

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

714



**FROM:** Executive Office

**SUBMITTAL DATE:**  
November 18, 2005

**SUBJECT:** FY 2005-06 Teeter Notes

**RECOMMENDED MOTION:** That the Board of Supervisors:

- (1) Approve Resolution No. 2005-493, a resolution of the Board of Supervisors supplementing its Master Teeter Resolution, and providing for the Terms and Conditions of Additional Series B Teeter Plan Obligations.
- (2) Direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:

10000-1103800000-551000 Operating Transfer Out \$4,652,571

Increase Estimated Revenue:

10000-1103800000-733010 Penalties & Interest – Del Taxes \$4,652,571

37050-1103400000-790500 Operating Transfer In \$4,652,571

**BACKGROUND:** Approval of Resolution No. 2005-493 provides for the financing of the FY 2005-06 Teeter Series B Obligations, estimated at \$65 million, utilizing the existing Commercial Paper Offering Program.  
(CONTINUED)

Dean Deines  
Deputy County Executive Officer

FISCAL PROCEDURES APPROVED  
 ROBERT E. BYRD, Auditor-Controller  
 BY *Anna Mayo* 11/19/05  
 Deputy  
 Departmental Concurrence  
 NOV 18 2005  
 COUNTY COUNSEL

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 2,300,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	05-06

<b>SOURCE OF FUNDS:</b> Tax Loss Reserve Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE.

**County Executive Office Signature** *Bill Green*

Consent  
 Policy  
 Consent  
 Policy

Dep't Recomm.:  
 Per Exec. Ofc.:

West LB is the current Letter of Credit Bank (LOC) for the Teeter Notes, which is capped at a maximum amount of \$34 million. A second Letter of Credit ("LOC") from Citibank is being recommended to provide additional credit and liquidity support on the County's Fiscal Year 2005-06 Teeter Program Commercial Paper ("CP").

Prior to a restructuring that occurred in 2002, WestLB LOCs included a guarantee from the German State of North Rhine-Westphalia. The restructuring eliminated the state guarantee from all future WestLB LOCs. The bank did, however, provide issuers such as the County the opportunity to retain the state guarantee for an extended period of time for a capped amount pursuant to an Amendment to the LOC. Given the Bank's high credit rating and strong trading value, in 2005 the County elected to amend its LOC under the state guarantee until 2015 at \$34 million, the amount of Teeter CP outstanding at the time. In September 2005 it became apparent, however, that the projected Fiscal Year 2005-06 Teeter CP requirement would be significantly larger than the capacity available under the WestLB LOC.

WestLB has indicated it is currently developing the capacity to provide LOCs in the future that will have similar ratings and trading value as the state-guaranteed product. Citigroup, who serves as dealer for the County's CP, proposed to provide in the interim a second LOC to cover the amount in excess of the WestLB LOC. The Citibank LOC proposal is only for three years recognizing the County's preference to have the WestLB LOC cover the entire amount when it is able to in the upcoming years. The proposed structure for the FY 2005-06 CP is to have a Series A backed by the WestLB LOC and a Series B LOC backed by the Citibank LOC, each series being sized at approximately \$32 million. Both banks are highly rated in the AA-category with similar top-tier trading value.

The Citibank LOC proposes the same pricing for the utilized portion (i.e. the actual amount of CP rolled out and covered by the LOC) as the West LB credit facility at 32 basis points annually. In addition, it also provides for additional capacity to cover the larger Teeter CP size, if necessary, over the next two fiscal years up to \$50 million in total (that in combination with the WestLB LOC is sufficient to cover a Teeter CP size of over \$80 million). The unutilized component covered in the Citibank LOC would cost 24 basis points annually unless it becomes necessary to be used, at which time it would become utilized and cost 32 basis points. The Citibank LOC provides for additional capacity under an unutilized component so the County does not face a similar capacity constraint in future years.

The recommended budget adjustment is necessary to transfer funds from the Teeter Tax Loss Reserve Fund to the Teeter Debt Service Fund to cover losses incurred from tax sales of delinquent properties.

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**RESOLUTION NO. 2005-493 OF THE  
BOARD OF SUPERVISORS OF  
THE COUNTY OF RIVERSIDE**

**SUPPLEMENTING AND AMENDING ITS  
MASTER TEETER RESOLUTION, AND  
PROVIDING FOR THE TERMS AND CONDITIONS OF  
ADDITIONAL SERIES B TEETER PLAN OBLIGATIONS**

**ADOPTED ON DECEMBER 6, 2005**

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**RESOLUTION NO. 2005-493 OF THE  
BOARD OF SUPERVISORS OF  
THE COUNTY OF RIVERSIDE**

**SUPPLEMENTING AND AMENDING ITS  
MASTER TEETER RESOLUTION,  
AND PROVIDING FOR THE TERMS AND CONDITIONS OF ADDITIONAL  
SERIES B TEETER PLAN OBLIGATIONS**

**WHEREAS**, the Board of Supervisors (the "Board") of the County of Riverside (the "County") has adopted a resolution pursuant to Section 4702 of the California Revenue and Taxation Code, and has thereby elected to follow the procedure for distributing Property Tax levies set forth in Chapter 3 of Part 8 of Division 1 of the California Revenue and Taxation Code, consisting of Sections 4701 through 4717 (the "Law"); and

**WHEREAS**, the Board elected, pursuant to Section 4702.5 of the Law, to include certain assessments in the procedures authorized under the Law; and

**WHEREAS**, pursuant to Section 4705 of the Law, for each year in which allocations of taxes and assessments are to be made in accordance with the Law, the amount of taxes and assessments for each fund for which the tax levy has been included is to be apportioned to the credit of each such fund, and the Board shall provide moneys in the County Treasury which shall be available to be drawn on to the extent of the amount of uncollected taxes and assessments credited to each such fund for which a tax levy or an assessment has been included; and

**WHEREAS**, on July 29, 1997, pursuant to Resolution No. 97-203, as ratified, confirmed and modified by Resolution No. 97-298 adopted on November 4, 1997 (together, the "Master Teeter Resolution") the Board authorized an issuance of Series A Obligations and Series B Obligations in the form of Series A Notes and Series B Notes, respectively; and

**WHEREAS**, the Master Teeter Resolution contemplated that Series A Obligations and Series B Obligations could be increased to include an amount sufficient to refund any Demand Obligation relating to any fiscal year ending after June 30, 1997, as specified in a Supplemental Resolution; and

**WHEREAS**, pursuant to Resolution No. 98-283, adopted on August 18, 1998, the Board authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 1998; and

**WHEREAS**, pursuant to Resolution No. 99-385, adopted on September 7, 1999, the Board authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 1999; and

**WHEREAS**, pursuant to Resolution No. 2000-277, adopted September 26, 2000, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2000; and

**WHEREAS**, pursuant to Resolution No. 2001-290, adopted September 11, 2001, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2001; and

**WHEREAS**, pursuant to Resolution No. 2002-363, adopted October 8, 2002, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2002; and

**WHEREAS**, pursuant to Resolution No. 2003-495, adopted October 21, 2003, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2003; and

**WHEREAS**, pursuant to Resolution No. 2004-496, adopted October 26, 2004, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2004; and

**WHEREAS**, the County wishes to include within the definition of Series B Taxes all uncollected property taxes and assessments attributable to the fiscal year ending June 30, 2005; and

**WHEREAS**, the County wishes to issue a Demand Obligation relating to delinquencies in property taxes and assessments attributable to the fiscal year ending June 30, 2005 and to issue Series B Notes (the "Additional Series B Notes"), the proceeds of which are to be used to refund such Demand Obligation and to refund Outstanding Series B Notes; and

**WHEREAS**, the County wishes to obtain a letter of credit from Citibank, N.A. in order to secure a subseries of the Series B Notes;

**WHEREAS**, there is on file with the Clerk of the Board of Supervisors a form of Reimbursement Agreement between the County and Citibank, N.A.;

**WHEREAS**, the County wishes to confirm that the security interest and pledge granted in favor of Holders and the Bank pursuant to Section 302 of the Master Teeter Resolution extends to such Series B Taxes and secures the Additional Series B Notes;

**NOW, THEREFORE, IT IS RESOLVED and ordered by the Board as follows:**

## ARTICLE I

### AUTHORITY FOR SUPPLEMENTAL RESOLUTIONS; DEFINITIONS

**1.01 Authority For This Resolution.** This resolution supplements and amends the Master Teeter Resolution and is entered into pursuant to Article VII of the Master Teeter Resolution.

**1.02 Definitions.**

(a) Except as otherwise provided herein all terms defined in the Master Teeter Resolution shall have the same meanings when used in this Supplemental Resolution as are given in Section 101 of the Master Teeter Resolution, except for the following terms which are used in the Master Teeter Resolution, which shall be amended to read as follows:

**“Bank”** means, collectively, the Series B-1 Bank, the Series B-2 Bank, and any other providers of credit enhancement or liquidity support for the Notes.

**“Expiration Date”** means (i) with respect to the Series B-1 Letter of Credit, the meaning set forth in the Series B-1 Letter of Credit, and (ii) with respect to the Series B-2 Letter of Credit, the meaning set forth in the Series B-2 Letter of Credit.

**“Letter of Credit”** means, collectively, the Series B-1 Letter of Credit, the Series B-2 Letter of Credit or any Alternate Credit Facility then in effect.

**“Reimbursement Agreement”** means the Series B-1 Reimbursement Agreement, the Series B-2 Reimbursement Agreement, and any similar agreement between the County and the provider of an Alternate Credit Facility.

**“Series B Notes”** shall have the meaning set forth in Section 801(1) hereof. For purposes of the Series B-1 Letter of Credit and Series B-1 Reimbursement Agreement, references to Series B Notes shall be limited to the Series B-1 Notes.

**“Series B Taxes”** means (i) the right to collect any uncollected property taxes and assessments due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004 and 2005 and such other fiscal years, if any, as may be specified in a Supplemental Resolution, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled, including as a consequence of electing to being governed by the Law, and in each case following the allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County which have not agreed that the Law shall apply to them; provided, however, that Series B Taxes shall not include (i) the right to collect delinquencies in property taxes due to an Independent District for all fiscal years prior to the fiscal year in which the respective Independent District agreed (pursuant to

Section 4715 of the Law) that the Law shall apply to it, (ii) Default Penalties, (iii) interest or Redemption Penalties, (iv) costs and fees paid pursuant to Section 4102(d) and 4112 of the Taxation Code and (v) installment payments made pursuant to Section 4217 et. seq. of the Taxation Code with respect to properties otherwise subject to Series A/B Taxes. Series B Taxes shall not include Series A Taxes or Other Taxes.

“**Series B-1 Bank**” means WestLB AG, and its successors and assigns, as issuer of the Series B-1 Letter of Credit.

“**Series B-1 Letter of Credit**” means the letter or letters of credit issued by the Series B-1 Bank, as amended from time to time, supporting the payment of principal of and interest on the Series B-1 Notes.

“**Series B-1 Notes**” shall have the meaning set forth in Section 4.01(b) of this Resolution.

“**Series B-1 Reimbursement Agreement**” means the Reimbursement Agreement, by and between the County and the Series B-1 Bank, as amended from time to time.

“**Series B-2 Bank**” means Citibank, N.A., and its successors and assigns, as issuer of the Series B-2 Letter of Credit.

“**Series B-2 Letter of Credit**” means the letter or letters of credit issued by the Series B-2 Bank, as amended from time to time, supporting the payment of principal of and interest on the Series B-2 Notes.

“**Series B-2 Notes**” shall have the meaning set forth in Section 4.01(b) of this Resolution.

“**Series B-2 Reimbursement Agreement**” means the Reimbursement Agreement, by and between the County and the Series B-2 Bank, as amended from time to time.

## ARTICLE II

### AUTHORIZATION OF DEMAND OBLIGATION

**2.01 Authorization of Demand Obligation.** The County shall evidence its obligation to make distributions to Revenue Districts pursuant to the Law in respect of property taxes and assessments attributable to the fiscal year ending June 30, 2005, through the issuance of a Demand Obligation in the principal amount of such distributions. In all respects, the terms and conditions of issuance of such Demand Obligation shall be governed by Article II of the Master Teeter Resolution to the extent the same relates to the Series B Obligations.

## ARTICLE III

### EXTENSION OF SERIES B TEETER OBLIGATION PLEDGE

**3.01 Pledge of Series B Taxes.** All Series B Taxes as defined in this Supplemental Resolution shall be governed by the provisions of Section 302 of the Master Teeter Resolution, the security interest and pledge created pursuant to said Section 302 shall hereby extend to Series B Taxes as defined in this Supplemental Resolution, and such security interest and pledge shall hereby extend in favor of Holders of (a) the Demand Obligation referred to in Section 2.01 hereof and issued hereunder, (b) Series B Notes authorized and issued hereunder, and (c) any Credit Provider Obligations relating to Obligations referred to in clauses (a) and (b) above, in all cases on a parity with each other and with the security interest and pledge in favor of Holders of other Series B Obligations.

## ARTICLE IV

### AUTHORIZATION AND ISSUANCE OF SERIES B NOTES; AUTHORIZATION OF SERIES B-1 LETTER OF CREDIT

**4.01 Authorization of Series B Notes.** (a) The Board hereby determines that the County shall issue, as Series B Obligations, Additional Series B Notes, provided that the aggregate principal amount (as described in Section 203(1)(a) of the Master Teeter Resolution) of Additional Series B Notes to be issued hereunder and outstanding shall not exceed an aggregate principal amount of \$65,000,000. The Additional Series B Notes shall be issued in accordance with, and subject to the conditions and limitations for Additional Series B Notes set forth in, Article VIII of the Master Teeter Resolution. The Additional Series B Notes shall be Tax-Exempt Notes.

(b) The County Executive Officer or his designee is hereby authorized to designate subseries B-1 (the "Series B-1 Notes") and subseries B-2 (the "Series B-2 Notes") within the Additional Series B Notes, such subseries to be in principal amounts as shall be determined by the County Executive Officer or his designee. The Series B-1 Notes shall be secured by the Series B-1 Letter of Credit and the Series B-2 Notes shall be secured by the Series B-2 Letter of Credit. The Series B-1 Letter of Credit shall not be available to pay the Series B-2 Notes, and the Series B-2 Letter of Credit shall not be available to pay the Series B-1 Notes. Any additional terms and provisions of the Series B-1 Notes and Series B-2 Notes shall be set forth in a written certificate of the County Executive Officer.

**4.02 Dealer.** The Treasurer and the County Executive Officer and their designees are, and each of them acting alone is, authorized to negotiate with Citigroup Global Markets Inc. (the "Dealer") with respect to the Additional Series B Notes and to amend the existing Dealer Agreement with the Dealer to cover the Additional Series B Notes.

**4.03 Credit Support.** The County Executive Officer is, hereby authorized and directed to execute and deliver the Reimbursement Agreement to Citibank, N.A., substantially in the form of the Reimbursement Agreement on file with the Clerk of the Board of Supervisors, but with such changes therein as such officer, in consultation with County Counsel, shall approve (such approval to be conclusively evidenced by the execution and delivery of the Reimbursement Agreement) and such other documents required to be executed and delivered thereunder, for an in the name and on behalf of the County.

## ARTICLE V

### AMENDMENT OF MASTER TEETER RESOLUTION

#### 5.01 Amendment of Master Teeter Resolution.

(a) The last sentence of Section 301(4)(b) is hereby amended to read in full as follows:

“Such amount shall be deposited by the Fiscal Agent in the Principal Subaccount of the Series B-1 Payment Fund and the Principal Subaccount of the Series B-2 Payment Fund pro rata based on the principal amount of the Series B-1 Notes and Series B-2 Notes Outstanding.”

(b) The proviso at the end of Section 601 is hereby amended to read in full as follows:

“provided that, in the event such Obligations are supported by a letter of credit, insurance policy or other credit enhancement or liquidity support, the consent of the Provider for such Obligations (including each Provider for each subseries thereof) to such action must be obtained.”

(c) Section 602 is hereby amended to read in full as follows:

“If an Event of Default occurs, the Holders of at least 25% in aggregate principal amount of any affected Series Obligations then Outstanding by notice to the County (with a copy to the Fiscal Agent) may declare the principal of and accrued interest on such Series Obligations to be due and payable immediately; provided that in the event that such Series Obligations are supported by a letter of credit, insurance policy or other credit enhancement or liquidity support, the consent of the Provider for such Obligations (including each Provider for each subseries thereof) to accelerate must be obtained, and the Provider for such Obligations independently may declare the principal of and accrued interest on such Series Obligations to be due and payable immediately, without approval or consent of any other Holder, provided that to the extent that more than one Provider supports such Series Obligations, each Provider may only exercise the right (and subject to the limitations) to declare such acceleration given hereunder to the Holders of the Series Obligations

supported by its letter of credit, insurance policy or other credit enhancement or liquidity support. Upon any such declaration, the principal of and accrued interest on such Series Obligations shall be due and payable immediately. The Provider for such Series Obligations (including each Provider for each subseries thereof) and, with the consent of the Provider for such Series Obligations (including each Provider for each subseries thereof), the Holders of at least 25% in aggregate principal amount of such Series Obligations then Outstanding, may rescind an acceleration and its consequences if any and all payment defaults have been cured, but no such rescission shall extend to or affect any other existing default for which acceleration has been declared or any subsequent default or defaults or impair any rights or remedies consequent thereon.”

(d) Section 801(4) is hereby amended to read in full as follows:

“The aggregate principal amount of Notes that may be issued at any time shall not exceed the principal commitment of amounts that may be drawn on the Letter of Credit securing such Notes or any Alternate Credit Facility securing such Notes and shall not bear interest in an aggregate amount exceeding the then available interest commitment of such Letter of Credit or such Alternate Credit Facility. No Note may have a maturity date later than the date which is five days prior to the expiration date of the Letter of Credit securing such Note or any Alternate Credit Facility securing such Note.”

(e) Section 805 is hereby amended to read in full as follows:

“**805. Form of Note.** The Notes and the assignment to appear thereon each shall be in substantially the form set forth in Exhibit B attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. Notwithstanding the foregoing, the County may deliver the Notes in the form of two Master Notes, one of which shall represent the Series A Notes to be issued from time to time, and one of which shall represent the Series B Notes to be issued from time to time, each maturing no later than the date which is five days prior to the Expiration Date of the initial Letter of Credit securing such Notes. In addition, in the event Notes are issued in subseries, the County may issue a Master Note per subseries. The Master Note may be replaced by a new Master Note having a later maturity date so long as the maturity date thereof does not extend beyond the fifth day prior to the Expiration Date of the Letter of Credit securing such Note, as the same may be extended from time to time. Each Master Note shall evidence indebtedness of the County as set forth in the Advices. Each Advice shall be subject to the limitations on Notes set forth in Section 801. The principal of and interest on a Master Note shall at all times equal or be less than the amount available to be drawn under the Letter of Credit

securing such Note. References herein to Notes when a Master Note has been issued therefor shall refer to the indebtedness under the Master Note or the Advices issued with respect thereto.”

(f) The following proviso is hereby added to the end of Section 807(3):

“provided however that the Series B-1 Letter of Credit shall be drawn upon only to the principal of and interest on the Series B-1 Notes, and the Series B-2 Letter of Credit shall be drawn upon only to pay the principal of and interest on the Series B-2 Notes.”

(g) Section 807(9) is hereby amended to read in full as follows:

“9. There is hereby established with the Fiscal Agent, as agent and pledge holder for the benefit of the Holders of the Series B-1 Notes and the Series B-1 Bank, a special fund designated as the “Series B-1 Payment Fund.” The Fiscal Agent shall further establish separate accounts within the Series B-1 Payment Fund to be known as the “Series B-1 Note Proceeds Account,” the “Series B-1 Credit Facility Account” and the “Series B-1 Payment Account,” and the Series B-1 Payment Account shall have two subaccounts to be known respectively as the “Principal Subaccount” and “Interest Subaccount.” Moneys in the Series B-1 Payment Fund shall be held by the Fiscal Agent in trust, and shall be applied only for the purposes and as directed in this Resolution. Any moneys deposited in the Series B-1 Note Payment Fund shall be for the equal and ratable benefit of all Holders of the Series B-1 Notes and the Series B-1 Bank, and there is hereby created in favor of such Holders and the Series B-1 Bank a first priority pledge of all amounts in the Series B-1 Payment Fund, which pledge, without any further action being required, shall constitute a first priority lien and security interest for the benefit of such Holders and the Series B-1 Bank, enforceable against the County and all others asserting rights therein; provided, however, that to the extent of any unreimbursed draw on the Series B-1 Letter of Credit, moneys on deposit in the Series B-1 Note Proceeds Account and the Series B-1 Payment Account, collectively, up to the amount of such unreimbursed draw, shall be held for the sole and exclusive benefit of the Series B-1 Bank and provided further, that moneys on deposit in the Series B-1 Credit Facility Account shall be held for the sole and exclusive benefit of the Holders of Series B-1 Notes.

(a) Series B-1 Note Proceeds Account. Upon receipt of the proceeds of Notes issued to refund Series B-1 Notes, the Fiscal Agent shall deposit such proceeds in the Series B-1 Note Proceeds Account to be applied to reimburse the Series B-1 Bank for draws on the Series B-1 Letter of Credit pursuant to (d) below.

(b) Series B-1 Credit Facility Account. The Fiscal Agent shall deposit in the Series B-1 Credit Facility Account, upon receipt thereof, all amounts drawn by the Fiscal Agent under the Series B-1 Letter of Credit to pay Series B-1 Notes.

Such amounts shall not be commingled with other moneys in any other fund or account held under this Resolution and shall be applied to the payment of principal of and interest on the Series B-1 Notes as the same shall become due and payable. Any amounts deposited in the Series B-1 Credit Facility Account and not needed for the payment of any Series B-1 Notes shall be immediately returned to the Series B-1 Bank.

(c) Series B-1 Payment Account. (i) Upon the date of initial issuance of Series B-1 Notes, the Fiscal Agent will calculate and notify the County of the amount equal to the interest on the initial Series B-1 Notes which will accrue through the last day of the month in which such Series B-1 Notes are issued, calculated at an assumed rate equal to the actual interest rate or annual yield (as described below) plus .10 of 1%, and the County shall transfer such amount to the Fiscal Agent for deposit into the Interest Subaccount of the Series B-1 Payment Account. For this purpose, Series B-1 Notes maturing prior to last day of such month shall be deemed to mature on the last day of such month and to continue to bear the same rate of interest, and non-interest bearing Series B-1 Notes sold at a discount which mature prior to the last day of such month shall be deemed to mature on the last day of the month and shall be deemed to have the same rate of annual yield to the end of such month as such Series B-1 Notes actually produced. In addition, investment earnings on all funds and accounts held by the Fiscal Agent and relating to the Series B-1 Notes, except the Rebate Fund, shall be transferred to such Interest Subaccount on or before the last Business Day of each month.

(ii) On the last Business Day of each month after the month in which Series B-1 Notes are originally issued, the Fiscal Agent shall calculate a sum equal to the interest accruing on Series B-1 Notes during the next calendar month, calculated at an assumed interest rate equal to the actual interest rate or assumed yield (as described below) plus .10 of 1% (the "Monthly B-1 Interest Amount"), and the County shall transfer to the Interest Subaccount of the Series B-1 Payment Account an amount which, together with the amount then on deposit in the Interest Subaccount of the Series B-1 Payment Account, is equal to the Monthly B-1 Interest Amount. For this purpose, Series B-1 Notes maturing prior to the last day of such month shall be deemed to mature on the last day of such month and to continue to bear the same rate of interest, and non-interest bearing Series B-1 Notes sold at a discount which mature prior to the last day of such month shall be deemed to mature on the last day of such month and shall be deemed to have the same rate of annual yield to the end of such month as such Series B-1 Notes actually produced.

(iii) On the last Business Day of each month, the Fiscal Agent will notify the County of the amount (the "Monthly B-1 Interest Payment") which, when added to the amounts then on deposit in the Interest Subaccount of the Series B-1 Payment Account net of any amounts of interest on the Series B-1 Notes accrued but unpaid, will equal the Monthly B-1 Interest Amount for the next month.

(iv) On the first Business Day of each month, the County will transfer the Monthly B-1 Interest Payment from the General Fund to the Fiscal Agent for deposit in the Interest Subaccount of the Series B-1 Payment Account.

(d) Repayment of Bank. On the date on which Series B-1 Notes mature, subject to receipt of necessary funds from draws under the Series B-1 Letter of Credit to pay the principal thereof and interest thereon, the Fiscal Agent shall make the following transfers:

(i) The Fiscal Agent shall transfer to the Series B-1 Bank amounts equal to the principal amount of Series B-1 Notes maturing on that day from first the Principal Subaccount of the Series B-1 Payment Account and second the Series B-1 Note Proceeds Account. In the event there is an insufficient amount in the Principal Subaccount of the Series B-1 Payment Account and Series B-1 Note Proceeds Account to pay the principal thereof, the Fiscal Agent shall so notify the County which shall transfer immediately available funds by wire to make up the insufficient amount.

(ii) The Fiscal Agent shall transfer to the Series B-1 Bank amounts equal to the interest on Series B-1 Notes maturing on that day from the Interest Subaccount of the Series B-1 Payment Account. In the event there is an insufficient amount in the Interest Subaccount to pay interest on such Series B-1 Notes maturing on that day, the Fiscal Agent shall so notify the County which shall transfer immediately available funds by wire to make up the insufficient amount.

Notwithstanding the foregoing, in the event that Series B-1 Notes are outstanding as well as Credit Provider Obligations which are Series B-1 Obligations, amounts in the Principal Subaccount and the Interest Subaccount of the Series B-1 Payment Account, to the extent such amounts are insufficient to pay in full such Series B-1 Notes and such Credit Provider Obligations, shall be used to pay, respectively, the principal of, and interest on, Credit Provider Obligations due and payable as required by the Series B-1 Reimbursement Agreement and not used to reimburse the Series B-1 Bank for draws under the Series B-1 Letter of Credit to pay the principal of and interest on Series B-1 Notes payable on the same day as the payment of such Credit Provider Obligations occurs.

(e) Investment. Notwithstanding Section 814 hereof, amounts held by the Fiscal Agent in the accounts described in paragraphs (a) and (b) above shall be held uninvested and separate and apart from all other funds and accounts.”

(h) Subsection (10) is hereby added to Section 807 to read in full as follows:

“10. There is hereby established with the Fiscal Agent, as agent and pledge holder for the benefit of the Holders of the Series B-2 Notes and the

Series B-2 Bank, a special fund designated as the "Series B-2 Payment Fund." The Fiscal Agent shall further establish separate accounts within the Series B-2 Payment Fund to be known as the "Series B-2 Note Proceeds Account," the "Series B-2 Credit Facility Account" and the "Series B-2 Payment Account," and the Series B-2 Payment Account shall have two subaccounts to be known respectively as the "Principal Subaccount" and "Interest Subaccount." Moneys in the Series B-2 Payment Fund shall be held by the Fiscal Agent in trust, and shall be applied only for the purposes and as directed in this Resolution. Any moneys deposited in the Series B-2 Note Payment Fund shall be for the equal and ratable benefit of all Holders of the Series B-2 Notes and the Series B-2 Bank, and there is hereby created in favor of such Holders and the Series B-2 Bank a first priority pledge of all amounts in the Series B-2 Payment Fund, which pledge, without any further action being required, shall constitute a first priority lien and security interest for the benefit of such Holders and the Series B-2 Bank, enforceable against the County and all others asserting rights therein; provided, however, that to the extent of any unreimbursed draw on the Series B-2 Letter of Credit, moneys on deposit in the Series B-2 Note Proceeds Account and the Series B-2 Payment Account, collectively, up to the amount of such unreimbursed draw, shall be held for the sole and exclusive benefit of the Series B-2 Bank and provided further, that moneys on deposit in the Series B-2 Credit Facility Account shall be held for the sole and exclusive benefit of the Holders of Series B-2 Notes.

(a) Series B-2 Note Proceeds Account. Upon receipt of the proceeds of Notes issued to refund Series B-2 Notes, the Fiscal Agent shall deposit such proceeds in the Series B-2 Note Proceeds Account to be applied to reimburse the Series B-2 Bank for draws on the Letter of Credit pursuant to (d) below.

(b) Series B-2 Credit Facility Account. The Fiscal Agent shall deposit in the Series B-2 Credit Facility Account, upon receipt thereof, all amounts drawn by the Fiscal Agent under the Series B-2 Letter of Credit to pay Series B-2 Notes. Such amounts shall not be commingled with other moneys in any other fund or account held under this Resolution and shall be applied to the payment of principal of and interest on the Series B-2 Notes as the same shall become due and payable. Any amounts deposited in the Series B-2 Credit Facility Account and not needed for the payment of any Series B-2 Notes shall be immediately returned to the Series B-2 Bank.

(c) Series B-2 Payment Account. (i) Upon the date of initial issuance of Series B-2 Notes, the Fiscal Agent will calculate and notify the County of the amount equal to the interest on the initial Series B-2 Notes which will accrue through the last day of the month in which such Series B-2 Notes are issued, calculated at an assumed rate equal to the actual interest rate or annual yield (as described below) plus .10 of 1%, and the County shall transfer such amount to the Fiscal Agent for deposit into the Interest Subaccount of the Series B-2 Payment Account. For this purpose, Series B-2 Notes maturing prior to last day of such month shall be deemed to mature on the last day of such month and to continue to bear the same rate of interest, and non-interest bearing Series B-2 Notes sold at a

discount which mature prior to the last day of such month shall be deemed to mature on the last day of the month and shall be deemed to have the same rate of annual yield to the end of such month as such Series B-2 Notes actually produced. In addition, investment earnings on all funds and accounts held by the Fiscal Agent and relating to the Series B-2 Notes, except the Rebate Fund, shall be transferred to such Interest Subaccount on or before the last Business Day of each month.

(ii) On the last Business Day of each month after the month in which Series B-2 Notes are originally issued, the Fiscal Agent shall calculate a sum equal to the interest accruing on Series B-2 Notes during the next calendar month, calculated at an assumed interest rate equal to the actual interest rate or assumed yield (as described below) plus .10 of 1% (the "Monthly B-2 Interest Amount"), and the County shall transfer to the Interest Subaccount of the Series B-2 Payment Account an amount which, together with the amount then on deposit in the Interest Subaccount of the Series B-2 Payment Account, is equal to the Monthly B-2 Interest Amount. For this purpose, Series B-2 Notes maturing prior to the last day of such month shall be deemed to mature on the last day of such month and to continue to bear the same rate of interest, and non-interest bearing Series B-2 Notes sold at a discount which mature prior to the last day of such month shall be deemed to mature on the last day of such month and shall be deemed to have the same rate of annual yield to the end of such month as such Series B-2 Notes actually produced.

(iii) On the last Business Day of each month, the Fiscal Agent will notify the County of the amount (the "Monthly B-2 Interest Payment") which, when added to the amounts then on deposit in the Interest Subaccount of the Series B-2 Payment Account net of any amounts of interest on the Series B-2 Notes accrued but unpaid, will equal the Monthly B-2 Interest Amount for the next month.

(iv) On the first Business Day of each month, the County will transfer the Monthly B-2 Interest Payment from the General Fund to the Fiscal Agent for deposit in the Interest Subaccount of the Series B-2 Payment Account.

(d) Repayment of Bank. On the date on which Series B-2 Notes mature, subject to receipt of necessary funds from draws under the Series B-2 Letter of Credit to pay the principal thereof and interest thereon, the Fiscal Agent shall make the following transfers:

(i) The Fiscal Agent shall transfer to the Series B-2 Bank amounts equal to the principal amount of Series B-2 Notes maturing on that day from first the Principal Subaccount of the Series B-2 Payment Account and second the Series B-2 Note Proceeds Account. In the event there is an insufficient amount in the Principal Subaccount of the Series B-2 Payment Account and Series B-2 Note Proceeds Account to pay the principal thereof, the

Fiscal Agent shall so notify the County which shall transfer immediately available funds by wire to make up the insufficient amount.

(ii) The Fiscal Agent shall transfer to the Series B-2 Bank amounts equal to the interest on Series B-2 Notes maturing on that day from the Interest Subaccount of the Series B-2 Payment Account. In the event there is an insufficient amount in the Interest Subaccount to pay interest on such Series B-2 Notes maturing on that day, the Fiscal Agent shall so notify the County which shall transfer immediately available funds by wire to make up the insufficient amount.

Notwithstanding the foregoing, in the event that Series B-2 Notes are outstanding as well as Credit Provider Obligations which are Series B-2 Obligations, amounts in the Principal Subaccount and the Interest Subaccount of the Series B-2 Payment Account, to the extent such amounts are insufficient to pay in full such Series B-2 Notes and such Credit Provider Obligations, shall be used to pay, respectively, the principal of, and interest on, Credit Provider Obligations due and payable as required by the Series B-2 Reimbursement Agreement and not used to reimburse the Series B-2 Bank for draws under the Series B-2 Letter of Credit to pay the principal of and interest on Series B-2 Notes payable on the same day as the payment of such Credit Provider Obligations occurs.

Notwithstanding the foregoing, if the Fiscal Agent inadvertently draws on the Series B-1 Letter of Credit to pay the principal of and interest on the Series B-2 Notes, all references in this Subsection (10) of Section 807 to Series B-2 Bank, Series B-2 Letter of Credit and Series B-2 Reimbursement Agreement shall be deemed to include the Series B-1 Bank, Series B-1 Letter of Credit and Series B-1 Reimbursement Agreement to the extent necessary to reimburse the Series B-1 Bank for such draw.

(e) Investment. Notwithstanding Section 814 hereof, amounts held by the Fiscal Agent in the accounts described in paragraphs (a) and (b) above shall be held uninvested and separate and apart from all other funds and accounts.”

## ARTICLE VI

### MISCELLANEOUS

**6.01 Accounting.** The Board hereby determines that earnings on amounts held in the Teeter Debt Service Fund and the Teeter Tax Loss Reserve Fund, respectively, shall be deposited in such fund or funds as shall be directed by the County Executive Officer.

**6.02 Additional Actions.** All actions heretofore taken by the officers and agents of the County or the Board of Supervisors with respect to the issuance and sale of the Additional Series B Notes are hereby approved, confirmed and ratified, and

the officers, employees and agents of the County and the Board of Supervisors are hereby authorized and directed, for and in the name and on behalf thereof, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale from time to time of the Additional Series B Notes and subseries thereof in accordance with the Master Teeter Resolution and this Resolution, including, but not limited to, entering into amendments, if any, to the Dealer Agreement, Fiscal Agent Agreement, Certificate Agreement, DTC Representation Letter and Reimbursement Agreement and substituting, if needed, a new Master Note or Notes for the Additional Series B Notes or subseries thereof.

**6.03 Effectiveness; Master Teeter Resolution to Remain in Effect.**

(a) This Supplemental Resolution shall become effective immediately upon its adoption. Except as expressly provided in this Supplemental Resolution, every term and condition contained in the Master Teeter Resolution shall apply to this Supplemental Resolution and to the additional Demand Obligation and Series B Notes authorized hereby, with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Resolution.

(b) This Supplemental Resolution and all of the terms and provisions herein contained shall form part of the Master Teeter Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Master Teeter Resolution. The Master Teeter Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented hereby.

**6.04 Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the County shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of any of the Demand Obligations or any of the Notes authorized hereby, and the Holders shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law.

**6.05 Law Governing.** This Supplemental Resolution shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.