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September 21, 2012

**VIA EMAIL**

Ms. Terri Knowlton  
Principal Administrative Analyst  
County of El Dorado  
El Dorado County Chief Administrative Officer  
330 Fair Lane  
Placerville, California 95667

Re: Public Hearing for California Statewide Communities Development  
Authority--California Shock Trauma Air Rescue (CALSTAR)

Dear Terri:

We have previously provided to you a form of the Notice of Public Hearing and form of resolution of the Board of Supervisors of the County of El Dorado, California (the "Local Government Participant") with respect to a financing to be accomplished through the California Statewide Communities Development Authority ("CSCDA"). In addition, set forth below is a brief summary of the basis for the power of CSCDA to accomplish the financing, as well as the action required to be undertaken by the Local Government Participant, as a program participant of CSCDA, in order for the financing to proceed. CSCDA structures its financings so that neither CSCDA nor the Local Government Participant will be subject to pecuniary liability.

Pursuant to the Joint Powers Act, comprising of Article 1, Article 2 and Article 3 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, a number of California cities and counties, including the Local Government Participant ("Program Participants"), have entered into a joint exercise of powers agreement (the "Joint Powers Agreement") under which CSCDA was organized.

CSCDA is authorized by the Joint Powers Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other financing agreements, in order to promote economic development. CSCDA is also authorized, by a resolution adopted March 21, 1991, to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements to finance or refinance facilities owned and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 and which are determined by CSCDA to satisfy the

criteria set forth in the resolution. In 1991, the California Superior Court entered a judgment validating the resolution (and therefore CSCDA's authority to act as an issuer in Section 501(c)(3) financings).

Pursuant to the Joint Powers Agreement, CSCDA will not approve a financing unless the governing body of the Program Participant in whose jurisdiction the project is located or is to be located approves the project and the financing of the project.

Furthermore, Section 147(f) of the Internal Revenue Code of 1986 requires that the proposed financing be approved by a governmental unit having jurisdiction over the area in which the project to be financed is located or is to be located. A financing will be treated as having been approved by a governmental unit if it is approved "by the applicable elected representative of such governmental unit after a public hearing following reasonable public notice."

The foregoing will be satisfied if the Board of Supervisors of the Local Government Participant holds a public hearing on (after **at least 14 days** prior published notice) and approves the project and the financing. Again, although the Local Government Participant would be approving the financing for the purposes of federal tax law and the Joint Powers Agreement, the Local Government Participant would not have pecuniary liability with respect to the financing.

Thank you for your help. Please call if you have any questions or need anything further.

Very truly yours,

/s/ Janelle K. Jackson

Legal Assistant

Enclosure