

TREASURER-TAX COLLECTOR

HARRY E. HAGEN, CPA
Treasurer – Tax Collector
Public Administrator – Public Guardian

CLINTON P. DONATI
Assistant Treasurer - Tax Collector
Public Administrator – Public Guardian



105 E. Anapamu Street, Room 109
Santa Barbara, CA 93101-2062
Administration: (805) 568-2490
Property Tax: (805) 568-2920
Fax: (805) 568-2488

511 E Lakeside Parkway, Santa Maria
Telephone: (805) 346-8330
Fax: (805) 346-8331

Mailing Address:
Post Office Box 579
Santa Barbara, CA 93102-0579

February 28, 2012

U.S. Bank National Association
Corporate Trust Services
One California Street, 10th Floor
San Francisco, CA 94111

Re: Certificates of Participation Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments to Be Paid by the County of Santa Barbara, California, From
Purchase Payments to be Received From Montecito Retirement Association

Ladies and Gentlemen:

As trustee (the "Trustee") with respect to the above-referenced certificates of participation, of which \$13,025,000 is currently outstanding (the "2004 Certificates"), and based upon a request made to the County of Santa Barbara, California (the "County") by Montecito Retirement Association (the "Borrower"), you are hereby notified of the election of the County to redeem, pursuant to that certain Trust Agreement, dated as of March 1, 2004, by and among the County, the Borrower and the Trustee, on March 30, 2012, all outstanding 2004 Certificates at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption. The County intends to fund the redemption of the 2004 Certificates from the proceeds of an installment sale financing (the "2012 Financing"), which will be entered into among Santa Barbara Bank & Trust, N.A., the County and the Borrower. The 2012 Financing is scheduled to close on March 23, 2012.

You are hereby instructed to provide, no later than February 28, 2012, conditional notice of redemption of the 2004 Certificates to occur on March 30, 2012, substantially in the form attached hereto as Exhibit A. Please note that the redemption of the 2004 Certificates is conditional upon the receipt of the proceeds of the 2012 Financing.

In connection with your acting on the instructions of the County to provide a rescindable notice to redeem the 2004 Certificates, the Borrower has agreed to reimburse the Trustee for all out-of-pocket costs and expenses incurred by the Trustee related to or arising from the sending of a rescindable notice, any rescission of the notice of redemption and has further agreed to indemnify and hold harmless the Trustee, its officers, directors, employees and agents from and against any claims, losses, damages, costs, liabilities, expenses or attorney's fees resulting from the fact that the notice of redemption of the 2004 Certificates states that the redemption date is conditional upon receipt of the proceeds of the 2012

Financing, or the rescinding of the notice of redemption of the 2004 Certificates by the Trustee upon instruction from the County.

On March 30, 2012, the scheduled closing date of the 2012 Financing, you will receive the sum of \$11,299,227.50 from the proceeds of the 2012 Financing. You are hereby instructed to apply such amount, together with the total amount of \$1,861,347.93 held by you in the funds and accounts relating to the 2004 Certificates (totaling \$13,160,575.43) to the redemption of the 2004 Certificates, in full, as follows:

Redemption Date	Maturing Principal	Called Principal	Redemption Premium	Interest	Total
3/30/12	—	\$13,025,000	—	\$135,575.43	\$13,160,575.43

Following the redemption of the 2004 Certificates, you are instructed to transfer any amounts held by you with respect to the 2004 Certificates to the Borrower to be applied to the payment of principal and interest with respect to the 2012 Financing.

COUNTY OF SANTA BARBARA,
CALIFORNIA

By 
Harry E. Hagen, Treasurer-Tax Collector

EXHIBIT A

CONDITIONAL NOTICE OF FULL/FINAL REDEMPTION OF

**Certificates of Participation
Evidencing Proportionate Interests of the Holders
Thereof in Installment Payments to Be Paid by the
County of Santa Barbara, California,
From Purchase Payments to be Received From
Montecito Retirement Association**

<u>Maturity Date</u> <u>(January 1)</u>	<u>Amount</u> <u>Called</u>	<u>Premium</u>	<u>Redemption</u> <u>Price (1)</u>	<u>Interest</u> <u>Rate</u>	<u>Original Date</u> <u>of Issuance</u>	<u>CUSIP</u> <u>Number</u>
2013	\$ 870,000	—	\$ 870,000	3.50	3/1/04	801321 GW4
2014	900,000	—	900,000	3.70	3/1/04	801321 GX2
2015	935,000	—	935,000	3.85	3/1/04	801321 GY0
2016	970,000	—	970,000	3.95	3/1/04	801321 GZ7
2017	1,005,000	—	1,005,000	4.05	3/1/04	801321 HA1
2018	1,045,000	—	1,045,000	4.15	3/1/04	801321 HB9
2019	1,090,000	—	1,090,000	4.20	3/1/04	801321 HC7
2020	1,135,000	—	1,135,000	4.35	3/1/04	801321 HD5
2021	1,185,000	—	1,185,000	4.45	3/1/04	801321 HE3
2022	1,240,000	—	1,240,000	4.50	3/1/04	801321 HF0
2023	1,295,000	—	1,295,000	4.60	3/1/04	801321 HG8
2024	1,355,000	—	1,355,000	4.65	3/1/04	801321 HH6

(1) Plus accrued interest.

CONDITIONAL NOTICE is hereby given that the County of Santa Barbara, California (the "County"), has conditionally called for redemption on March 30, 2012 (the "Redemption Date"), the outstanding certificates of participation described above (the "Certificates"), in the aggregate principal amount of \$13,025,000, at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price"). The Certificates are being conditionally called for redemption on the Redemption Date subject to the provisions of the succeeding paragraph of this notice, and pursuant to the provisions of the governing documents of the Certificates.

The Conditional Notice of Redemption, and the payment of the Redemption Price on the Redemption Date, is subject to the receipt of funds in an amount sufficient to pay in full the specified redemption price of all of the Certificates on or before the Redemption Date, resulting from an installment sale financing, expected to be funded on or about March 23, 2012.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Certificates delivered for redemption shall be returned to the respective owners thereof, and the Certificates shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered holders of the Certificates.

On the Redemption Date, the Redemption Price will become due and payable upon each Certificate and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Payment of principal and accrued interest will be made upon presentation on March 30, 2012, at the following addresses:

If by Mail: (Registered Bonds)
U.S. Bank National Association
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55154-0111

If by Hand or Overnight Mail:
U.S. Bank National Association
Corporate Trust Services
60 Livingston Avenue
1st Floor Bond Drop Window
St. Paul, MN 55107

Owners of Certificates presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Certificate holder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the registered owner of the Certificate you are not required to endorse the Certificate to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 1999 (the "Act") 28% of the Redemption Price will be withheld if a tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the County nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: February __, 2012

U.S. BANK NATIONAL ASSOCIATION, as
Trustee