PRELIMINARY OFFICIAL STATEMENT DATED _______, 2012

NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
Moody's: ___
S&P: ___
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, 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, interest on the 2012 Series A Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2012 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Series A Bonds. See "TAX MATTERS" herein.

$[Par Amount]*
Santa Clara County Financing Authority
Lease Revenue Bonds
(Capital Projects)
2012 Series A

Dated: Date of Delivery
Due: February 1, as shown on inside cover

The Santa Clara County Financing Authority Lease Revenue Bonds (Capital Projects), 2012 Series A (the "2012 Series A Bonds"), will be issued as fully-registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2012 Series A Bonds will bear interest from the date of their initial delivery, at the rates set forth on the inside cover, payable on February 1 and August 1 of each year, commencing February 1, 2013. DTC will act as securities depository for the 2012 Series A Bonds. Purchases of beneficial interests in the 2012 Series A Bonds will be made in book entry form through DTC participants and no physical delivery of 2012 Series A Bonds will be made to purchasers, except as otherwise described herein. Payment of principal of and interest on the 2012 Series A Bonds will be made by U.S. Bank National Association, as trustee (the "Trustee"). To DTC, which is obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the 2012 Series A Bonds. See APPENDIX F - "DTC AND THE BOOK ENTRY SYSTEM" attached hereto. The 2012 Series A Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

The 2012 Series A Bonds are subject to redemption prior to maturity, as described herein. See "THE 2012 SERIES A BONDS – Redemption Provisions" herein.

The 2012 Series A Bonds are being issued to provide funds (i) to finance various public capital improvements and projects relating to the Santa Clara Valley Health and Hospital System Enterprise Core Healthcare Information System (as further described herein, the "Project"), (ii) to fund the Reserve Fund relating to the Series 2012 A Bonds, and (iii) for costs of issuance of the 2012 Series A Bonds. See "THE PROJECT AND THE LEASED FACILITIES" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2012 Series A Bonds are being issued by the Santa Clara County Financing Authority (the "Authority") pursuant to a Trust Agreement, dated as of July 1, 2012 (the "Trust Agreement"), by and between the Authority and the Trustee. The 2012 Series A Bonds are payable from Revenues, which consist primarily of Base Rental Payments to be received by the Authority from the County of Santa Clara ("County") under a Facilities Lease, dated as of July 1, 2012 (the "Facilities Lease").

Pursuant to the Facilities Lease, the County has agreed to lease the Leased Facilities from the Authority. The Leased Facilities generally consist of a portion of the County's Main Jail, commonly known as Main Jail North. The Base Rental Payments and Additional Payments (together, the "Lease Payments") to be made by the County pursuant to the Facilities Lease are payable by the County from its General Fund to the Authority for the use and possession by the County of the Leased Facilities, as more fully described herein. The Base Rental Payments to be made by the County to the Authority pursuant to the Facilities Lease will be in amounts calculated to be sufficient to pay principal of and interest on the 2012 Series A Bonds when due. The County has agreed in the Facilities Lease to make all Lease Payments, subject to abatement of such Lease Payments in the event of material damage to or destruction of the Leased Facilities or a taking of the Facilities Lease in whole or in part under eminent domain. The County has covenanted in the Facilities Lease to take such action as may be necessary to include Lease Payments in its annual budgets and to make annual appropriations therefor. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2012 SERIES A BONDS" herein.

The 2012 Series A Bonds are limited obligations of the Authority and are payable solely from the Revenues and certain other funds as provided under the Trust Agreement, and the Authority is not obligated to pay the principal of or interest on the 2012 Series A Bonds except from the Revenues. The 2012 Series A Bonds are not a debt of the County or any member of the Authority, and neither the County nor any member of the Authority is liable thereon, nor in any event will the 2012 Series A Bonds be payable out of or secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues and certain other amounts as provided under the Trust Agreement. Neither the full faith and credit of the Authority, the County nor any member of the Authority is pledged for the payment of the principal of or interest on the 2012 Series A Bonds nor for the payment of Lease Payments. The Authority has no taxing power.

The following firm serves as financial advisor to the County.

* Preliminary, subject to change.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the 2012 Series A Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not defined on this cover page will have the meanings set forth herein.

The 2012 Series A Bonds are offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. Certain legal matters will be passed upon for the Authority and for the County by County Counsel. It is expected that the 2012 Series A Bonds will be available for delivery through the DTC book entry system in New York, New York, on or about July , 2012.

## MATURITY SCHEDULE

<table>
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<tr>
<th>Par Amount</th>
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<th>Lease Revenue Bonds</th>
<th>(Capital Projects)</th>
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CUSIP† is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The County, the Authority, and the Financial Advisor do not take any responsibility for the accuracy of such numbers.

* Preliminary, subject to change.
No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the County. Neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Authority or the County since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

In connection with this offering, the purchaser may overallocate or effect transactions which stabilize or maintain the market price of the 2012 Series A Bonds at levels above those which might not otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No representation is made that past experience, as it might be shown by financial and other information, will necessarily continue or be repeated in the future. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the County plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based do or do not occur.

The 2012 Series A Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such Act. The 2012 Series A Bonds have not been approved or disapproved by the SEC or with the securities commission or any regulatory authority of any state, nor has the SEC or any state securities commission or regulatory agency passed upon or endorsed the merits of this offering or the accuracy or the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Statements in this Official Statement are made as of the date hereof unless stated otherwise and neither the delivery of this Official Statement at any time, nor any sales thereunder, will under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date hereof.

In making an investment decision, investors must rely on their own examination of the Authority and the County and the terms of the offering, including the merits and risks involved. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.
SANTA CLARA COUNTY FINANCING AUTHORITY
BOARD OF DIRECTORS

GEORGE SHIRAKAWA
President

MIKE WASSERMAN

KEN YEAGER

DAVE CORTESE

LIZ KNISS

COUNTY OF SANTA CLARA
BOARD OF SUPERVISORS

GEORGE SHIRAKAWA
(District 2)
President

MIKE WASSERMAN
(District 1)

KEN YEAGER
(District 4)

DAVE CORTESE
(District 3)

LIZ KNISS
(District 5)

COUNTY OFFICIALS

JEFFREY V. SMITH
County Executive

LAWRENCE E. STONE
Assessor

MIGUEL MÁRQUEZ, ESQ.
County Counsel

VINOD K. SHARMA
Director of Finance

Laurie Smith
Sheriff

JEFFREY F. ROSEN, ESQ.
District Attorney

FINANCIAL ADVISOR

KNN Public Finance,
a Division of Zions First National Bank
Oakland, California

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
San Francisco, California

TRUSTEE

U.S. Bank National Association
San Francisco, California
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OFFICIAL STATEMENT

$[Par Amount]*
Santa Clara County Financing Authority
Lease Revenue Bonds
(Capital Projects)
2012 Series A

INTRODUCTION

This introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the 2012 Series A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Official Statement and not otherwise defined herein will have the respective meanings assigned to them in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Certain Definitions" attached hereto.

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the sale and delivery by the Santa Clara County Financing Authority (the "Authority") of the Santa Clara County Financing Authority Lease Revenue Bonds (Capital Projects), 2012 Series A (the "2012 Series A Bonds"), in the aggregate principal amount of $[Par Amount]*.

Throughout this Official Statement, the term "County" refers to the County of Santa Clara as a political subdivision of the State of California (the "State"), while the term "Santa Clara County" generally refers to Santa Clara County as a geographical area.

The County and Santa Clara County

Santa Clara County lies immediately south of San Francisco Bay and is the sixth most populous county in the State based on its January 1, 2011 population of approximately 1.8 million. It encompasses an area of approximately 1,316 square miles and contains 15 cities, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale, in which approximately 95 percent of Santa Clara County’s residents live. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by Santa Clara County’s voters in 1950 and amended in 1976 (the "County Charter").

As required under the County Charter and under County ordinances or by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health, collection of property taxes, the maintenance of public records, and certain activities related to courthouses and jails. The County also operates recreational and cultural

* Preliminary, subject to change.
facilities. The County's budgeted revenue for all County funds for Fiscal Year 2011-12 is approximately $4.0 billion. The legislative body of the County is the five-member Board, elected by district for staggered four-year terms subject to term limits of twelve consecutive years. Other elected officials include the County Assessor, District Attorney and Sheriff. All elected officials serve four-year terms. The County Executive, who is appointed by the Board, administers the daily affairs of the County and carries out policies of the Board. Department heads are appointed by the County Executive.

For certain economic, demographic and financial information with respect to the County and Santa Clara County, see APPENDIX A - "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS," APPENDIX B - "SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX C - "COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2011" attached hereto.

Plan of Finance

The 2012 Series A Bonds are being issued to provide funds to finance various public capital improvements and projects relating to the Santa Clara Valley Health and Hospital System Enterprise Core Healthcare Information System (as further described herein, the "Project"). A portion of the proceeds of the 2012 Series A Bonds will also be used to fund the Reserve Fund relating to the 2012 Series A Bonds and to pay for the costs of issuance of the 2012 Series A Bonds. See "THE PROJECT AND THE LEASED FACILITIES" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Authority

The Authority is a joint exercise of powers agency organized under the laws of the State and composed of the County and the Santa Clara County Central Fire Protection District (the "District"). The Authority was formed to assist in the financing of public capital improvements. The County and the District are each sometimes referred to herein as a "Member" of the Authority. See "THE AUTHORITY" herein.

Authority for Issuance of the 2012 Series A Bonds

The 2012 Series A Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the "Bond Act"). The 2012 Series A Bonds are being issued pursuant to a Trust Agreement, dated as of July 1, 2012 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

Pursuant to that certain Site Lease, dated as of July 1, 2012 (the "Site Lease"), between the County and the Authority, the County will lease to the Authority certain capital assets of the County (as further described herein, the "Leased Facilities"). The County and the Authority have entered into the Facilities Lease, dated as of July 1, 2012 (the "Facilities Lease") pursuant to and in accordance with the Government Code of the State, and resolutions of the Authority and the County adopted on ________, 2012. Pursuant to the Facilities Lease, the County will lease back
the Leased Facilities from the Authority. See "THE PROJECT AND THE LEASED FACILITIES" herein.

Security for the 2012 Series A Bonds

The 2012 Series A Bonds are payable from Revenues, consisting primarily of base rental payments (the "Base Rental Payments") payable by the County pursuant to the Facilities Lease. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2012 SERIES A BONDS – Base Rental Payments."

The Base Rental Payments and additional payments (the "Additional Payments" and, together with the Base Rental Payments, the "Lease Payments") to be made by the County pursuant to the Facilities Lease are payable by the County from its General Fund to the Authority for the use and possession by the County of the Leased Facilities. Pursuant to a Site Lease, the County has leased to the Authority the Leased Facilities.

Additional Bonds

The Authority and the Trustee may by Supplemental Trust Agreement provide for the issuance of Additional Bonds, subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds will be payable from the Revenues as provided in the Trust Agreement and will be secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the 2012 Series A Bonds, subject to the terms and conditions of the Trust Agreement. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2012 SERIES A BONDS – Additional Bonds" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Trust Agreement – Additional Bonds" attached hereto.

Bonds Constitute Limited Obligations

The 2012 Series A Bonds are limited obligations of the Authority and are payable solely from the Revenues and certain other funds as provided under the Trust Agreement, and the Authority is not obligated to pay the principal of or the interest on the 2012 Series A Bonds except from the Revenues. The 2012 Series A Bonds are not a debt of the County or any Member of the Authority, and neither the County nor any Member of the Authority is liable thereon, nor in any event will the 2012 Series A Bonds be payable out of or secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues and certain other funds as provided under the Trust Agreement. The Authority has no taxing power.

Summaries Not Definitive

Brief descriptions of the 2012 Series A Bonds, the Authority, the County, the Leased Facilities and the Project are included in this Official Statement, together with summaries of the Site Lease, the Facilities Lease and the Trust Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the 2012 Series A Bonds, the Site Lease, the Facilities Lease and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the 2012 Series A Bonds, the forms thereof.
included in the Trust Agreement, copies of all of which are available for inspection at the
corporate trust office of the Trustee in San Francisco, California.

THE PROJECT AND THE LEASED FACILITIES

The 2012 Series A Bonds are being issued to provide funds to finance various public
capital improvements and projects (as further described below, the "Project"). A portion of the
proceeds of the 2012 Series A Bonds will also be used fund the Reserve Fund relating to the
2012 Series A Bonds and to pay for the costs of issuance of the 2012 Series A Bonds.

The Project generally consists of the acquisition, installation, implementation and
construction of improvements relating to the Santa Clara Valley Health and Hospital System
Enterprise Core Healthcare Information System. The Project is expected to be completed on or
around May 2013.

The Leased Facilities generally consist of a portion of that certain real property, together
with the improvements located thereon, known as the County's Main Jail located at 150 West
Hedding Street in downtown San Jose. The Main Jail is divided into Main Jail North and Main
Jail South. The Leased Facilities consist only of Main Jail North.

The Leased Facilities consist of a 325,000 square-foot, 12-story facility built in 1987,
designed to house up to 919 inmates. The Leased Facilities are a third generation correctional
facility, which use the "direct supervision" inmate management model. Direct supervision is a
concept that combines architectural design, specialized staff training, and an inmate management
system based upon positive behavior. In this environment, one officer oversees a locked
"module" or dormitory with up to 64 inmates. Each inmate has a cell with a toilet, sink, mirror
and bed. Inmates eat and participate in programs in a common day room area equipped with
tables, chairs, and telephones. This scenario allows the officer to be the leader of the module and
puts the officer in a position to know and understand the personality of each inmate. Direct
supervision units have proven to be safer for both staff and inmates.
ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the 2012 Series A Bonds.

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<th>Sources</th>
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<td>Deposit to Project Fund</td>
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<td>Deposit to the Reserve Fund</td>
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<td>Costs of Issuance(^1)</td>
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<td>Total Uses</td>
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\(^1\) Includes Underwriters’ discount, financing and consulting fees, fees of the Trustee, Escrow Agent, Financial Advisor, Bond Counsel, Disclosure Counsel, printing costs, rating agency fees and other miscellaneous expenses.

[Remainder of Page Intentionally Left Blank]
DEBT SERVICE TABLE FOR THE 2012 SERIES A BONDS

The following table sets forth the debt service schedule for the 2012 Series A Bonds. For information on other long-term debt of the County, see "APPENDIX A – Outstanding Long-Term Debt and Lease Obligations" attached hereto.

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THE 2012 SERIES A BONDS

General

The 2012 Series A Bonds will initially be registered in the name of Cede & Co, as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the 2012 Series A Bonds. Payments of principal and interest on the 2012 Series A Bonds will be paid by the Trustee to DTC which is obligated in turn to remit such principal and interest on the 2012 Series A Bonds to its DTC Participants (as hereinafter defined) for subsequent disbursement to the beneficial owners of the 2012 Series A Bonds. See APPENDIX F - "DTC AND THE BOOK ENTRY SYSTEM" attached hereto.

Interest on the 2012 Series A Bonds will be payable in lawful money of the United States of America. Payment of interest on the 2012 Series A Bonds will be made on February 1 and August 1, commencing February 1, 2013 (each an "Interest Payment Date") by the Trustee to the Owners of such 2012 Series A Bonds listed in the registration books of the Trustee as of the close of business on the Record Date in respect of such Interest Payment Date, such payment to be paid by check mailed by first-class mail to each Owner at the addresses of such Owner as it appears on the registration books of the Trustee, or by wire transfer upon the written request of an Owner of at least $1,000,000 in aggregate principal amount of 2012 Series A Bonds given as of the Record Date next preceding any Interest Payment Date. "Record Date" means the 15th day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

The 2012 Series A Bonds

The 2012 Series A Bonds are being issued as fixed rate Bonds under the Trust Agreement, and will bear interest from the date of their initial delivery at the rates set forth on the inside cover, payable on February 1, 2013 and each Interest Payment Date thereafter. The 2012 Series A Bonds are issuable in denominations of $5,000 and any integral multiple thereof. Interest on the 2012 Series A Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months.

The 2012 Series A Bonds will mature and bear interest at the rates as set forth on the inside cover; the 2012 Series A Bonds may not be converted to bear interest at a different interest rate.

Redemption Provisions

Optional Redemption. The 2012 Series A Bonds maturing on or prior to February 1, 20_ are not subject to optional redemption. The 2012 Series A Bonds maturing on or after February 1, 20_, are subject to redemption prior to their respective stated maturities at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part on any date (in such maturities as are designated in writing by the Authority to the Trustee) on or after February 1, 20_, at a redemption price equal to 100% of the principal amount of the 2012 Series A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.
Extraordinary Redemption. The 2012 Series A Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments made by the County pursuant to the provisions of the Facilities Lease relating to insurance or condemnation proceeds, and a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding 2012 Series A Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written directions from the Authority, the 2012 Series A Bonds to be redeemed in part so that the aggregate annual principal amount of and interest on 2012 Series A Bonds which will be payable after such Redemption Date will be as nearly proportional as practicable to the aggregate annual principal amount of and interest on 2012 Series A Bonds Outstanding prior to such Redemption Date.

Mandatory Sinking Fund Redemption. The 2012 Series A Bonds maturing on February 1, 20__ will be subject to mandatory sinking fund redemption prior to maturity, in part on February 1 of each year beginning February 1, 20__, in the amounts set forth below, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium:

<table>
<thead>
<tr>
<th>Mandatory Sinking Fund Redemption Date (February 1)</th>
<th>Sinking Fund Payment Principal Amount</th>
</tr>
</thead>
</table>

† Maturity

Selection of Bonds for Redemption. If less than all Outstanding 2012 Series A Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee is required to select the 2012 Series A Bonds of such maturity date to be redeemed by lot and in multiples of minimum Authorized Denominations, provided that the Authority may specify which maturities will be allocated to such redemptions.

Notice of Redemption. Notice of redemption is required to be mailed by the Trustee, not less than fifteen (15) days nor more than thirty (30) days prior to the redemption date to the respective Owners of the 2012 Series A Bonds called for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption must state the date of such notice, the Series designation and date of issue of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturity date or maturities, the CUSIP numbers, if any, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2012 Series A Bonds of such maturity to be redeemed, and, in the case of 2012 Series A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable.
on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and is to require that such Bonds be then surrendered.

Failure by the Trustee to mail notice of redemption pursuant to the Trust Agreement to any one or more of the respective Owners of any bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was mailed.

**Conditional Notice; Rescission and Cancellation of Notice of Redemption.** The Trustee may give a conditional notice of redemption prior to the receipt of all funds or satisfaction of all conditions necessary to effect the redemption, provided that redemption will not occur unless and until all conditions have been satisfied and the Trustee has on deposit and available or, if applicable, has received, all of the funds necessary to effect the redemption; otherwise, such redemption will be cancelled by the Trustee and the Trustee will mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

The Authority may, at its option, on or prior to the date fixed for redemption in any notice of optional redemption, rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee will mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

**Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2012 Series A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2012 Series A Bonds (or portions thereof) so called for redemption will become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the 2012 Series A Bonds so called for redemption will cease to accrue, said 2012 Series A Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Eighth Supplemental Trust Agreement and the Owners of said 2012 Series A Bonds will have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

**Base Rental Payments**

The 2012 Series A Bonds are secured by the Revenues of the Authority, which consist primarily of Base Rental Payments made by the County under the Facilities Lease. The County's obligation is a General Fund obligation and the County is required under the Facilities Lease to make Lease Payments (except to the extent such payments are abated) from legally available funds. The County has covenanted in the Facilities Lease to take such action as may be necessary to include all Lease Payments with respect to the Leased Facilities in its annual budget and to make the necessary annual appropriations therefor (except to the extent such payments are abated). See "Base Rental Payment Provisions" herein.
Additional Payments payable by the County under the Facilities Lease include such amounts as required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Lease or any pledge of Base Rental payable thereunder, the Trust Agreement, the Reserve Facility (as defined hereafter), the Authority's interest in the Leased Facilities and the lease of the Leased Facilities to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Leased Facilities, including, without limitation, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the 2012 Series A Bonds or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest on the 2012 Series A Bonds or the portion of any Reserve Facility Costs related thereto. The County is also responsible for the repair and maintenance of the Leased Facilities to the extent provided in the Facilities Lease.

The Lease Payments are to be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is provided for separately in the Facilities Lease) there is substantial interference with the use and occupancy of the Leased Facilities by the County, in the proportion in which the cost of that portion of the Leased Facilities rendered unusable bears to the cost of the whole of the Leased Facilities. Such abatement is to continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease will continue in full force and effect and will be extended pursuant to the Facilities Lease, but in no case beyond ____, 20__. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement (except the Reserve Fund), Base Rental Payments are not to be abated as provided above but, rather, are to be payable by the County as a special obligation payable solely from said funds and accounts. See "SPECIAL CONSIDERATIONS – Abatement" herein.

Subject to the provisions of the Facilities Lease relating to abatement, the Facilities Lease provides that the lease will be construed as a "net-net-net lease" and the County agrees that the rentals provided for will be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever. The Facilities Lease provides that the covenants of the County thereunder are deemed to be duties imposed by law, and it further provides that it will be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed by the County. The Facilities Lease provides that the County will pay Lease Payments from current funds that are legally available for the purpose of making such Lease Payments.

Reserve Fund

Pursuant to the Trust Agreement, a Reserve Fund was established for the benefit of the Owners of the 2012 Series A Bonds. The Reserve Fund, which is held by the Director of
Finance of the County, is required to be funded in an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement relating to the 2012 Series A Bonds is, as of any date of calculation (calculated on a Bond Year basis), an amount equal to the lesser of [(i) maximum annual debt service on all 2012 Series A Bonds Outstanding, (ii) 125% of average annual debt service on all 2012 Series A Bonds Outstanding, or (iii) 10% of the stated principal amount of 2012 Series A Bonds then Outstanding.] See APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS - Certain Definitions - 'Reserve Fund Requirement'" attached hereto. On the date of issuance of the 2012 Series A Bonds, the Reserve Fund Requirement will be $________, and will be funded using a portion of the proceeds of the 2012 Series A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Subject to the provisions of the Trust Agreement and the Facilities Lease, all money in the Reserve Fund will be used and withdrawn by the Authority solely for the purpose of paying the interest on or principal of the 2012 Series A Bonds or for the retirement of all the 2012 Series A Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Reserve Fund in excess of the Reserve Fund Requirement are to be withdrawn from the Reserve Fund and deposited in the Revenue Fund on or before each interest payment date. See APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS - Trust Agreement - Creation of Funds and Accounts - Reserve Fund" attached hereto. There is no assurance that the security interest in moneys in such funds is enforceable. If expenditures from the Reserve Fund are made, the Authority may not receive Revenues sufficient to replenish the Reserve Fund. The inability to replenish the Reserve Fund is not an event of default under the Trust Agreement.

The Authority may, subject to the terms and conditions of the Trust Agreement, satisfy the Reserve Fund Requirement by depositing with the Trustee a Reserve Facility. A "Reserve Facility" is either (i) a surety bond or insurance policy issued to the Trustee, on behalf of the Owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer"), if such municipal bond insurer is rated in the highest rating categories issued by Moody's Investors Service and Standard & Poor's or (ii) a letter of credit issued or confirmed by a state or national bank, or a foreign bank with an agency or branch located in the continental United States, which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category of Moody's Investors Service and Standard & Poor's.

Insurance

The Facilities Lease requires the County to maintain or cause to be maintained insurance against risk of loss or damage to any structures constituting any part of the Leased Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance, sprinkler system leakage insurance, and earthquake insurance (if, in the determination of the County, such insurance is available in the open market from reputable insurers at a reasonable cost). The extended insurance coverage, as nearly as practicable, is 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 will be in an amount equal to the greater of (a) the replacement cost (without deduction for depreciation) of all structures
constituting any part of the Leased Facilities, excluding the cost of excavations, of grading and filling, and of the land, or (b) the aggregate principal amount of the Base Rental Payments outstanding (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $250,000 or a comparable amount adjusted for inflation or more in the case of earthquake insurance), or, in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable the County to prepay all or any part of the Base Rental Payments then unpaid and to redeem the Outstanding 2012 Series A Bonds. The proceeds of all property insurance must be used to repair, reconstruct or replace the Leased Facilities or any portion thereof which is destroyed or damaged or to redeem 2012 Series A Bonds. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Facilities Lease – Insurance" attached hereto. The County currently maintains earthquake insurance coverage on the Leased Facilities, subject to a five percent deductible per insured facility, up to replacement value. There can be no assurance that the County will continue to maintain such earthquake insurance coverage in the near future, and the County's earthquake insurance coverage may change at any time. See "SPECIAL CONSIDERATIONS – Earthquake Risk" and APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Insurance and Self-Insurance."

The Facilities Lease also requires the County to maintain or cause to be maintained rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Facilities as a result of any of the hazards covered by its insurance coverage required by the provisions of the Facilities Lease summarized in the immediately preceding paragraph (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the County), in an amount at least equal to the maximum Base Rental Payments coming due and payable during any two consecutive fiscal years during the remaining term of the Facilities Lease. The Facilities Lease does not require the County to provide rental interruption insurance that covers earthquake risk. The County may not self-insure for rental interruption insurance. For a more in depth discussion of the insurance provisions contained in the Facilities Lease, see APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Facilities Lease – Insurance" attached hereto.

The Facilities Lease requires the County to obtain title insurance on the Leased Facilities, in an amount equal to the aggregate principal amount of the 2012 Series A Bonds, issued by a company of recognized standing duly authorized to issue such title insurance, subject only to Permitted Encumbrances.

See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Insurance and Self-Insurance" attached hereto for further information related to the County's insurance coverage.

Outstanding Bonds

The County has a significant amount of other obligations payable from its General Fund and may enter into additional obligations payable from its General Fund in the future. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS –
Outstanding Long-Term Debt and Lease Obligations" for further discussion of the County's debt and lease obligations.

Release or Substitution of Property

The County and the Authority may substitute other real property (the "Substitute Leased Facilities") for all or a part of the Leased Facilities upon compliance with all of the conditions set forth in the Facilities Lease. There is no requirement that any Substitute Leased Facilities be of the same or of a similar nature or function as the then existing Leased Facilities or that any Substitute Leased Facilities have a market or fair rental value as great as the particular Leased Facilities for which they are substituted. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Facilities Lease – Substitution" attached hereto.

Additional Bonds

In addition to the 2012 Series A Bonds, the Authority and the Trustee may, by supplemental Trust Agreement, provide for the issuance of Additional Bonds, subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds are to be payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the Outstanding 2012 Series A Bonds, subject to the terms and conditions of the Trust Agreement. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Trust Agreement – Additional Bonds" attached hereto.

Base Rental Payment Provisions

Under the Facilities Lease, the County agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities, annual rental payments in accordance with a schedule attached to the Facilities Lease. Base Rental Payments anticipated to be used with respect to the 2012 Series A Bonds are to be made two Business Days before each due date of February 1 or August 1. Each annual Base Rental Payment (to be payable in installments as aforesaid) will be for the use of the Facilities.

If the term of the Facilities Lease is extended, Base Rental Payment installments will continue to be due on August 1 and February 1 in each year, and payable prior thereto as described herein. Upon the extension of the Facilities Lease, the County will deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule will establish the principal and interest components of the Base Rental Payments so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest and to pay any Reserve Facility Costs.

If at any time the Base Rental is not paid by the County when due, for any reason whatsoever, and no other source of funds is available to make the payments of principal and interest on the 2012 Series A Bonds, the principal and interest components of the Base Rental will be recalculated by the County to reflect interest on the unpaid Base Rental Payments and to pay any Reserve Facility Costs as provided in the agreement with respect to the Reserve Facility.
Each installment of rental payable under the Facilities Lease is to be paid in lawful money of the United States of America to the Authority, or upon the order of the Authority, at the corporate trust office of the Trustee, or such other place as the Authority designates. Any such installment of rental accruing under the Facilities Lease which is not paid when due and payable under the terms of the Facilities Lease is to bear interest at the rate of 12 percent per annum, or such lesser rate of interest as may be required by law, from the date when the same is due under the Facilities Lease until the same will be paid. Amounts required to be deposited by the County with the Trustee pursuant to the Facilities Lease on any date will be reduced to the extent that amounts on deposit in the Revenue Fund, the Interest Account or the Principal Account are available therefor.

All payments received will be applied first to the interest components of the Base Rental Payments due under the Facilities Lease, then to the principal components of the Base Rental Payments, and thereafter to all Additional Payments, but no such application of any payments which are less than the total rental due and owing will be deemed a waiver of any default under the Facilities Lease.

Rental (including deferred rental) is subject to abatement as provided in the Facilities Lease if there is interference in the use and possession of any portion of the Leased Facilities. See "SPECIAL CONSIDERATIONS – Abatement" herein.

SPECIAL CONSIDERATIONS

General

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the 2012 Series A Bonds.

The 2012 Series A Bonds are payable solely from the Revenues of the Authority under the Trust Agreement consisting primarily of the Base Rental Payments payable by the County pursuant to the Facilities Lease for the beneficial use and occupancy of the Leased Facilities.

The practical realization of any rights upon default by the County under the Facilities Lease will depend upon the exercise of various remedies specified in such instrument, as restricted by state and federal law. The federal bankruptcy laws may have an adverse effect on the ability of the Trustee to enforce its rights under the Trust Agreement and of the Authority to enforce its rights under the Facilities Lease. See "Default and Remedies" and "Limitation on Remedies" herein.

In certain situations, with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds, certain amendments to the Trust Agreement and the Facilities Lease may be made. Such amendments could affect the security of the Bondholders.

Future economic and other conditions may adversely affect the value or essential nature of the Leased Facilities and, consequently, the value of the Leased Facilities to the Authority in exercising available remedies upon default by the County. In addition, there are certain other
factors discussed herein as a result of which certain remedies available to the Trustee or the Authority may not be a viable option.

**Limited Obligation**

The 2012 Series A Bonds are limited obligations of the Authority and are payable solely from the Revenues and certain other funds as provided under the Trust Agreement, and the Authority is not obligated to pay the principal of or the interest on the 2012 Series A Bonds except from the Revenues. The 2012 Series A Bonds are not a debt of the County or any member of the Authority, and neither the County nor any member of the Authority is liable thereon, nor in any event will the 2012 Series A Bonds be payable out of or secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues and certain other funds as provided under the Trust Agreement. Neither the full faith and credit of the Authority, the County nor any member of the Authority is pledged for the payment of the principal of or interest on the 2012 Series A Bonds nor for the payment of Lease Payments. The Authority has no taxing power.

**Base Rental Payments**

**General.** The Lease Payments due under the Facilities Lease (including insurance, payment of costs of repair and maintenance of the Leased Facilities, taxes and other governmental charges and assessments levied against the Leased Facilities) are not secured by any pledge of taxes or other revenues of the County but are payable from any funds lawfully available to the County. The County will incur other obligations in the future payable from the same sources as the Lease Payments. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other County services before making Lease Payments. The same result could occur if, because of State Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. The County's appropriations, however, have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII B."

**Covenant to Budget and Appropriate.** Pursuant to the Facilities Lease, the County covenants to take such action as may be necessary to include Lease Payments due in its annual budgets and to make the necessary annual appropriations for all such payments. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2012 SERIES A BONDS – Base Rental Payment Provisions." Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the 2012 Series A Bonds, Bond Counsel will render its opinion (substantially in the form of Appendix E attached hereto) to the effect that, subject to the limitations and qualifications described herein, the Facilities Lease constitutes a valid and binding obligation of the County. As to the Trustee's or the Authority's practical realization of remedies upon default by the County, see "Default and Remedies" and "Limitations on Remedies" herein.
Abatement

Use and Occupancy. The Lease Payments are paid by the County in each rental payment period for and in consideration of the right of use and occupancy of the Leased Facilities during each such period for which said rental is to be paid.

Damage or Destruction. The County's obligation to make Lease Payments is to be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is otherwise provided for in the Facilities Lease) there is substantial interference with the use and occupancy of the Leased Facilities by the County, in the proportion in which the cost of that portion of the Leased Facilities rendered unusable bears to the cost of the whole of the Leased Facilities. Such abatement is to continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease is to continue in full force and effect and will be extended pursuant to the Facilities Lease, but in no event later than ______, 20__. The County waives any right to terminate the Facilities Lease by virtue of any such damage or destruction. In the event the Leased Facilities cannot be repaired during the period of time that proceeds of the County's rental interruption insurance are available in lieu of Base Rental Payments (generally, a period of two years, though coverage for earthquake risk is not required) plus the period for which funds are available from the Reserve Fund, or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Leased Facilities, Lease Payments may be insufficient to cover payments to Bondowners. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2012 SERIES A BONDS – Insurance" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Facilities Lease – Insurance" attached hereto.

County Obligations

The County has a significant amount of obligations payable from its general fund, including but not limited to debt obligations, pension obligations and other obligations related to post employment retirement benefits as well as certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional lease and other obligations payable from the County's General Fund. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS" for further discussion of the County's obligations.

Earthquake Risk

The State, including the County, is a seismically active region. There are several geological faults in the area which have the potential to cause serious earthquakes and damage to the Leased Facilities. The County is required under the Facilities Lease to maintain earthquake insurance on the Leased Facilities only if, in the determination of the County, such insurance is available in the open market from reputable insurers at a reasonable cost. The County currently maintains earthquake insurance coverage on the Leased Facilities, subject to a five percent deductible per insured facility, up to replacement value. [The County's earthquake insurance coverage is provided through pooled insurance arrangements sponsored by the CSAC Excess Insurance Authority, a California joint powers authority in which various California counties, including the County, are members.] [Please confirm.] In the event of earthquake damage to
insured Leased Facilities, coverage of the insured Leased Facilities would be subject to the availability of sufficient assets and reinsurance proceeds through the various insurance pools applicable to the insured Leased Facilities.

If an earthquake were to cause serious damage to the Leased Facilities during any period when such facilities were not insured for earthquake damage, or if the proceeds of any earthquake insurance were insufficient to replace or repair the damaged Leased Facilities, the County would be limited to its General Fund, reserves, and emergency grants, if any, in seeking to make appropriate repairs. Pending such repairs, the County's obligation to make Base Rental Payments would be subject to abatement and rental interruption insurance proceeds likely would not be available. The County will not be obligated to repair or restore the Leased Facilities in the event of uninsured damage caused by an earthquake. See "SPECIAL CONSIDERATIONS – Abatement."

Hazardous Substances

Owners and operators of real 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. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the County.

[The County knows of no existing hazardous substances which require remedial action on or near the Leased Facilities. However, it is possible that such substances do currently or potentially exist and that the County is not aware of them.] [Please confirm.]

Default and Remedies

Upon the occurrence of an "event of default" pursuant to the Facilities Lease, the County will be deemed to be in default under the Facilities Lease and the Authority will be entitled to exercise any and all remedies available to it pursuant to law or granted pursuant to the Facilities Lease. These remedies do not include any right to accelerate the total Lease Payments due over the term of the Facilities Lease. Further, the Authority, following such event of default, would not be empowered to sell the Leased Facilities and use the proceeds of such sale to prepay the Bonds or pay debt service thereon. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Facilities Lease – Default and Remedies" attached hereto.

The Authority has pledged the Base Rental Payments to the Trustee and covenanted to enforce its rights under the Facilities Lease. The Authority has not assigned its rights under the Facilities Lease or the Site Lease to the Trustee. The Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Trust Agreement.
Limitation on Remedies

The rights of the Owners of the 2012 Series A Bonds are subject to certain limitations on legal remedies against counties and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the 2012 Series A Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of such governmental powers by federal or State officials, if initiated, could result in limitations on or modification of the rights of the Owners of the 2012 Series A Bonds and/or delays in the enforcement of such rights.

Limitation on Sources of Revenues; Additional Expenditures

There are limitations on the ability of the County to increase revenues payable to the County General Fund. The ability of the County to increase taxes is limited by Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 62. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

In addition to limitations that have been imposed on the ability of the County to raise revenues, State and federally mandated expenditures by counties for justice, health and welfare have increased. For a number of years, the annual increase in mandated expenditures has exceeded the annual increase in County revenues. The County has begun implementing additional security and public safety measures. Expenditures for such measures are not presently expected to be material to the financial position of the County. The County does not guarantee, however, that additional actions affecting the County will not have a material adverse financial impact on the County. In the event the County's revenues are less than its total outstanding obligations, the County may be required by federal or State law to fund other municipal services prior to the payment of any Base Rental Payments.

State of California Financial Condition

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. Accordingly, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its
Considered

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 over which the County has no control. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS" attached hereto.

Economic Recession

In recent years, the United States and California economies have been in a recession. A major factor in this recession has been a decline in real estate values. The national and California recessions and decline in real estate values have been experienced in the local County economy. The County unemployment rate as of [January 2011 was 8.8 percent, compared to State and national rates of unemployment of 11.3 percent and 8.8 percent, respectively.] See APPENDIX B – "SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION" attached hereto.

Real estate market values have declined in recent years. One factor is that some homeowners have financed the purchase of their homes using "sub-prime loans" with features that may include little or no down payment and adjustable interest rates that are subject to being reset at higher rates on a specified date or on the occurrence of specified conditions. Some homeowners, including those within Santa Clara County, who purchased their homes with sub-prime loans have experienced difficulty in meeting loan payments, leading to increased defaults and foreclosures. As a result of increasing defaults and foreclosures on sub-prime and other loans and other factors, real estate values have declined and credit has become more difficult and more expensive to obtain, not only in the residential market, but also in the commercial, retail and industrial sectors. Unavailability of loans for the purchase and development of real property in Santa Clara County may continue to adversely impact assessed values.

The County’s finances have faced challenges from the various economic factors described above and other factors. High foreclosure rates and lower assessed values have adversely impacted the County’s property tax revenues, the credit crisis has resulted in reduced income from the County’s investments, sluggish retail sales have resulted in lower sales tax revenues, and the State budget crisis has resulted in reduced funding to local governments, including the County. For Fiscal Year 2010-11, the County Assessor reduced the assessed value on a significant number of residences in the County. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS" attached hereto for additional information on the County’s finances and APPENDIX B – "SANTA CLARA COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

California law permits citizens to effect changes to the State's Constitution and statutes, without involvement by the legislature, through the initiative process. Under this process, initiative supporters submit petitions to State election officials, who are required to submit the initiative to voters if the petitions meet statutory requirements. Many provisions of State law
have been added or affected by initiatives. The initiatives described as follows have materially adversely affected the County's ability to raise revenues or spend money.

**Article XIII A.** Article XIII A of the California Constitution limits the amount of ad valorem tax on real property to one percent of the full cash value of the real property plus amounts necessary to pay debt service on specified indebtedness approved by voters. Full cash value means "the county assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or a reduction in the consumer price index or comparable local data for the area or may be reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn.

In the general election of November 7, 1978, California voters approved an amendment to Article XIII A commonly known as Proposition 8 ("Proposition 8"). Proposition 8, among other things, generally allows the Assessor to reduce the value of a property that has been substantially damaged, destroyed, or whose value has been reduced by other factors such as economic conditions. See APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS – Levy, Tax Rate and Valuation."

**Article XIII B.** Article XIII B of the California Constitution limits the annual appropriations of governmental agencies. The appropriations limit for the County in each year is based on the limit for the prior year, adjusted for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government, with other provisions applicable in case of emergency. The change in the cost of living is, at the County's option, either (i) the percentage change in State per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college districts. Article XIII B permits the County to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the County, exclusive of State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on specified indebtedness, appropriations required to comply with mandates of courts or the Federal government and appropriations for qualified outlay projects. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the County from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) State subventions received by the County. The appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year
period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

The County's appropriations limit for Fiscal Year 2009-10 was $\_\_\_, and the amount of appropriations subject to limitation for that year was approximately $\_\_\_. The County's appropriations limit for Fiscal Year 2010-11 was $\_\_\_, and the amount subject to the limitation was $\_\_\_. The County's budgeted appropriations limit for Fiscal Year 2011-12 is $\_\_\_, and the amount subject to the limitation is $\_\_\_. [Please provide information.]

**Proposition 62.** Provisions of State law added by the voter approval of Proposition 62 in 1986 (a) require that any new or higher taxes for general governmental purposes imposed by the County be approved by a two-thirds vote of the Board and by a majority vote of the voters of the County voting in an election on the tax, (b) require that any special tax (defined as taxes levied for other than general governmental purposes) imposed by the County be approved by a two-thirds vote of the voters of the County voting in an election on the tax, (c) restrict the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibit the imposition of ad valorem taxes on real property by the County except as permitted by Article XIII A of the California Constitution and (e) prohibit the imposition of transaction taxes and sales taxes on the sale of real property by the County.

**Article XIII C.** Articles XIII C and XIII D of the California Constitution were added in 1996. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes require a two-thirds vote. In addition Article XIII C removed many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. As a result, voters of the County could approve initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's general fund. No such initiative is currently pending, or to the knowledge of the County, proposed.

**Article XIII D.** Article XIII D imposes requirements and limitations for "assessments" for governmental services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. Article XIII D limits "fees" and "charges," defined to mean "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." Property related fees and charges (i) must not generate revenues exceeding the funds required to provide the property related service, (ii) must not be used for any purpose other than those for which the fees and charges are imposed, (iii) must be for a service actually used by, or immediately available to, the owner of the property in question, or (iv) must not be used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protest against the proposal are presented by a majority of the owners of the identified parcels, the County may not
impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

**Future Initiatives.** Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and the statute added by Proposition 62 were all adopted pursuant to the State's initiative process. The limitations imposed upon the County by these provisions hinder the County's ability to raise revenues through taxes or otherwise and may therefore prevent the County from meeting increased expenditure requirements. The County expects that other initiative measures will be adopted, some of which may place further limitations on the ability of the State, the County or local districts to increase revenues or to spend money or which could have other financially adverse effects such as requiring the County to undertake new responsibilities. Such other initiatives could have a material adverse effect on the County's financial condition.

**THE COUNTY**

Santa Clara County lies immediately south of San Francisco Bay and is the sixth most populous county in California based on its January 1, 2011 estimated population of approximately 1.8 million. It encompasses an area of approximately 1,316 square miles and contains 15 cities, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale, in which over 95% of the County residents live. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by County voters in 1950 and amended in 1976.

As required under the County Charter and under County ordinances, or by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health, collection of property taxes, certain activities related to courthouses and jails, and for the maintenance of public records. The County also operates recreational and cultural facilities serving the County.

The legislative body of the County is a five-member Board of Supervisors (previously defined as the "Board") elected by district for staggered four-year terms subject to term limits of twelve consecutive years. Other elected officials include the County Assessor, District Attorney and Sheriff. All elected officials serve four-year terms. The County Executive, who is appointed by the Board, administers the daily affairs of the County and carries out Board policies. Department heads are appointed by the County Executive.

For certain economic, demographic and financial information with respect to the County, see APPENDIX A – "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS," APPENDIX B – "COUNTY OF SANTA CLARA ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX C – "COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2011" attached hereto.
THE AUTHORITY

The Authority is a joint exercise of powers authority, organized pursuant to the provisions of Article 1, Chapter 5, Division 7, Title I of the California Government Code, commencing with Section 6500, and a Joint Exercise of Powers Agreement, dated as of October 1, 1994, between the County and the District. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of providing enhanced health and safety services to the public and assisting in the financing of public projects. The Authority has previously issued lease revenue bonds and other obligations in order to finance facilities for the County and other entities and may in the future issue additional obligations.

Members

The County. For information with respect to the County, see "THE COUNTY" herein and APPENDIX A - "COUNTY OF SANTA CLARA FINANCES AND OPERATIONS," APPENDIX B - "COUNTY OF SANTA CLARA ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX C - "COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2011" attached hereto.

The District. The District is a fire protection district organized and existing pursuant to the provisions of the Fire Protection District Law of 1987. The District is governed by a five-member board which consists of the Board of Supervisors of the County.

Governing Body

The Authority is governed by a Board of Directors, which is made up of the five members of the Board of Supervisors of the County. The officers of the Authority, which are appointed by the Board of Directors, include the Chair and the Executive Director. By the terms of the Joint Exercise of Powers Agreement, the Director of Finance of the County is the Treasurer and Controller of the Authority.

TAX MATTERS

[To be reviewed/updated by Bond Counsel.] In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, 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, interest on the 2012 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2012 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.
To the extent the issue price of any maturity of the 2012 Series A Bonds is less than the amount to be paid at maturity of such 2012 Series A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Series A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds 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 a particular maturity of the 2012 Series A Bonds is the first price at which a substantial amount of such maturity of the 2012 Series A Bonds 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 maturity of the 2012 Series A Bonds accrues daily over the term to maturity of such 2012 Series A Bonds 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 2012 Series A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2012 Series A Bonds. Beneficial owners of the 2012 Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2012 Series A Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series A Bonds is sold to the public.

2012 Series A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond 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 on obligations such as the 2012 Series A Bonds. The Authority and the County have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2012 Series A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2012 Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2012 Series A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond 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 Bond Counsel's attention after the date of issuance of the 2012 Series A Bonds may adversely affect the value of, or the tax status of interest on, the 2012 Series A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.
Although Bond Counsel is of the opinion that interest on the 2012 Series A Bonds 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 on, the 2012 Series A Bonds may otherwise affect a beneficial 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. Bond 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 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial 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 also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2012 Series A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority and 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 Authority and the County have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2012 Series A Bonds ends with the issuance of the 2012 Series A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the County or the beneficial owners regarding the tax-exempt status of the 2012 Series A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the County and their appointed counsel, including the beneficial 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 bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2012 Series A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2012 Series A Bonds, and may cause the Authority, the County or the beneficial owners to incur significant expense.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority, will render an opinion with respect to the validity of the 2012 Series A Bonds. A complete copy of the proposed form of the opinion to be delivered by Bond Counsel is contained in Appendix E. Bond Counsel undertakes no responsibility for the accuracy, completeness or
fairness of this Official Statement. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the County by County Counsel. Bond Counsel and Disclosure Counsel will receive compensation from the Authority contingent upon the sale and delivery of the 2012 Series A Bonds.

FINANCIAL ADVISOR

The County has entered into an agreement with, KNN Public Finance (the "Financial Advisor"), a division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the County with respect to preparation for sale of the 2012 Series A Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2012 Series A Bonds. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement.

LITIGATION

No litigation is pending or threatened concerning the validity of the 2012 Series A Bonds, the Site Lease, the Facilities Lease or the Trust Agreement. The Authority is not aware of any litigation pending or threatened to restrain or enjoin the execution, sale or delivery of any of the 2012 Series A Bonds, contesting the existence or powers of the Authority or the County or contesting the County's ability to appropriate or make Base Rental Payments. There are no lawsuits or claims pending against the County which would materially impair the ability of the County to make Base Rental Payments or otherwise meet its outstanding lease or debt obligations.

CONTINUING DISCLOSURE

The County will undertake all responsibilities for any continuing disclosure to owners and beneficial owners of the 2012 Series A Bonds as described herein.

The County and the Trustee will enter into a Continuing Disclosure Agreement, to be dated as of the Closing Date (the "Continuing Disclosure Agreement"), which provides for certain disclosure obligations on the part of the County. Under the Continuing Disclosure Agreement, the County will covenant for the benefit of owners and beneficial owners of the 2012 Series A Bonds to provide certain financial information and operating data relating to the County by not later than March 30 of each year, commencing with the reports for the fiscal year ending June 30, 2012 which is to be filed by March 30, 2013 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and notices of Listed Events will be filed with the Municipal Securities Rulemaking Board ("MSRB"). These covenants will be made in order to assist the purchasers in complying with the Rule. For a form of the Continuing Disclosure Agreement, see APPENDIX G - "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto. The Authority
and the County have never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Service ("S&P") have issued the 2012 Series A Bonds the ratings of "___" and "___," respectively. Certain information was supplied by the Authority and the County to the rating agencies to be considered in evaluating the 2012 Series A Bonds. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2012 Series A Bonds.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agencies, or either of them, if in their, or its, judgment, circumstances so warrant. The Authority, the County and the Trustee undertake no responsibility either to notify the Owners of the 2012 Series A Bonds of any revision or withdrawal of the ratings or to oppose any such revision or withdrawal, although the County will covenant in the Continuing Disclosure Agreement to provide notice of any rating changes to the MSRB. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2012 Series A Bonds.

SALE OF THE 2012 SERIES A BONDS

The 2012 Series A Bonds are scheduled to be sold at competitive bid on ______, 2012, as provided in the Official Notice of Sale, dated ______, 2012 (the "Official Notice of Sale"). The Official Notice of Sale provides that all 2012 Series A Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser will represent to the County that the 2012 Series A Bonds have been reoffered to the public at the price or yield to be stated on the inside cover page hereof.

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ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the 2012 Series A Bonds. Quotations and summaries and explanations of the 2012 Series A Bonds and of statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the County.

SANTA CLARA COUNTY FINANCING AUTHORITY

By: ______________________________
    Treasurer and Controller

COUNTY OF SANTA CLARA

By: ______________________________
    Director of Finance
APPENDIX A

COUNTY OF SANTA CLARA FINANCES AND OPERATIONS

[Please use Appendix to be sent separately.]
APPENDIX B

COUNTY OF SANTA CLARA ECONOMIC AND DEMOGRAPHIC INFORMATION

[Please use Appendix to be sent separately.]
APPENDIX C
COUNTY OF SANTA CLARA AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2011

[Please use Appendix to be sent separately.]
APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

[Please use Appendix to be sent separately.]
APPENDIX E
PROPOSED FORM OF OPINION OF BOND COUNSEL

[Please use Appendix to be sent separately.]
APPENDIX F

DTC AND THE BOOK ENTRY SYSTEM

The information in this Appendix F concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC and the Authority, the County, the Underwriters and the Trustee take no responsibility for the completeness or accuracy thereof. The Authority and the County cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2012 Series A Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2012 Series A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2012 Series A Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2012 Series A Bonds. The 2012 Series A Bonds 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 Bond certificate will be issued for each Series of Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org; nothing contained in such websites is incorporated into this Official Statement.
Purchases of 2012 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 2012 Series A Bonds 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 2012 Series A Bonds, except in the event that use of the book entry system for the 2012 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2012 Series A Bonds 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 2012 Series A Bonds 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 2012 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2012 Series A Bond documents. For example, Beneficial Owners of 2012 Series A Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2012 Series A Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2012 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2012 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and
corresponding detail information from the Authority, the County or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the County or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the 2012 Series A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the 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 AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF 2012 Series A BONDS FOR PREPAYMENT.

None of the Authority, the County, the Underwriters or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the 2012 Series A Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the 2012 Series A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority or the County may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book entry system has been obtained from sources that the Authority, the County, the Trustee and the Underwriters believe to be reliable, but the Authority, the County, the Trustee and the Underwriters take no responsibility for the accuracy thereof.
APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

[Please use Appendix to be sent separately.]