificates will be in principal amounts of \$5,000 or in any integral multiples of \$5,000. Interest payable with respect to the Certificates will be payable on December 1 and June 1 of each year, commencing December 1, 2010, and principal payable on the Certificates will be paid on the dates set forth in the Maturity Schedule on the inside cover hereof. Payments of principal of and interest with respect to the Certificates will be paid by U.S. Bank National Association, Los Angeles, California, as trustee (the "Trustee"), to DTC

* Preliminary, subject to change.

for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates.

The Certificates are being executed and delivered (i) to provide funds to the County of Santa Barbara (the "County") to finance the costs of acquisition, installation and construction of capital projects (the "Project"), (ii) to fund a debt service reserve fund for the Certificates, and (iii) to pay certain costs of executing and delivering the Certificates.

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES" herein.

The Certificates evidence and represent proportionate undivided interests of the Owners thereof in the Base Rental Payments (which include principal and interest components) to be made by the County for the right to the use of certain real property and improvements (the "Demised Premises") pursuant to that certain Sublease (Santa Barbara County), dated as of June 1, 2010 (the "Sublease"), between the County, as lessee, and the Santa Barbara County Finance Corporation, Inc. (the "Corporation"), as lessor.

The County has covenanted under the Sublease that, so long as the Demised Premises are available for use and occupancy by the County, the County will take such action to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefore and to maintain certain types of insurance on the Demised Premises. The obligation of the County to make Base Rental Payments is subject to abatement in the event of damage or destruction to, or condemnation of or title defects to, the Demised Premises or any portion thereof. See "SECURITY FOR THE CERTIFICATES" and "RISK FACTORS" herein.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Certificates. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

THE COUNTY'S OBLIGATION TO MAKE BASE RENTAL PAYMENTS IS AN OBLIGATION PAYABLE FROM THE COUNTY'S GENERAL FUND OR ANY OTHER SOURCE OF FUNDS LEGALLY AVAILABLE TO THE COUNTY TO MAKE BASE RENTAL PAYMENTS. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION OR ANY OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The Certificates are offered when, as and if sold, executed and delivered, subject to the approval of certain matters by Orrick, Herrington & Sutcliffe LLP, Special Counsel. Certain other legal matters will be passed upon for the County by the Office of the County Counsel. Certain legal matters will be passed upon for the Underwriter by Nossaman LLP. It is expected

that the Certificates will be available through the facilities of DTC in New York, New York for delivery on or about _____, 2010.

[DE LA ROSA LOGO]

Dated:

MATURITY SCHEDULE*

Series A-1 Certificates

\$_____ Serial Series A-1 Certificates

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP®</u>
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\$_____ % Term Series A-1 Certificates Due December 1, _____, - Price or Yield:
_____ % (CUSIP®: _____)

Series A-2 Certificates

\$_____ Serial Series A-2 Certificates

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP®</u>
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\$_____ % Term Series A-2 Certificates Due December 1, _____, - Price or Yield:
_____ % (CUSIP®: _____)

* Preliminary, subject to change.

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COUNTY OF SANTA BARBARA, CALIFORNIA

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Joni Gray, *Vice Chair, 4th District*
Salud Carbajal, *1st District*
Doreen Farr, *3rd District*
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Harry Hagen, *Assistant Treasurer-Tax Collector*
Stacey Matson, *Investment and Debt Officer*
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Theo Fallati, *Assistant Auditor-Controller*
Julie Hagen, *Chief Deputy Controller*
Dennis A. Marshall, Esq., *County Counsel*
Anne Rierison, *Deputy County Counsel*

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Trustee

U.S. Bank National Association
Los Angeles, California

No dealer, salesperson or other person has been authorized by the County of Santa Barbara to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by the County of Santa Barbara. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of any offer to buy or sale of such securities by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Certificates.

The information set forth herein has been obtained from the County of Santa Barbara and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by, the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes. The information and expression of opinions contained in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of the County since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOUT THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The County maintains a website at www.countyofsb.org. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Certificates.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
The County.....	1
Authority for the Certificates	1
Purpose	2
Security for the Certificates	2
Abatement.....	2
Prepayment.....	3
Assignment	3
Limited Obligations.....	3
Forward-Looking Statements	3
Summaries Not Definitive.....	3
THE PROJECT	4
CONTINUING DISCLOSURE	5
THE DEMISED PREMISES.....	5
The Demised Premises	5
Substitution and Release of Demised Premises	6
ESTIMATED SOURCES AND USES OF FUNDS	6
THE CERTIFICATES.....	6
General	6
Redemption of the Certificates	7
Additional Certificates	10
Book-Entry System	10
SCHEDULE OF BASE RENTAL PAYMENTS	11
SECURITY FOR THE CERTIFICATES	13
General	13
Reserve Fund.....	13
Appropriation; Use of Demised Premises	14
Abatement.....	14
Assignment; Recourse on Default.....	15
Insurance	15
Base Rental Payments.....	16
Additional Rental	17
Designation of Series A-2 Certificates as “Build America Bonds”	17
RISK FACTORS	17
No Tax Pledge	17
Appropriation	18
No Limit on Additional Debt.....	18
Abatement and Eminent Domain	18
Limitation on Enforcement of Remedies; No Acceleration	19
Loss of Tax Exemption.....	19
Risks Relating to Recovery Zone Economic Development Bonds.....	19
Geologic, Topographic and Climatic Conditions	20
Hazardous Substances	22
Public Debt Burden	22
Impact of State Budget.....	22
Limitations on Remedies Available; Bankruptcy	23
Substitution and Removal of Property.....	23
Secondary Market Risk	24
[Early Prepayment of Premium Certificates	24

CONSTITUTION AND STATUTORY LIMITATIONS ON TAXES AND	
APPROPRIATIONS	24
Article XIII A of the State Constitution	24
Article XIII B of the State Constitution	25
Articles XIII C and XIII D of the State Constitution	26
Proposition 62	26
Proposition 1A.....	27
Future Initiatives and Change in Laws	28
THE COUNTY.....	28
THE CORPORATION	28
TAX EXEMPTION.....	28
Series A-1 Certificates	28
Series A-2 Certificates	30
CONCLUDING INFORMATION.....	31
Underwriting	31
Professional Fees	32
Legal Opinion	32
Litigation.....	32
Ratings	33
Miscellaneous	33
APPENDIX A -- COUNTY FINANCIAL, ECONOMIC AND	
DEMOGRAPHIC INFORMATION	A-1
APPENDIX B -- SUMMARY OF PRINCIPAL LEGAL DOCUMENTS	B-1
APPENDIX C -- AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR	
FISCAL YEAR 2008/09	C-1
APPENDIX D -- PROPOSED FORM OF FINAL OPINIONS	D-1
APPENDIX E -- FORM OF CONTINUING DISCLOSURE AGREEMENT.....	E-1
APPENDIX F -- BOOK ENTRY PROVISIONS	F-1

\$22,000,000*
COUNTY OF SANTA BARBARA
2010 CERTIFICATES OF PARTICIPATION

\$ _____ *	\$ _____ *
SERIES A-1	TAXABLE SERIES A-2 (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

INTRODUCTION

General

The purpose of this Official Statement (which includes the cover page and the Appendices attached hereto) is to provide information concerning the execution and delivery by the County of Santa Barbara (the "County") of its 2010 Certificates of Participation, Series A-1, in the aggregate principal amount of \$ _____ * (the "Series A-1 Certificates") and its 2010 Certificates of Participation, Taxable Series A-2 (Recovery Zone Economic Development Bonds), in the aggregate principal amount of \$ _____ * (the "Series A-2 Certificates" and, with the Series A-1 Certificates, the "Certificates").

The County

The County of Santa Barbara was established by an act of the Legislature of the State of California (the "State") on February 18, 1850 and encompasses approximately 2,774 square miles of which approximately one-third is located in the Los Padres National Forest. The County is a general law county and political subdivision of the State of California and its rights, powers, privileges, authority, functions and duties are established by the Constitution and laws of the State. For a detailed discussion of the County and its demographic and financial performance, see "APPENDIX A – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" and "APPENDIX C – THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

Authority for the Certificates

The Certificates are being executed and delivered pursuant to the provisions of a Trust Agreement, dated as of June 1, 2010 (the "Trust Agreement"), among the County, the Santa Barbara County Finance Corporation, Inc., a California non-profit public benefit corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee").

The Series A-2 Certificates will be issued as "Recovery Zone Economic Development Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the County expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable with respect to the Series A-2 Certificates on or about each interest payment date.

* Preliminary, subject to change.

Purpose

The Certificates are being delivered to: (i) finance the costs of the acquisition, installation and construction of capital projects (the "Project"); (ii) fund a reserve fund as security for the Certificates; and (iii) pay certain costs of delivery associated with the Certificates, all as more fully described herein. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security for the Certificates

The Certificates evidence and represent undivided fractional interests of the registered owners (the "Owners") thereof in Base Rental Payments (as defined herein) to be made by the County to the Corporation for the right to the use and occupancy of certain real property and improvements thereon (the "Demised Premises"). The Project is not part of the Demised Premises. The Demised Premises will be leased by the County from the Corporation pursuant to a Sublease (Santa Barbara County), dated as of June 1, 2010 (the "Sublease"), between the County, as lessee, and the Corporation, as lessor. In order to facilitate the conveyance accomplished by the Sublease, the County will first lease the Demised Premises to the Corporation pursuant to a Lease, dated as of June 1, 2010 (the "Lease"). See "THE DEMISED PREMISES" herein.

In accordance with the Sublease, the County is required to pay to the Trustee specified Base Rental Payments for the Demised Premises which are designed to be sufficient, in both time and amount, to pay, when due, the principal and interest with respect to the Certificates due on June 1 and December 1 of each year, commencing December 1, 2010. The County is also required to pay any taxes, assessment charges, utility charges, maintenance and repair costs of the Demised Premises. See "APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

The County has covenanted in the Sublease to take all such actions as may be necessary to include all Base Rental Payments in each of its annual budgets for the General Fund during the term of the Sublease and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental. The covenants of the County constitute duties imposed by law. Additionally, the County has covenanted to maintain, or cause to be maintained, insurance on the Demised Premises. See "SECURITY FOR THE CERTIFICATES -- Insurance" herein.

The County has the right to incur other obligations payable from its general revenues without the consent of the Owners of the Certificates, including obligations payable from increased Base Rental Payments relating to additional improvements to the Demised Premises. See "APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Abatement

Except to the extent of amounts on deposit in the Base Rental Payment Fund and the Reserve Fund, or otherwise available from an insurance or eminent domain award, the amount of Base Rental Payments due under the Sublease and, correspondingly, the amount available to pay the principal and interest components of the Certificates, will be subject to complete or partial abatement during any period in which, by reason of damage or destruction or eminent domain, there is substantial interference with the use and possession by the County of the Demised Premises. See "RISK FACTORS -- Abatement and Eminent Domain" herein.

Amounts on deposit in the Base Rental Payment Fund and the Reserve Fund, and proceeds from any insurance or eminent domain award, constitute a special fund for payment of Base Rental Payments, and shall be available for such Base Rental Payments in the event there is substantial interference with the use and possession of the Demised Premises.

Prepayment

The Certificates are subject to prepayment as described herein.

Assignment

Pursuant to an Assignment Agreement, dated as of June 1, 2010 (the "Assignment Agreement"), the Corporation has assigned to the Trustee for the benefit of the Owners of the Certificates (i) its right to receive Base Rental Payments from the County under the Sublease, (ii) its rights under the Lease and Sublease and (iii) without any further act on the part of the Corporation, any and all of the other rights of the Corporation under the Sublease as may be necessary to enforce payments of Base Rental Payments when due and otherwise to protect the interests of the Owners.

Limited Obligations

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS IS AN OBLIGATION PAYABLE EACH YEAR FROM THE COUNTY'S GENERAL FUND OR ANY SOURCE OF FUNDS LEGALLY AVAILABLE FOR THE PAYMENT OF BASE RENTAL PAYMENTS, BUT DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Forward-Looking Statements

This Official Statement contains forward-looking statements regarding certain financial items (collectively, the "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation statements regarding the financial position, capital resources and status of the County, are Forward-Looking Statements. Although the County believes that the expectations reflected in such Forward-Looking Statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors which could cause actual results to differ materially from expectations of the County (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All Forward-Looking Statements attributable to the County are expressly qualified in their entirety by the Cautionary Statements.

Summaries Not Definitive

The summaries and references of documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report, or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined herein, indicates that such word is defined in a particular agreement or other document

and, as used herein, has the meaning given it in such agreement or document. See "APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for summaries of certain of such definitions. Copies of documents referred to herein and information concerning the Certificates are available upon request from the County Auditor-Controller, County of Santa Barbara, 105 East Anapamu Street, Room 303, Santa Barbara, California 93101. The County may impose a charge for copying, mailing and handling.

THE PROJECT

The County will apply a portion of the net proceeds of the Certificates to finance certain capital improvement projects and equipment, or such other equipment or capital improvement substituted for the following which are identified in a Request of the County delivered to the Trustee (collectively, the "Project"). The Project is not part of the Demised Premises, and the County's obligation to pay Base Rental Payments is not subject to completion of the Projects (see "THE DEMISED PREMISES" herein).

Betteravia Administration Building/Back-Up Emergency Operations Center Project. The County expects to use approximately \$6.1 million of the proceeds of the Certificates to construct a new, approximately 13,450 square foot building on County owned land and remodel a portion of the current administration building on the site (including renovation to the vacated space for staff remaining in the current building). The new building and remodeled space include housing a hearing room for the County Board of Supervisors, space for staff of the County Clerk-Recorder-Assessor, Auditor-Controller, Treasurer – Tax Collector, County Executive Office, County Counsel, and offices for the first, second and third district supervisors. Services provided include Board hearings, Board member meetings with their constituencies, property tax collection, recorder, assessor, public administrator and public guardian. The facility will also serve as a back up Emergency Operations Center (EOC) in the event that the Southern Santa Barbara County EOC is not operational, or if circumstances require that an event be managed from the North County facility. Design is substantially complete and the project is ready to go out to bid. Construction and installation is expected to commence in August 2010 and be completed in December 2011.

Emergency Operations Center Project. The County expects to use approximately \$5.4 million of the proceeds of the Certificates to construct a new 11,252 square foot Emergency Operations Center (EOC) building, which will serve as the single focal point for the management of information, decision-making, and resource support/allocation during all phases of a local emergency. The building includes offices for the Office of Emergency Services, an Incident Management Room, conference and briefing rooms, GIS and support spaces, and locker room restroom and break room facilities to support extended periods of occupancy during activations. Design is complete and the project is underway. Construction and installation is expected to be completed in January 2011.

Public Defender Courthouse Remodel. The County expects to use approximately \$5.5 million of the proceeds of the Certificates to fully remodel the existing 14,000 square foot west wing of the historic courthouse which houses the South County Public Defender staff. The four stories of the building will be reconfigured with a more efficient layout utilizing natural lighting in addition to energy efficient lighting, new infrastructure, new restrooms with low flow fixtures and waterless urinals, a new heating ventilation and air conditioning system that will use geothermal energy, and a reuse of existing historical elements. Design is substantially complete and the project is ready to go out to bid. Construction and installation is expected to commence in July 2010 and be completed in January 2011.

The County reserves the right to substitute other projects at a later date. Prospective purchasers of the Certificates should also be aware that certain of the Project components listed above may only be partially funded with proceeds of the Certificates and may receive additional funding from other sources, including the General Fund of the County.

CONTINUING DISCLOSURE

The County will agree to provide notices, during the time the Certificates are outstanding, of the occurrence of certain enumerated events, if material, in compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The specific nature of the notices of material events and certain other terms of the continuing disclosure obligation are described in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." Failure of the County to provide the required ongoing information may have a negative impact on the value of the Certificates in the secondary market, but shall not constitute a default under the Trust Agreement or the Sublease. The County has not failed to comply in all material respects with any previous undertakings with respect to said rule to provide annual reports or notices of material events.

THE DEMISED PREMISES

The Demised Premises

Pursuant to the Lease, the County has leased the Demised Premises to the Corporation, in consideration of a one-time upfront lease payment by the Corporation and the Corporation's promise to lease the Demised Premises back to the County pursuant to the Sublease. The Demised Premises consist of the County Administration Building.

<u>Property Description</u>	<u>Square Footage⁽¹⁾</u>	<u>Value⁽²⁾</u>
County Administration Building	95,981	\$22,980,000

(1) Square footage is of building improvements located on Demised Premises.

(2) Value of Demised Premises based upon insured value of structures, and excludes land values.

The County Administration Building, located in downtown Santa Barbara, is a steel frame, five story building constructed in 1965, which provides approximately 95,981 square feet of space. The building houses the Board of Supervisors' hearing room and offices, the County Executive Office, General Services, Information Technology, the offices of the Auditor-Controller, Clerk-Recorder-Assessor, Treasurer-Tax Collector, County Counsel, Government TV, Housing and Community Development and other miscellaneous services.

In the event the County elects to execute and deliver Additional Certificates to fund additional components of the Project, the Sublease may be amended to increase Base Rental Payments in an amount sufficient to secure such Additional Certificates.

Substitution and Release of Demised Premises

The County and the Corporation may substitute and release real property as part or in place of the Demised Premises for purposes of the Lease and the Sublease, but only after the County has filed with the Corporation and the Trustee with copies to each rating agency then providing a rating for the Certificates, certain information required by the Sublease. See "APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Sublease – Substitution; Release" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Certificates are anticipated to be applied as follows:

SOURCES:

Principal Amount of Series A-1 Certificates
Principal Amount of Series A-2 Certificates
Net Original Issue [Discount] [Premium]

TOTAL SOURCES

USES:

Project Fund⁽¹⁾
Reserve Fund⁽²⁾
Costs of Issuance Account⁽³⁾

TOTAL USES:

(1) See "THE PROJECTS" herein.

(2) See "SECURITY FOR THE CERTIFICATES – Reserve Fund" herein.

(3) Includes Underwriter's discount, and other costs of executing and delivering the Certificates.

THE CERTIFICATES

General

The Certificates shall be delivered in the form of fully registered Certificates, without coupons, in denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of delivery to the original purchaser thereof. The Certificates will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The Certificates, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Certificates, all payments on the Certificates will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described hereinafter. (See "Book-Entry Only System" below.)

Interest with respect to the Certificates (the "Interest Component") shall be payable on June 1 and December 1 of each year, commencing December 1, 2010, and continuing to and including the date of maturity or prior prepayment, whichever is earlier. Principal represented by the Certificates (the "Principal Component") shall become payable on December 1 in each of the years and in the amounts set forth on the inside cover page of this Official Statement. Principal and premium, if any, with respect to the Certificates shall be payable upon presentation and surrender thereof at the corporate trust office of the Trustee in St. Paul, Minnesota. Interest with respect to the Certificates shall be based on a 360-day year composed of twelve 30-day months and shall be payable by check from the Trustee mailed on each Interest Payment Date by first class mail to the registered Owners as of the close of business on the 15th calendar day of the month (whether or not such day is a Business Day) preceding an interest payment date (the "Record Date") at their addresses shown on the registration books maintained by the Trustee (except that in the case of an Owner of \$1,000,000 or greater in principal amount of Outstanding Certificates, such payment may, at such Owner's option, be made by wire transfer to an account in the United States of immediately available funds in accordance with written instructions provided by such Owner at least 15 days before an Interest Payment Date). See "Book-entry System" below.

Prepayment of the Certificates*

Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective Certificate Payment Dates, upon notice as provided in the Trust Agreement, on any date as a whole or in part selected as provided in the Trust Agreement, at a prepayment price equal to the sum of the principal amount or such part thereof evidenced and represented by the Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for payment, without premium.

Optional Prepayment. *Series A-1 Certificates.* The Series A-1 Certificates with a stated Certificate Payment Date on or before December 1, ____, will not be subject to optional prepayment prior to their respective stated Certificate Payment Dates. The Series A-1 Certificates with a stated Certificate Payment Date on or after December 1, ____, will be subject to prepayment prior to their stated Certificate Payment Date, at the option of the County, from any available source of funds, as a whole or in part on any date on or after December 1, ____ at the principal amount evidenced and represented thereby, without premium, plus interest evidenced and represented thereby accrued to the date of prepayment.

Series A-2 Certificates. [The Series A-2 Certificates with a stated Certificate Payment Date on or before December 1, ____, will not be subject to optional prepayment prior to their respective stated Certificate Payment Dates. The Series A-2 Certificates with a stated Certificate Payment Date on or after December 1, ____, will be subject to prepayment prior to their stated Certificate Payment Date, at the option of the County, from any available source of funds, as a whole or in part on any date on or after December 1, ____ at the principal amount evidenced and represented thereby, without premium, plus interest evidenced and represented thereby accrued to the date of prepayment.]

[The Series A-2 Certificates are subject to prepayment prior to their respective stated maturities at the option of the County, from moneys deposited by the County from any source of

* Preliminary, subject to change.

available funds, as a whole or in part on any date (in such maturities as are designated by the County and pro rata within a maturity), at the prepayment price equal to the greater of:

(i) 100% of the principal amount of the Series A-2 Certificates to be prepaid;
or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series A-2 Certificates to be prepaid, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series A-2 Certificates are to be prepaid, discounted to the date on which such Series A-2 Certificates are to be prepaid on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus _____ basis points;

plus, in each case, accrued interest on such Series A-2 Certificates to be prepaid to the prepayment date.]

Extraordinary Optional Prepayment of Series A-2 Certificates. The Series A-2 Certificates are subject to prepayment prior to their respective stated maturities at the option of the County, in whole or in part (in such maturities as are designated by the County and pro rata within a maturity) upon the occurrence of an Extraordinary Event, at a prepayment price equal to the greater of:

(i) 100% of the principal amount of the Series A-2 Certificates to be prepaid;
or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series A-2 Certificates to be prepaid, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series A-2 Certificates are to be prepaid, discounted to the date on which such Series A-2 Certificates are to be prepaid on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus _____ basis points;

plus, in each case, accrued interest on such Series A-2 Certificates to be prepaid to the prepayment date.

An "Extraordinary Event" will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Internal Revenue Code of 1986, as amended, or pursuant to any regulations thereunder (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Recovery Zone Economic Development Bonds") pursuant to which the County's 45% cash subsidy payment from the United States Treasury is reduced or eliminated.

At the request of the County or the Trustee, the prepayment price of the Series A-2 Certificates to be prepaid at the option of the County will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County at the County's expense to calculate such prepayment price. The County and the Trustee may conclusively rely on the determination of such prepayment price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Mandatory Sinking Account Prepayment. (i) The Series A-1 Certificates maturing on December 1, 20__ (the "20__ Series A-1 Term Certificates") are subject to mandatory sinking

account prepayment prior to their stated maturity, in part by lot, from amounts on deposit in the Series A-1 Term Certificates Sinking Account at a prepayment price equal to the principal amount of the Series A-1 Term Certificates, plus accrued and unpaid interest to the date fixed for prepayment, without premium, as specified below:

20__ Series A-1 Term Certificates

Mandatory Prepayment Date
(December 1)

Principal Component

(ii) The Series A-2 Certificates maturing on December 1, 20__ (the “20__ Series A-2 Term Certificates”) are subject to mandatory sinking account prepayment prior to their stated maturity, in part pro-rata, from amounts on deposit in the Series A-2 Term Certificates Sinking Account at a prepayment price equal to the principal amount of the Series A-2 Term Certificates, plus accrued and unpaid interest to the date fixed for prepayment, without premium, as specified below:

20__ Series A-2 Term Certificates

Mandatory Prepayment Date
(December 1)

Principal Component

Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates of a Series are to be prepaid on any one date, the Trustee shall select the Certificate Payment Dates of the Certificates of such Series to be so prepaid and the amount of Certificates with such respective Certificate Payment Dates in accordance with the provisions contained in a Request of the County. Whenever less than all the Outstanding Certificates of any one Certificate Payment Date of a Series are to be prepaid on any one date, the Trustee shall select the Certificates of such Certificate Payment Date of such Series to be prepaid in whole or in part from the Outstanding Certificates of such Certificate Payment Date by lot in any manner that the Trustee deems appropriate and fair for the Series A-1 Certificates, and pro rata for the Series A-2 Certificates.

If the Series A-2 Certificates are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Series A-2 Certificates, partial prepayment will be done in accordance with DTC procedures. It is the County’s intent that prepayment allocations made by DTC be made in accordance with the proportional provisions described above. However, neither the County nor the Trustee can provide assurance that DTC will allocate prepayments among beneficial owners on such a proportional basis.

Notice of Prepayment. Notice of prepayment shall be given by first class mail to the respective Owners of any Certificates designated for prepayment in whole or in part prior to their prepayment date, not less than thirty (30) nor more than sixty (60) days prior to the prepayment date. Each notice of prepayment shall state the date of notice, the prepayment date, the prepayment place and the prepayment price, shall designate the Series, Certificate Payment Dates, CUSIP numbers, if any, and the serial numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates of a Series between two stated numbers, both inclusive, have been called for prepayment, shall (in the case of any Certificate called for prepayment in part only) state the part of the principal amount evidenced and represented thereby which is to be prepaid, and shall state that the interest evidenced and represented by the Certificates of a Series or parts thereof designated for prepayment shall cease to accrue from and after such prepayment date and that on such prepayment date there will become due and payable on each of the Certificates of a Series or parts thereof designated for prepayment the prepayment price evidenced and represented thereby.

Neither failure to mail any notice of prepayment nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for the prepayment of any of the Certificates for which notice was properly given.

Effect of Prepayment. If notice of prepayment has been duly given and money for the payment of the prepayment price of the Certificates or parts thereof to be prepaid is held by the Trustee, then on the prepayment date designated in such notice, the Certificates or such parts thereof so called for prepayment shall become payable at the prepayment price evidenced and represented thereby as specified in such notice; and from and after the date so designated interest evidenced and represented by the Certificates or such parts thereof so called for prepayment shall cease to accrue, such Certificates or such parts thereof shall cease to be entitled to such benefit, protection or security under the Trust Agreement and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price evidenced and represented by the Certificates or such parts to be prepaid.

Additional Certificates

In addition to the Certificates, the Trust Agreement provides for the execution and delivery of Additional Certificates representing proportionate interests in certain rights under the Sublease, including the right to receive additional Base Rental Payments made by the County thereunder, without the consent of the Owners, upon the satisfaction of certain conditions set forth in the Trust Agreement. The total annual Base Rental Payments and Additional Rental represented by the Certificates and any Additional Certificates hereafter executed and delivered may not exceed the annual fair rental value of the Demised Premises during the remainder of the Term of the Sublease. Any Additional Certificates shall be payable on a parity with the Certificates, as provided in a Supplemental Trust Agreement authorizing the execution and delivery of such Additional Certificates. See "APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Trust Agreement."

Book-Entry System

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F – BOOK-ENTRY PROVISIONS" herein.

The County and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Certificates paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Certificates or an error or delay relating thereto.

SCHEDULE OF BASE RENTAL PAYMENTS

The table below shows the annual Base Rental Payments owed by the County.

<u>Date</u> <u>(December 1 of)</u>	<u>Series A-1</u> <u>Principal</u>	<u>Series A-1</u> <u>Interest</u>	<u>Series A-1</u> <u>Annual Total</u>	<u>Series A-2</u> <u>Principal</u>	<u>Series A-2</u> <u>Interest</u>	<u>Series A-2</u> <u>Annual Total</u>	<u>Annual</u> <u>Total</u>
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TOTAL

SECURITY FOR THE CERTIFICATES

General

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Base Rental Payments due under the Sublease on the payment date or prepayment date of such Certificate, and the interest component of all Base Rental Payments (based on the stated interest rate with respect to such Certificate) to accrue from the Closing Date to its payment date or prepayment date, as the case may be. The Corporation, pursuant to the Trust Agreement and the Assignment Agreement, has assigned its rights and remedies under the Sublease to the Trustee for the benefit of the Owners of the Certificates, including its right to receive Base Rental Payments thereunder. Principal of and interest with respect to the Certificates will be made from the Base Rental Payments for the use and possession of the Demised Premises, insurance or condemnation proceeds pertaining to the Demised Premises to the extent that such proceeds are not used for repair or replacement, amounts on deposit in the Base Rental Payment Fund held by the Trustee, interest or other income derived from the investment of the funds and accounts held by the Trustee for the County pursuant to the Trust Agreement, or in certain instances, from the Reserve Fund established by the Trust Agreement. The Trustee will not have any obligation or liability to the Owners to make payments of principal, premium, if any, or interest with respect to the Certificates from any other source.

The County has covenanted under the Sublease to make Base Rental Payments for the use and possession of the Demised Premises. So long as the Demised Premises are available for the County's use, the County has covenanted to take such action each year as may be necessary to include all Base Rental Payments in its annual budget and annually to appropriate an amount necessary to make such Base Rental Payments (see "Abatement" below). Pursuant to the Sublease, the County is also obligated to pay, in each year (i) all taxes and assessments levied upon the Demised Premises, (ii) all insurance the County is required or permitted to maintain under the Sublease, (iii) all expenses incidental to the execution, sale and delivery of the Certificates, (iv) all administrative expenses, compensation and indemnification of the Trustee and the Corporation required to be paid by them in order to comply with the terms of the Sublease or the Trust Agreement, and (v) amounts to be rebated to the federal government. The amounts payable to the Trustee are to be used to make the payments of principal and interest due with respect to the Certificates. The obligation of the County to make Base Rental Payments (other than to the extent that funds to make Base Rental Payments are available in the Base Rental Payment Fund or Reserve Fund, or otherwise available from an insurance or eminent domain award) may be abated in whole or in part if the County does not have use and possession of the Demised Premises.

Reserve Fund

A Reserve Fund for the Certificates is established by the Trust Agreement and is required to be funded in the amount of the Reserve Requirement, which is an amount equal to the lesser of: (i) 10% of the original principal amount of the Certificates; (ii) 125% of the average annual principal and interest with respect to all Outstanding Certificates or (iii) the maximum annual principal amount and interest with respect to all Outstanding Certificates. On the date of delivery of the Certificates, proceeds will be deposited into the Reserve Fund, which amount is equal to the Reserve Requirement (see "ESTIMATED SOURCES AND USES OF FUNDS" above).

If on the Business Day before the date any payment of principal or interest is required to be made, the amount on deposit in the Base Rental Payment Fund is insufficient to make such payment, the Trustee is required to immediately notify the County of the fact and amount of such insufficiency. If on any Interest Payment Date the amount on deposit in the Base Rental Payment Fund is insufficient to pay the interest due with respect to the Certificates on such date, or if on any Certificate Payment Date the amount on deposit in the Base Rental Payment Fund is insufficient to pay the principal due with respect to the Certificates on such date, the Trustee is required to transfer from the Reserve Fund and deposit in the Base Rental Payment Fund an amount sufficient to make up such deficiency.

Amounts in the Reserve Fund in excess of the Reserve Fund Requirement will be transferred on or about May 15 and November 15 of each year to the Base Rental Payment Fund or to such other fund as directed by a Request of the County. In addition, moneys on deposit in the Reserve Fund will be applied for the final payment on the Certificates.

Appropriation; Use of Demised Premises

The County has covenanted to take such action as may be necessary to include all Base Rental Payments due under the Sublease in each of its proposed annual budgets and to make the necessary appropriations for such Base Rental Payments, except to the extent such payments are abated (see "Abatement" below). The foregoing covenants on the part of the County 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 to 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 its covenants and agreements in the Sublease.

The obligation of the County to pay Base Rental Payments shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County, or the State, or any political subdivision thereof, in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the County, the State, or any political subdivision thereof, nor shall such obligations constitute a pledge of general revenues, funds or moneys of the County beyond the Fiscal Year for which the County has appropriated funds to pay Base Rental Payments or 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.

Abatement

The Base Rental Payments will be abated during any period in which, by reason of material damage or destruction or condemnation, there is substantial interference with the use and occupancy by the County of any portion of the Demised Premises. The amount of such abatement will be such that the resulting Base Rental Payments do not exceed the lesser of (i) the amount necessary to pay the originally scheduled Base Rental Payments remaining unpaid and (ii) the fair rental value for the use and possession of the Demised Premises not so damaged or destroyed. Such abatement will continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Demised Premises so damaged or destroyed. In the event of any such damage or destruction, this Sublease will continue in full force and effect and the County waives any right to terminate the Sublease by virtue of any such damage or destruction. See "Insurance" below for a discussion of rental interruption insurance to be provided by, or on behalf of, the County. See also "RISK FACTORS – Abatement" herein.

Notwithstanding these efforts, the moneys legally available to the Trustee following the occurrence of an event which gives rise to an abatement of Base Rental Payments, including moneys in the Reserve Fund or proceeds of rental interruption insurance, if any, may not be sufficient to pay principal and interest represented by the Certificates in the amounts and at the rates set forth thereon. In such event, all Owners of Certificates would forfeit a pro rata portion of interest attributable to abated Base Rental Payments payable during the period of abatement and, to the extent Certificates mature or are subject to mandatory prepayment during a period of abatement, the Owners of such Certificates would forfeit a pro rata portion of principal attributable to such abated Base Rental Payments. **The failure to make such payments of principal and interest would not under such circumstances constitute a default under the Trust Agreement, the Sublease or the Certificates.**

Assignment; Recourse on Default

Pursuant to the Assignment Agreement, the Corporation will assign to the Trustee for the benefit of the Owners of the Certificates its rights and remedies under the Sublease, including its rights to receive amounts payable by the County under the Sublease.

Should the County default under the Sublease, the Trustee, as assignee of the Corporation, may exercise any and all remedies authorized by law or granted pursuant to the Sublease. The Sublease expressly authorizes the Trustee, as assignee of the Corporation, to reenter the Demised Premises for the purpose of removing persons and personal property and of reletting the Demised Premises and, at its option, to terminate the Sublease. In the event the Trustee, as assignee of the Corporation, does not elect to terminate the Sublease, it may enforce the Sublease and hold the County liable for all Base Rental Payments and the performance of all conditions under the Sublease. Any re-entry and re-letting will not effect a surrender of the Sublease. The County, in the event of default, waives all rights to any rentals received by the Trustee through re-letting of the Sublease. The County agrees to pay any and all costs, loss or damage, howsoever occurring, as a result of any re-entry or re-letting. See "RISK FACTORS -- Bankruptcy"; "-- Limitation as Enforcement of Remedies" and "-- No Acceleration" herein.

The County may not mortgage, pledge, assign or transfer its interest in the Sublease except as specifically provided in the Sublease. The County has the right to sublet all or any portion of the Demised Premises from time to time but such subletting will not relieve the County of its obligations under the Sublease.

Insurance

Casualty Insurance. The County is required to procure or cause to be procured, and maintain or cause to be maintained, throughout the term of the Sublease, insurance against loss or damage to any structure constituting any part of the Demised Premises by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. The extended coverage insurance is required, as nearly as practicable, to 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 is required to be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Demised Premises, excluding the cost of excavations, of grading and filling and of the land. The County may, in its discretion, insure the Demised Premises under blanket insurance policies which insure not only the Demised Premises but also other properties as long as such blanket insurance policies comply with the requirements of the Sublease. The County may, at

its election, provide for casualty insurance partially or wholly by means of a self-insurance program meeting the requirements set forth in the Sublease. The net proceeds of such insurance are required to be applied as provided in the Trust Agreement. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$1,000,000 for all losses in any year.

Business Interruption Insurance. The County is required to procure or cause to be procured, and maintain or cause to be maintained, throughout the term of the Sublease, business interruption insurance to cover loss, total or partial, of the use of any structures constituting any part of the Demised Premises as the result of any of the hazards covered by the casualty insurance, in an amount sufficient to pay the total Base Rental Payments for a period of at least 24 months. The net proceeds of such insurance are required to be paid to the Trustee for deposit in the Base Rental Payment Fund.

Title Insurance. The County is required to obtain title insurance on the Demised Premises, in the form of a leasehold owners title policy, in an amount equal to the sum of the aggregate principal components of the Base Rental, issued by a company of recognized standing duly authorized to issue the same, payable to the Trustee, subject only to Permitted Encumbrances.

Application of Insurance and Condemnation Proceeds. The proceeds of any casualty or title insurance with respect to the Demised Premises, if received by the Corporation or the County, is required to be paid immediately to the Trustee for deposit into the Insurance Proceeds Fund and used to repair or replace the Demised Premises or if the County elects not to repair or replace the property damaged, destroyed or taken, for deposit into the Prepayment Account and applied to the prepayment of Outstanding Certificates pursuant to the Trust Agreement at the earliest possible prepayment date. The proceeds of any condemnation award are required to be deposited by the Trustee in the Prepayment Account and applied to the prepayment of Outstanding Certificates pursuant to the Trust Agreement at the earliest possible prepayment date.

No assurance can be given that insurance proceeds will be adequate to avoid an interruption of Base Rental Payments. Under such a situation, an abatement of Base Rental Payments is likely to occur. See "Abatement" above.

Base Rental Payments

Base Rental Payments are required to be made by the County under the Sublease five (5) days prior to each Interest Payment Date (individually, a "Base Rental Payment Date"), for use and possession of the Demised Premises to the next occurring Base Rental Payment Date. The amount of such Base Rental Payment shall be credited with amounts on deposit in the Base Rental Payment Fund on such Base Rental Payment Date.

Base Rental Payments are required to be deposited in the Base Rental Payment Fund maintained by the Trustee. Pursuant to the Trust Agreement, on each Base Rental Payment Date the Trustee will withdraw from the Base Rental Payment Fund the amount of the Base Rental Payment then due and will apply such amounts to make principal and interest payments due with respect to the Certificates.

Additional Rental

The County is obligated under the Sublease to pay when due, during the term of the Sublease, in addition to the Base Rental Payments, all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (as defined in the Trust Agreement), to the extent not paid from amounts on deposit in the Costs of Issuance Fund, compensation due to the Trustee and all reasonable costs and expenses of auditors, engineers and accountants.

In addition, throughout the term of the Sublease, all improvement, repair and maintenance of the Demised Premises are the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Demised Premises, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Demised Premises resulting from ordinary wear and tear or want of care on the part of the County or any assignee or lessee thereof. 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 Demised Premises or the 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 Sublease.

Designation of Series A-2 Certificates as “Recovery Zone Economic Development Bonds”

The Series A-2 Certificates are being issued as “Recovery Zone Economic Development Bonds” for purposes of the Recovery Act. Pursuant to the Recovery Act, and subject to the County’s compliance with certain requirements under the Recovery Act and the Code, the County expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable with respect to the Series A-2 Certificates on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act.

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Certificates. However, the following does not purport to be an exhaustive listing of risk factors and other considerations which may be relevant to an investment in the Certificates. Additionally, there can be no assurance that other risk factors will not become evident at any future time.

No Tax Pledge

The obligation of the County to pay the Base Rental Payments does not constitute an obligation of the County or the State for which the County or the State has levied or pledged any form of taxation. The obligation of the County to pay Base Rental Payments does not constitute a debt or indebtedness of the County, the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

Appropriation

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Sublease, so long as the Demised Premises are available for its use and possession, to pay Base Rental Payments from any source of legally available funds (subject to certain exceptions) and has covenanted in the Sublease that, for so long as the Demised Premises are available for its use, it will make the necessary annual appropriations within its budget for all Base Rental Payments. However, the County is currently liable on other obligations payable from general revenues which may have a priority over the Base Rental Payments, and the Sublease does not prohibit the County from incurring additional obligations payable from general revenues on a parity with or prior to the Base Rental Payments. See "APPENDIX A - COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" herein and the financial statements included in APPENDIX C hereto. 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 Base Rental Payments and other payments due under the Sublease, except from amounts on deposit in the Base Rental Payment Fund. The County's ability to collect, budget and appropriate various revenues is subject to current and future State laws and constitutional provisions, and it is possible that the interpretation and application of these provisions could result in an inability of the County to pay Base Rental Payments when due (see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" below).

No Limit on Additional Debt

The County has the ability to enter into other obligations which may constitute additional charges against its general revenues. The County is also authorized to issue additional obligations secured by the Base Rental Payments, provided the Sublease is amended to require additional Base Rental Payments sufficient to pay such obligations. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased.

Abatement and Eminent Domain

The obligation of the County to pay Base Rental Payments is in consideration for the right to the use and possession of the Demised Premises. The obligation of the County to make Base Rental Payments (other than to the extent that funds to make Base Rental Payments are available in the Base Rental Payment Fund and the Reserve Fund created under the Trust Agreement) may be abated in whole or in part if the County does not have use and possession of the Demised Premises.

The amount of Base Rental Payments due under the Sublease will be adjusted or abated during any period in which by reason of damage or destruction or eminent domain there is interference with the use and possession of the Demised Premises. Such adjustment or abatement will end with the substantial completion or replacement, repair or reconstruction of the Demised Premises. The Reserve Fund will be funded by Certificate proceeds in the amount set forth in "ESTIMATED SOURCES AND USES OF FUNDS" herein and will be available, along with amounts on deposit in the Base Rental Payment Fund, in the event amounts received by the Trustee are insufficient to pay principal and interest on the Certificates as such amounts become due. If damage or destruction or eminent domain proceedings with respect to the Demised Premises result in abatement of Base Rental Payments and the resulting Base Rental Payments, together with moneys in the above-described amounts, are insufficient to

make all payments of principal and interest due with respect to the Certificates during the period that the Demised Premises are being replaced, repaired or reconstructed, then such payments of principal and interest may not be made and no remedy is available to the Trustee or the Owners of the Certificates, under the Sublease or Trust Agreement, for nonpayment under such circumstances.

Limitation on Enforcement of Remedies; No Acceleration

The enforcement of any remedies provided in the Sublease and Trust Agreement could prove both expensive and time consuming. Although the Sublease provides that the Trustee may take possession of the Demised Premises and lease it if there is a default by the County, and the Sublease provides that the Trustee may have such rights of access to the Demised Premises as may be necessary to exercise any remedies, portions of such Demised Premises may not be easily recoverable and could be of little value to others. Furthermore, due to the essential nature of the governmental functions of the Demised Premises, it is not certain whether a court would permit the exercise of the remedies of repossession and leasing with respect thereto. See "THE DEMISED PREMISES" herein.

IN THE EVENT OF A DEFAULT UNDER THE SUBLEASE, THERE IS NO AVAILABLE REMEDY OF ACCELERATION OF THE TOTAL BASE RENTAL PAYMENTS DUE OVER THE TERM OF THE SUBLEASE. THE COUNTY WILL ONLY BE LIABLE FOR BASE RENTAL PAYMENTS ON AN ANNUAL BASIS AS THEY COME DUE, AND THE TRUSTEE WOULD BE REQUIRED TO SEEK SEPARATE JUDGMENTS FOR THE BASE RENTAL PAYMENTS AS THEY COME DUE. IN ADDITION, ANY SUCH SUIT FOR MONEY DAMAGES COULD BE SUBJECT TO LIMITATIONS ON LEGAL REMEDIES AGAINST PUBLIC AGENCIES IN CALIFORNIA, INCLUDING A LIMITATION ON ENFORCEMENT OF JUDGMENTS AGAINST FUNDS NEEDED TO SERVE THE PUBLIC WELFARE AND INTEREST AND A LIMITATION ON ENFORCEMENT OF JUDGMENTS AGAINST FUNDS OF A FISCAL YEAR OTHER THAN THE FISCAL YEAR IN WHICH THE BASE RENTAL PAYMENTS WERE DUE.

Loss of Tax Exemption

As discussed under "TAX EXEMPTION" herein, the interest represented by the Series A-1 Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date such Series A-1 Certificates were issued, as a result of future acts or omissions of the County in violation of its covenants in the Trust Agreement and the Sublease. Should such an event of taxability occur, the Series A-1 Certificates are not subject to early prepayment and will remain outstanding until maturity or until prepaid under one of the prepayment provisions contained in the Trust Agreement. The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both targeted and random audits. It is possible that the Series A-1 Certificates will be selected for audit by the IRS. It is also possible that the market value of the Series A-1 Certificates would be affected as a result of such an audit, or by an audit of similar obligations.

Risks Relating to Recovery Zone Economic Development Bonds

The County must comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") in order for the Series A-2 Certificates to be treated as qualified bonds and to continue to be eligible for the subsidy. The County has covenanted to comply with each of these requirements. However, failure by the County to comply with these requirements may result in a delay or forfeiture of all or a portion of the subsidy and may cause the Series A-2

Certificates to cease to be treated as qualified bonds either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of execution and delivery of the Series A-2 Certificates. In such event the County may not continue to receive the subsidy payment. Should such an event occur, the Series A-2 Certificates are not subject to extraordinary prepayment and will remain outstanding until maturity or until prepaid under one of the other prepayment provisions contained in the Trust Agreement. No holder of a Series A-2 Certificate will be entitled to a tax credit with respect to the Series A-2 Certificates.

In addition, it is important to note that Recovery Zone Economic Development Bonds are a new product introduced by the American Recovery and Reinvestment Act, which was signed into law on February 17, 2009. As such, the County can provide no assurance that future legislation or clarifications or amendments to the Code, if enacted into law, or possibly future court decisions, will not reduce or eliminate the subsidy with respect to the Series A-2 Certificates. In such event, the Series A-2 Certificates would be subject to prepayment prior to their maturity. The subsidy does not constitute a full faith and credit guarantee of the United States government, but are required to be paid by the Treasury under the American Recovery and Reinvestment Act. If the County is obligated to issue refunding obligations in order to prepay the Series A-2 Certificates prior to their maturity, the County would be subject to the various risks attendant to issuance of refunding obligations, including higher-than-desired interest rates and duplicative transaction costs.

Geologic, Topographic and Climatic Conditions

The value of the Demised Premises, and the financial stability of the County, can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements and floods) and climatic conditions (such as droughts and tornadoes). The County does not currently maintain earthquake or flood insurance on the Demised Premises, and does not expect to do so in future years based on the current cost of such insurance. If there were to be an occurrence of severe seismic or flood activity in the County, there could be an abatement or adverse impact on the County's ability to pay the Base Rental Payments. See "Abatement and Eminent Domain" above.

Flooding. Flood zones are identified by the Federal Emergency Management Agency ("FEMA"). FEMA designates land located in a low- to moderate-risk flood zone (i.e. not in a floodplain) and has less than a 1% chance of flooding each year as being within a Non-Special Flood Hazard Area (a "NSFHA"). The County most recently experienced flooding in Fiscal Year 2000-01 and Fiscal Year 2004-05. In Fiscal Year 2000-01 the County experienced a series of powerful winter storms that produced heavy rains, high winds and heavy surf in both the incorporated and unincorporated areas of the County. Damage to public property, including infrastructure, totaled approximately \$3.5 million. Heavy rains in early 2005 resulted in damage to roads throughout the County. The County Public Works Division estimated construction costs of approximately \$14 million for repairs including emergency repairs, debris removal and permanent restoration projects. Approximately 75% of the cost of such projects were paid for by FEMA and OES and were spread over a three year period. During Fiscal Year 2004-05, approximately 75% of the cost was paid by FEMA and approximately 25% was paid for by OES. The remaining \$900,000 was funded from County resources.

Seismic Factors. Generally, seismic activity occurs on a regular basis in the State. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential damage to property located at or near the center of such seismic activity. Both the City of Santa Barbara and the County have a program requiring the retrofitting of certain property to meet higher standards of earthquake safety. Implementation of this program is ongoing and will continue for some years. There has been no major earthquake with an epicenter located in the County since August 1978; however, a number of faults located both within and outside of the County could become the site of quake activity impacting the County. The 1994 earthquake in Los Angeles County, which was centered in Northridge and was felt in the County, did not result in any deaths, injuries or property damage in the County according to the County Office of Emergency Services. In December 2003, an earthquake registering 6.5 on the Richter scale occurred with an epicenter 11 miles northeast of San Simeon. This earthquake resulted in some property damage in the County including but not limited to the Cities of Guadalupe and Santa Maria. The County is in the process of retrofitting the Santa Barbara and Santa Maria Courthouses. Approximately 75% of this cost is expected to be paid with funds received from the Federal Hazard Mitigation Grant Program. The remaining costs are expected to be paid by the County from available funds.

Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements, including improvements of the Demised Premises. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the County. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of the Demised Premises, as well as public and private improvements within the County in general, may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Wildfires. The County is exposed to a variety of wildfire hazard conditions ranging from very low levels of risk along the coastal portions of the County, to extreme hazards in the inland and chaparral covered hillsides of the Santa Ynez Mountains and the Los Padres National Forest. Currently, fire hazard severity is a function of fuel conditions, historic climate, wind conditions, and topography. Population density or the number of structures in a particular region are not currently used to determine the fire hazard severity for a particular region. Areas throughout the County have been designated as having a "Very High Severity Hazard," "High Hazard," or "Moderate Hazard." In the County, most of the area that has been designated as having a "Very High Severity Hazard" are located in the Santa Ynez Mountains and the Los Padres National Forest. These areas exhibit the combination of vegetative fuel, topography, and human proximity that contribute to an extreme fire hazard potential. The fact that an area is in a Moderate Hazard designation does not mean it cannot experience a damaging fire; it means only that the probability is reduced, generally because the number of days a year that the area has "fire weather" is less. See "APPENDIX A – Risk Management" hereto for a discussion of the impact of recent wildfires on the County.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels, with a corresponding reduction in property tax revenue, would be the discovery of hazardous substance that would limit the beneficial use of a property within the County, or the value of the Demised Premises. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases 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 stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should the Demised Premises or any substantial amount of property within the County be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction could adversely impact the property tax revenues received by the County and deposited in the general fund, which could significantly and adversely affect the operations and finances of the County. The County is not aware of any hazardous substance problem with the Demised Premises.

Public Debt Burden

The ability of property owners within the County to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon land and related improvements. In addition, other public agencies whose boundaries overlap those of the County could, without consent of the County, and in certain cases without the consent of the owners of the property within the County, impose additional taxes or assessment liens on the property within the County to finance public improvements to be located inside of or outside of the County. See “Limitations on Remedies Available; Bankruptcy” below.

Impact of State Budget

The State is facing significant financial stress, which could result in future reductions or deferrals in amounts payable to the County. In the proposed State budget for Fiscal Year 2010/11, released by Governor Schwarzenegger on January 8, 2010, the State projected a current fiscal year budget shortfall of approximately \$6.6 billion and a projected Fiscal Year 2010/11 budget shortfall of approximately \$12.3 billion. In the past fiscal year the State deferred certain payments owed to vendors and local governments, including the County. Although the State ultimately made the required payments to the County, the State continues to face financial stress, and there can be no assurances that such financial stress will not result in further deferrals of amounts owed to the County, or reductions in amounts that the County receives from the State. See “CONSTITUTION AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A” below for a discussion of actions the State took in the current fiscal year to shift certain property tax revenues from local governments (including the County).

The County derives a substantial portion of its annual revenues from the State. For Fiscal Year 2009/10, approximately 9% of the County’s total general fund revenues will be provided by the State (including funds provided by the State for specific state and federal

programs). There can be no assurances that, as a result of the current State financial stress, it will not significantly reduce or delay revenues to local governments (including the County) or shift financial responsibility for programs to local governments as part of its efforts to address the State financial difficulties. As described in APPENDIX A hereto, in Fiscal Years 2008/09 and 2009/10 the State either deferred payments or issued IOU's which could not immediately be cashed. No prediction can be made by the County as to what measures the State will adopt to respond to the current or potential future financial difficulties. The County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on the County's 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. There can be no assurances that State actions to respond to State financial difficulties will not adversely affect the financial condition of the County.

Information herein concerning the State's budget has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various state-maintained Web sites. Text of the state budget may be found at the State Department of Finance Web site, www.govbud.dof.ca.gov under the heading "California Budget." An impartial analysis of the budget 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.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the County may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. The opinions of Counsel, including Special Counsel, delivered in connection with the execution and delivery of the Certificates will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. Additionally, failure by major property owners to pay property taxes when due, may have an adverse impact on revenues available to pay Base Rental Payments. See "APPENDIX A – Ad Valorem Property Taxes" hereto for a description of property tax collections and delinquencies within the County.

Substitution and Removal of Property

The Corporation and the County may, under the terms of the Sublease, substitute alternate real property for any portion of the Demised Premises or release a portion of the

Demised Premises from the Sublease, upon compliance with all of the conditions set forth in the Sublease. After a substitution or release, the portion of the Demised Premises for which the substitution or release has been effected shall be released from the leasehold encumbrance of the Sublease. See “THE DEMISED PREMISES – Substitution; Release” herein.

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.

Early Prepayment of Premium Certificates

Certificates purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Certificates”) will be treated for federal tax purposes as having amortizable premium. If such Premium Certificates are paid prior to maturity as described herein under “THE CERTIFICATES – Prepayment” or otherwise, not all of the amortized premium may be realized by the Owner. The Premium Certificates are treated as all other Certificates for purposes of selection for redemption prior to maturity as described herein.

CONSTITUTION AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (2) any 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, or (3) any bonded indebtedness incurred by a school district, community college district or county office of education for the construction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities approved after November 8, 2000 by 55% of the voters of the district or county, as appropriate, voting on the proposition. Section 2 of Article XIII A defines “full cash 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 when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment” (“Full Cash Value”). The Full Cash Value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Taxpayers in the County may appeal the determination of the County Assessor of the Full Cash Value of their property. At any given point in time, thousands of appeals are pending in the County. If the assessed value of a property is reduced as a result of an assessment appeal, the reduction is borne by relevant taxing agencies, including the County. The County is currently estimating a tax reduction in the range of approximately 0%-1% as compared with the same period in 2009.

Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above. The voters of the State subsequently approved various measures that further amended Article XIII A. 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 XIII A. 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 XIII A 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 XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of property damaged or destroyed in a disaster.

Section 4 of Article XIII A 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.

Article XIII B of the State Constitution

State and local government agencies in the State are each subject to annual "appropriations limits" imposed by Article XIII B of the State Constitution ("Article XIII B"). Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are generally authorizations to spend "proceeds of taxes," which include all, but are not limited to, tax revenues, and the proceeds from (i) regulatory licenses, user charges or other user fees to the extent that such proceeds exceed "the cost reasonably borne by that entity in providing the regulation, product, or service" (ii) the investment of tax revenues, and (iii) certain subventions received from the State. No limit is imposed on appropriations of funds which are not "proceeds of taxes," appropriated for debt service on indebtedness existing prior to the passage of Article XIII B or authorized by the voters or appropriations required to comply with certain mandates of courts or the federal government.

As amended at the June 5, 1990 election by Proposition 111, Article XIII B provides that, in general terms, a county's appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of

Article XIII B. If county revenues during any two consecutive fiscal years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rates or fee schedules within the two subsequent fiscal years.

For Fiscal Year 2008-09 the County's appropriations limit was approximately \$601 million, and its actual appropriations in Fiscal Year 2008-09 subject to this limit were approximately \$159 million. For Fiscal Year 2009-10 the County's appropriations limit is approximately \$613 million, and its budgeted expenditures subject to this limit are approximately \$156 million. The County is subject to and is operating in conformity with Article XIII B.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, California voters approved Proposition 218, which added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The voter approval requirements of Proposition 218 reduce the County Board of Supervisors' flexibility to deal with fiscal problems by raising revenue, and no assurances can be given that the County will be able to raise taxes in the future to meet increased expenditure requirements. County management is not aware of any challenge or claim that any current fee, tax or assessment is not in compliance with Proposition 218.

Proposition 218 also extends the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees or charges.

The assessments subject to the provisions of Proposition 218 include maintenance assessments imposed in County service areas and special districts. The annual amount of revenues that are received by the County and deposited into the County's General Fund which may be considered to be property related fees and charges under Article XIII D is not material to the ability to repay the Notes.

The County is unable to predict whether and to what extent Proposition 218 may be further 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. Further, Proposition 218 provides for broad initiative powers to reduce or repeal assessments, fees and charges. No assurance can be given that the voters of the County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Proposition 62

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

There is a possibility that the County's 1990 transient occupancy tax increase from 8% to 10% after the effective date of Proposition 62 without voter approval might be challenged and invalidated. The County estimates that it will have received approximately \$4 million in revenue from such increase in taxes from Fiscal Years 2006-07 through 2008-09. The Fiscal Year 2009-10 budget assumes the receipt of approximately \$1.3 million in revenue from such increase in taxes. To date, no challenge has been filed. Continuation of the County's transient occupancy tax rate of 10% is on the June 2010 ballot. In the event the continuation of the tax rate of 10% were to be defeated and the rate dropped to 8%, the County estimates that it would lose approximately \$1.2 million in revenues for the Fiscal Year 2010-11 and on an ongoing basis thereafter. The County estimates a higher projected loss of \$1.4 million per year if the tax returned to the levels generated prior to the recession.

Proposition 1A

In connection with the shift of \$2.6 billion of local agency revenues to school funding, the Legislature and the Governor agreed to place Proposition 1A, entitled "Protection of Local Government Revenues," on the ballot ("Proposition 1A"). The initiative was approved by the voters on November 2, 2004. Proposition 1A amended the California Constitution to (i) prohibit the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship" (approved by a two-thirds vote of both houses of the Legislature), and only then if (a) such amounts were agreed to be repaid with interest within three years, (b) the State had repaid any other borrowed amounts, including the current amount owed to repay the vehicle license fee shift, and (c) such borrowing could not occur more often than twice in ten years; (ii) protect the property tax backfill of sales tax revenues diverted to pay the economic recovery bonds, and the reinstatement of the sales tax revenues once such bonds are repaid; and (iii) protect local agency vehicle license fee revenue (or a comparable amount of backfill payments from the State).

Through the adoption of the Fiscal Year 2009-2010 State budget, the State Legislature determined to exercise its rights under Proposition 1A and the County had approximately 8% of its real property tax revenues (\$16,412,878), received in 2008-09, shifted to schools and other services. As part of the State budget package, local governments were given the opportunity to receive the monies being borrowed by the State upfront through a securitization financing offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of Counties. California Communities issued bonds securitizing the future payments by the State and remitted the proceeds of the bonds to the local governments which opted to participate in the securitization. The State is responsible for repaying the bondholders. Proceeds were to be mailed or wired to participating agencies on January 15, 2010 (50% of proceeds) and May 3, 2010 (50% of proceeds). The County

participated in the Proposition 1A Securitization Program, and has received its installment payments.

Future Initiatives and Change in Laws

Article XIII A, Article XIII B and Propositions 62, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, 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. In addition, the State legislature could amend or enact laws resulting in a reduction of moneys available to the County, or enact legislation with the approval of the electorate amending the State Constitution, which could result in a reduction of moneys available to the County.

THE COUNTY

For financial, demographic and statistical information on the County and the surrounding area, see "APPENDIX A - COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" attached hereto.

THE CORPORATION

The Santa Barbara County Finance Corporation, Inc. was organized in July, 1983, as a California nonprofit public benefit corporation. The Corporation was formed for the specific and primary purpose of providing financial assistance to the County and other entities within the County in acquiring, constructing, improving, developing and installing certain real and personal property together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The Corporation was formed at the request of the County and consists of a five-member Board of Directors selected by the Board. The Directors of the Corporation receive no compensation. The Corporation has no financial liability to the Owners of the Certificates with respect to the payment of Base Rental Payments by the County or with respect to the performance by the County of the other agreements and covenants it is required to perform under the legal documents relating to the Certificates.

TAX EXEMPTION

Series A-1 Certificates

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Base Rental Payment paid by the County designated as and comprising interest and received by Owners of the Series A-1 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Special Counsel is of the further opinion that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and that such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences related to the accrual or receipt of the interest portion of the Base Rental Payments or the ownership or disposition of the Series A-1 Certificates. A complete copy of the proposed form of opinion of Special Counsel is contained in APPENDIX D hereto.

To the extent the issue price of any Series A-1 Certificates is less than the amount to be paid on the Series A-1 Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Series A-1 Certificates), the difference constitutes "original issue discount." The accrual of original issue discount, to the extent properly allocable to each Owner thereof, is treated as interest with respect to the Series A-1 Certificates which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of any Series A-1 Certificates is the first price at which a substantial amount of such Series A-1 Certificates Payment Date of the Series A-1 Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any Series A-1 Certificates accrues daily over the term to such date on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series A-1 Certificates to determine taxable gain or loss upon disposition (including sale, prepayment, or payment upon the scheduled principal payment date) of such Series A-1 Certificates. Owners of the Series A-1 Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Series A-1 Certificates with original issue discount, including the treatment of Owners who do not purchase such Series A-1 Certificates in the original offering to the public at the first price at which a substantial amount of such Series A-1 Certificates is sold to the public.

Series A-1 Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable on their respective Series A-1 Certificate Payment Dates (or, in some cases, at their earlier call date) ("Premium Series A-1 Certificates") will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of securities, like the Premium Series A-1 Certificates, the interest with respect to which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Owner's basis in a Premium Series A-1 Certificate, will be reduced by the amount of amortizable premium properly allocable to such Owner. Owners of Premium Series A-1 Certificates should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest with respect to obligations such as the Series A-1 Certificates. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest with respect to the Series A-1 Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest with respect to the Series A-1 Certificates being included in gross income for federal income tax purposes, possibly from the date of original delivery of the Series A-1 Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel's attention after the date of delivery of the Series A-1 Certificates may adversely affect the value of, or the tax status of interest with respect to, the Series A-1 Certificates. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Counsel is of the opinion that interest with respect to the Series A-1 Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or

receipt of interest with respect to, the Series A-1 Certificates may otherwise affect an Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Owner or the Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series A-1 Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may affect the market price for, or marketability of, the Series A-1 Certificates. Prospective purchasers of the Series A-1 Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the Series A-1 Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the Series A-1 Certificates ends with the delivery of the Series A-1 Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the Owners regarding the tax-exempt status of interest represented by the Series A-1 Certificates in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt securities is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series A-1 Certificates for audit, or the course or result of such audit, or an audit of securities presenting similar tax issues, may affect the market price for, or the marketability of, the Series A-1 Certificates, and may cause the County or the Owners to incur significant expense.

Series A-2 Certificates

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Base Rental Payment paid by the County designated as and comprising interest and received by Owners of the Series A-1 Certificates is exempt from State of California personal income taxes. Interest with respect to the Series A-2 Certificates is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest with respect to, the Series A-2 Certificates. The proposed form of opinion of Special Counsel is contained in APPENDIX D hereto.

The Series A-2 Certificates are not expected to be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes because the stated redemption price at maturity of the Series A-2 Certificates is not expected to exceed their issue price, or because any such excess is expected to only be a *de minimis* amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the Series A-2 Certificates for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Series A-2 Certificates.

Disposition of the Series A-2 Certificates. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the County) or other disposition of a Series A-2 Certificate, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series A-2 Certificate will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest with respect to the Series A-2 Certificate which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted tax basis in the Series A-2 Certificate (generally, the purchase price paid by the U.S. Holder for the Series A-2 Certificate, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Series A-2 Certificates, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series A-2 Certificates exceeds one year. The deductibility of capital losses is subject to limitations.

Circular 230. Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the County and its tax advisors are (or may be) required to inform prospective investors that:

(i) any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

(ii) any such advice is written to support the promotion or marketing of the Series A-2 Certificates and the transactions described herein; and

(iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

CONCLUDING INFORMATION

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Series A-1 Certificates from the County at a purchase price of \$_____ (the principal amount of the Series A-1 Certificates, less an Underwriter's discount in the amount of \$_____, and [less net original issue discount] [plus original issue premium] of \$_____), and to purchase the Series A-2 Certificates from the County at a purchase price of \$_____ (the principal amount of the Series A-2 Certificates, less an Underwriter's discount in the amount of \$_____, and [less net original issue discount] [plus original issue premium] of \$_____).

The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Certificates if any such Certificates are purchased. The Underwriter intends to offer the Certificates to the public initially at the prices and/or yields set forth on the cover page of this Official Statement, which prices or yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Certificates to the public. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) at prices lower than the public offering prices, and such dealers may reallocate any such discounts on sales to other dealers. In reoffering Certificates to the public, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices for Certificates at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

Professional Fees

In connection with the issuance of the Certificates, fees payable to Orrick, Herrington & Sutcliffe LLP, as Special Counsel, and U.S. Bank National Association, as Trustee, are contingent upon the issuance of the Certificates.

Legal Opinion

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Special Counsel, will render an opinion substantially in the form of APPENDIX D hereto with respect to the validity and enforceability of the County's obligations under the Sublease and the validity of the Certificates. Except with respect to certain legal matters, Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Certain legal matters will be passed upon for the County by the Office of the County Counsel ("County Counsel") and for the Underwriter by Nossaman LLP.

Litigation

The County is not aware of any pending or threatened litigation concerning the validity of the Certificates or the Sublease or challenging any action taken by the County or the Corporation with respect to the Certificates or the Sublease. Furthermore, the County is not aware of any pending or threatened litigation to restrain, enjoin, question or otherwise affect the Sublease or the Trust Agreement or in any way contesting or affecting the validity or enforceability of any of the foregoing or any proceedings of the County taken with respect to any of the foregoing. Although there are a number of lawsuits and claims pending and threatened against the County, it is the opinion of the County that such litigation, claims and threatened litigation will not materially affect the County's finances or impair its ability to make Base Rental Payments or otherwise meet its obligations under the Sublease. Other than as otherwise addressed in this Official Statement, the aggregate amount of the uninsured liabilities of the County and the timing of any anticipated payments of judgments which may result from suits and claims will not, in the opinion of the County Executive Officer, impair the County's ability to repay the Certificates. See "APPENDIX A – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – Land Use Litigation" attached hereto.

Ratings

The County has obtained a rating of “_____” on the Certificates from Standard & Poor’s Ratings Group, a division of The McGraw Hill Companies (“S&P”). Certain information was supplied by the County to S&P to be considered in evaluating the Certificates. The rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from S&P. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if in its judgment, circumstances so warrant. Other than as provided in the Continuing Disclosure Agreement, the County undertakes no responsibility either to bring to the attention of the owners of any Certificates any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of and the ability to trade the Certificates.

Miscellaneous

All of the descriptions of the California Government Code, other applicable legislation, the Sublease, the Trust Agreement, the Demised Premises, the County, the Corporation, agreements 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 realize.

The County regularly prepares a variety of reports, including audits, budgets and related documents, as well as certain monthly activity reports. Any owner of a Certificate may obtain a copy of any such report, as available, from the County by writing to County of Santa Barbara, Auditor/Controller, 105 East Anapamu Street, Room 303, Santa Barbara, California 93101. The County maintains a website at www.countyofsb.org. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Certificates.

All data contained herein have been taken or constructed from County records and other sources. Appropriate County officials, acting in their official capacity, have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. An appropriate County official will execute a certificate to this effect upon delivery of the Certificates. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

COUNTY OF SANTA BARBARA

By: _____
Treasurer-Tax Collector

APPENDIX A
COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX B
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR 2003/2004

APPENDIX D

PROPOSED FORM OF FINAL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

BOOK ENTRY PROVISIONS

The information concerning DTC set forth herein has been supplied by DTC, and the County assumes no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC will act as Securities Depository for the Certificates. The Certificates 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 Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and Its Participants. DTC, the world's largest 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 corporation" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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 transfer 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 and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will

not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Other Communications. 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. THE COUNTY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE CERTIFICATES.

Prepayment notices shall be sent to DTC. If less than all of the Certificates 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.

Voting Rights. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment Proceeds. Payments of principal and interest with respect to the Certificates 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 on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. 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 Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the 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.

THE TRUSTEE AND THE COUNTY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE CERTIFICATES UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON

WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF CERTIFICATES, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE CERTIFICATES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE CERTIFICATES UNDER THE TRUST AGREEMENT; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE CERTIFICATES; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE CERTIFICATES; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE CERTIFICATES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE CERTIFICATES SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE CERTIFICATES (EXCEPT FOR THE MATTERS UNDER THE CAPTION "TAX MATTERS" HEREIN)

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

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered as described in the Indenture.

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, Certificates will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Certificates may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.