

**SAN RAMON VALLEY FIRE PROTECTION DISTRICT
FINANCING CORPORATION
BOARD OF DIRECTORS MEETING**

Wednesday, December 17, 2014 – 7:00 p.m.

Meeting Location: S.R.V.F.P.D Administration Building - Boardroom
1500 Bollinger Canyon Road, San Ramon, CA 94583

AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM AND CONFIRMATION OF AGENDA
4. PUBLIC COMMENT

Any person may address the District Board on any subject pertaining to San Ramon Valley Fire Protection District Financing Corporation business, which is not listed on the agenda. This comment is provided by the Ralph M. Brown Open Meeting Act (Government Code §54950 *et seq.*) and may be limited to three minutes for any person addressing the Board.

5. NEW BUSINESS

5.1 Resolution of the Board of Directors of the SRVFPD Financing Corporation Authorizing delivery and sale of Certificates of Participation in the maximum principal amount of \$14,500,000 to refinance 2006 Certificates of Participation and finance additional fire station improvements, and approving related documents and actions.

6. ADJOURNMENT TO A REGULAR DISTRICT BOARD MEETING
IMMEDIATELY FOLLOWING THIS MEETING

Prepared by:



Donna Maxwell, District Clerk

Agenda posted on December 11, 2014 at the Administration Building and the San Ramon Valley Fire Protection District's web site at www.firedepartment.org

The San Ramon Valley Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District board meetings due to a disability, including but not limited to American Sign Language interpreters, assistive listening devices, transportation to and from the meeting site or other accommodations, may be requested by calling (925) 838-6661 no later than 72 hours in advance of the scheduled meeting time. Copies of documents used in this meeting are available in accessible formats upon written request. In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of a meeting, may be viewed at 1500 Bollinger Canyon Road, San Ramon, California or at the scheduled meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact District Clerk Donna Maxwell at (925) 838-6661.



San Ramon Valley Fire Protection District

1500 Bollinger Canyon Road, San Ramon, CA 94583

Phone (925) 838-6600 | Fax (925) 838-6629

www.firedepartment.org | info@firedepartment.org

Date: December 17, 2014

To: Board of Directors

From: Kenneth R. Campo, Interim CFO

Subject: RESOLUTION OF THE BOARD OF DIRECTORS OF THE SRVFPD FINANCING CORPORATION AUTHORIZING DELIVERY AND SALE OF CERTIFICATES OF PARTICIPATION IN THE MAXIMUM PRINCIPAL AMOUNT OF \$14,500,000 TO REFINANCE 2006 CERTIFICATES OF PARTICIPATION AND FINANCE ADDITIONAL FIRE STATION IMPROVEMENTS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

BACKGROUND

The 2006 COPs were originally issued on March 28, 2006, in the par amount of \$9,485,000 with level debt service of approximately \$593,000 per year through August 1, 2036. There are 22 years of debt service remaining on the COPs. The proceeds were used to finance the acquisition of land, the design and construction of three new fire stations, and the construction of an apparatus storage building.

The 2006 COPs are first callable on August 1, 2016, at par (without a prepayment penalty) and thereafter on any interest payment date (August 1 and February 1). Interest rates on the remaining 2006 COPs range from 4.00% in 2015 to 5.00% in their final maturity of 2036.

The District has acquired land and undertaken certain permitted site improvements and preliminary design work for a new fire station to replace Station 32 on Stone Valley Road in Alamo. The actual construction cost of the fire station and remaining site work once plans are finalized (anticipated to take place in mid to late 2015) is not expected to exceed \$5 million.

At the November 19, 2014, Board meeting the Board gave direction to staff to proceed with a new debt issuance to refinance the 2006 COPs and raise up to \$5 million of financing for new Station 32 construction; with the transaction structured in such a manner as to have minimal impact on the District's operating budget and projected cash flow over the 10-year projection horizon.

REFINANCING STRUCTURE & NEW MONEY RESULTS

Due to the current low interest rate environment, and the ability to advance refund the 2006 COPs, the District contacted Brandis Tallman to revisit the refinancing the 2006 COPs. (Brandis Tallman served as Placement Agent for the 2003 COP refinancing undertaken in 2013 and had previously looked into refinancing the 2006 COPs for the District.) Staff has determined that favorable economic results can be achieved by an advance refunding. The advance refunding involves issuing debt currently (in this case at lower interest rates), with the proceeds placed into an escrow account to be used to call the 2006 COPS at par (without prepayment penalty) on August 1, 2016. Use of bond insurance in lieu of the typical bond proceed funded debt service reserve fund both reduces the overall size of the refunding issue and shortens the term by one year. The lower interest rates on the new debt issue (ranging from 2% in 2015 to 4% in 2035) results in savings of approximately \$55,000 per year over the remaining term which would end August 1, 2035.

The current low interest rate environment also makes borrowing for the construction of a new Station 32 a very attractive option; especially when combined with the refunding of the 2006 COPs. As proposed, the new debt issue would generate \$5 million of new money for Station 32 construction that would be repaid over 21 years (final maturity of August 1, 2035). By combining the two debt issues, the District can lock in low cost financing for Station 32 at today's rates and save approximately \$115,000 in issuance costs (costs for bond counsel, disclosure counsel, trustee fees, etc.).

RECOMMENDATION

The Board of Directors of the San Ramon Valley Fire Protection District Financing Corporation is requested to adopt the attached resolution authorizing delivery and sale of certificates of participation in the maximum principal amount of \$14,500,000 to refinance 2006 certificates of participation and finance additional fire station improvements, and approving related documents and actions

NEXT STEPS

If the Resolutions are adopted by the District and the Financing Corporation, the refinancing plan and related documents will be finalized. The transaction will be scheduled to close in January, 2015.

Preliminary Official Statement attached.

RESOLUTION NO. 2014-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SRVFPD FINANCING CORPORATION AUTHORIZING
DELIVERY AND SALE OF CERTIFICATES OF PARTICIPATION
IN THE MAXIMUM PRINCIPAL AMOUNT OF \$14,500,000 TO
REFINANCE 2006 CERTIFICATES OF PARTICIPATION AND
FINANCE ADDITIONAL FIRE STATION IMPROVEMENTS, AND
APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the SRVFPD Financing Corporation (the "Financing Corporation") has been organized for the purpose of providing assistance to the San Ramon Valley Fire Protection District (the "District") in the financing of its projects; and

WHEREAS, in order to provide financing for various fire station improvements of the District, the Financing Corporation and the District have previously entered into a Lease Agreement dated as of March 1, 2006 (the "2006 Lease Agreement"), under which the District is obligated to pay lease payments which are represented by Certificates of Participation (2006 Capital Improvement Financing Project) which have been issued in the aggregate original principal amount of \$9,485,000 (the "2006 Certificates"); and

WHEREAS, the 2006 Certificates are subject to prepayment on August 1, 2016, and in order to realize interest rate savings the Board of Directors of the District has previously authorized the initiation of proceedings to refinance the 2006 Certificates at this time; and

WHEREAS, the District has further requested the Financing Corporation to assist in providing financing for additional fire station improvements of the District, and has requested that such financing be consolidated with the refinancing of the 2006 Certificates in order to realize cost savings and efficiencies from a combined financing; and

WHEREAS, in order to raise funds for such purposes, the Board of Directors of the Financing Corporation (the "Board") wishes at this time to authorize the execution, delivery and sale of 2015 Certificates of Participation (Refunding and Capital Projects Financing) in the maximum principal amount of \$14,500,000 (the "Certificates of Participation") and approve all related documents and actions, in furtherance of the purposes for which the Financing Corporation has been organized;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the SRVFPD Financing Corporation as follows:

Section 1. Approval of Financing Documents. The Board hereby approves each of the following financing documents in substantially the respective forms on file with the Secretary, together with any changes therein or additions thereto approved by the Executive Director, whose execution thereof shall be conclusive evidence of such approval:

- (a) First Amended and Restated Site Lease between the District as lessor and the Financing Corporation as lessee, which amends and restates the Site Lease relating to the 2006 Certificates in order to implement the financing plan described in this Resolution.
- (b) First Amended and Restated Lease Agreement between the Financing Corporation as lessor and the District as lessee, which amends and restates the 2006 Lease Agreement in order to implement the financing plan described in this Resolution.
- (c) Assignment and Termination Agreement between the Financing Corporation and the Trustee, under which the Financing Corporation assigns to the Trustee substantially all of its rights under the First Amended and Restated Lease Agreement.
- (d) Trust Agreement among the District, the Financing Corporation and U.S. Bank National Association, as trustee (the "Trustee"), under which the Trustee agrees to execute and deliver the Certificates of Participation, and which specifies the detailed terms and provisions relating to the Certificates of Participation.
- (e) Certificate Purchase Agreement among the District, the Financing Corporation and Brandis Tallman LLC, as underwriter of the Certificates of Participation (the "Underwriter"), specifying the terms and conditions upon which the Certificates are to be sold to the Underwriter.
- (f) Irrevocable Refunding Instructions given by the District and the Financing Corporation to U.S. Bank National Association, as trustee for the 2006 Certificates, relating to the administration of funds to refinance the 2006 Certificates.

The Executive Director is authorized and directed for and in the name and on behalf of the District to execute, and the Secretary is hereby authorized and directed to attest the final form of each of the foregoing documents. The schedule of lease payments attached to the First Amended and Restated Lease Agreement shall correspond to the payments of principal and interest represented by the Certificates of Participation, to be determined upon the sale thereof as set forth in Section 3.

Section 2. Identification of Leased Property. The Board hereby approves the lease of certain property which is owned by the District pursuant to the First Amended and Restated Site Lease and the First Amended and Restated Lease Agreement which are approved pursuant to Section 1. Such property consists of the real property which was originally leased in connection with the 2006 Certificates, being Fire Stations No. 30, 34, 35 and 39. In the event the Executive Director determines that it is necessary or advisable to make any other properties or any additional properties subject to the First Amended and Restated Site Lease and the First Amended and Restated Lease Agreement, the Board hereby approves modifying the description of the leased property therein to include such other properties or additional properties.

Section 3. Sale of Certificates of Participation. The Board hereby approves the sale of the Certificates of Participation by negotiation with the Underwriter. The Certificates of Participation shall be sold to the Underwriter under, and upon the terms and provisions set forth in, the Certificate Purchase Agreement in the form approved above. The Board hereby delegates to the Executive Director the authority to accept an offer from the Underwriter to purchase the Certificates of Participation, provided that the true interest rate represented by all of the Certificates of Participation (taking into account any original issue discount or original issue premium on the sale of the Certificates of Participation) shall not exceed 4.25% and the maximum amount of Underwriter's discount on the sale of the Certificates of Participation shall not exceed 0.60% of the par amount of the Certificates of Participation.

Section 4. Official Actions. The President, the Vice President, the Executive Director, the Secretary and all other officers of the Financing Corporation are each authorized and directed in the name and on behalf of the Financing Corporation to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved pursuant to this Resolution. Whenever in this resolution any officer of the Financing Corporation is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

I hereby certify that the foregoing Resolution was passed and adopted by the Board of Directors of the SRVFPD Financing Corporation, at a special meeting thereof duly held on the 17th day of December, 2014, by a majority vote of all of its members.

SRVFPD FINANCING CORPORATION

By _____
President

ADOPTED by the following votes:

AYES:

NOES:

ABSENT:

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE -- FULL BOOK-ENTRY

RATING: Moody's: "____"
(See "RATING")

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporation, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$ _____*

2015 Certificates of Participation
(Refunding and Capital Projects Financing)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN RAMON VALLEY FIRE PROTECTION DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the SRVFPD Financing Corporation

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Purposes. The captioned certificates of participation (the "Certificates") are being executed and delivered to (a) refinance the Certificates of Participation (2006 Capital Improvement Financing Project) which were issued in the aggregate principal amount of \$9,485,000, (b) finance the design and construction of fire station improvements to be owned and operated by the San Ramon Valley Fire Protection District (the "District"), (c) to fund a reserve fund or purchase a surety bond for the reserve fund, and (d) to pay costs of the execution and delivery of the Certificates. See "REFINANCING PLAN," "THE 2015 PROJECT" and "SOURCES AND USES OF FUNDS."

Security. The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments to be made by the District for the use and occupancy of certain real property and improvements under a First Amended and Restated Lease Agreement, dated as of February 1, 2015 (the "Lease Agreement"), between the District and the SRVFPD Financing Corporation, a California nonprofit public benefit corporation (the "Corporation"). The Lease Payments will be payable from any source of available funds of the District, subject to the provisions of the Lease Agreement regarding abatement and defeasance. The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. The Certificates will be secured under a Trust Agreement dated as of February 1, 2015, among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee, (the "Trustee"). Under an Assignment Agreement dated as of February 1, 2015, between the Corporation and the Trustee, the Lease Payments will be irrevocably assigned to the Trustee for the benefit of the Owners of the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

Interest. Interest represented by the Certificates will be payable on February 1 and August 1 of each year, commencing August 1, 2015. See "THE CERTIFICATES."

Book-Entry Only. When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. The Certificates will not be transferable or exchangeable, except for transfer to another nominee of DTC as described in this Official Statement. See "THE CERTIFICATES - Book-Entry Only System" and "APPENDIX F - Book-Entry Only System."

Payments. Principal, premium, if any, and interest due with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit those payments to its participants for subsequent disbursement to the beneficial owners of the Certificates as described in this Official Statement. See "THE CERTIFICATES - Book-Entry Only System" and "APPENDIX F - Book-Entry Only System."

Prepayment. The Certificates are subject to optional prepayment and mandatory sinking fund prepayment prior to their maturity. See "THE CERTIFICATES - Prepayment."

Limited Obligation. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE DIRECTORS OR OFFICERS OF THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES." See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Certificates.

MATURITY SCHEDULE
(See inside cover)

This cover page contains information for quick reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Certificates are offered when, as and if executed and delivered, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District, and by William D. Ross, Esq., Palo Alto, California, California, as the District's general counsel. It is anticipated that the Certificates in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2015.

BRANDIS TALLMAN LLC

The date of this Official Statement is: _____, 2015.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

Base CUSIP†: _____

\$ _____ Serial Certificates

Maturity (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

\$ _____ % Term Certificate dated August 1, 20__; Yield ___%; Price ___; CUSIP†: ___

† Copyright 2015, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

SAN RAMON VALLEY FIRE PROTECTION DISTRICT

www.firedepartment.org

DISTRICT BOARD OF DIRECTORS

Chris Campbell, *Director*
Gordon D. Dakin, *Director*
H. Jay Kerr, *Director*
Donald R. Parker, *Director*
Matthew J. Stamey, *Director*

DISTRICT STAFF

Paige Meyer, *Fire Chief/District Treasurer*
Kenneth R. Campo, *Interim Chief Financial Officer*
Lon Phares, *Deputy Chief—Operations*
Derek Krause, *Deputy Chief—Emergency Medical Services/Logistics*
Christina Kiefer, *Division Chief/Fire Marshal*
William D. Ross, Esq., *Counsel to the District*
Martin Koran, *Controller*
Donna Maxwell, *Clerk*

SPECIAL COUNSEL and DISCLOSURE COUNSEL

Jones Hall,
A Professional Law Corporation
San Francisco, California

UNDERWRITER

Brandis Tallman LLC
San Francisco, California

TRUSTEE

U.S. Bank National Association
San Francisco, California

VERIFICATION AGENT

Berens-Tate Consulting Group
Omaha, Nebraska

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state 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.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement, or in the condition of the security for the Certificates since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Certificates.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Lease Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Certificates are Exempt from Securities Laws Registration. The issuance and sale of the Certificates have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

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. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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\$ _____ *

**2015 Certificates of Participation
(Refunding and Capital Projects Financing)
Evidencing Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
SAN RAMON VALLEY FIRE PROTECTION DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the SRVFPD Financing Corporation**

INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (the "Official Statement"), provides certain information concerning the sale and delivery of the certificates of participation captioned above (the "Certificates").

All capitalized terms used in this Official Statement (unless otherwise defined in this Official Statement) which are defined in the Trust Agreement have the meanings set forth therein, some of which are summarized in APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Certificate Terms. The Certificates are being executed and delivered in denominations of \$5,000 or any integral multiple thereof. Interest will accrue on the principal components of each Certificate at the applicable interest rate (as set forth on the cover hereof) from the date of original delivery of the Certificates until its date of maturity or prior prepayment, with interest becoming payable on each February 1 and August 1, commencing August 1, 2015. The Certificates are subject to prepayment as described in this Official Statement. See "THE CERTIFICATES."

Use of Proceeds The net proceeds of the sale of the Certificates will be used to (a) refinance the Certificates of Participation (2006 Capital Improvement Financing Project) which were issued in the aggregate principal amount of \$9,485,000 (the "2006 Certificates") and are outstanding in the principal amount of \$7,995,000, (b) finance the design and construction of fire station improvements (the "2015 Project"), (c) fund a reserve fund or purchase a surety bond for the reserve fund, and (d) pay certain costs incurred in connection with the execution and delivery of the Certificates. See "THE REFINANCING PLAN," "THE 2015 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security and Sources of Payment. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the "Owners") thereof in lease payments (the "Lease Payments") to be made by the District for the right to the use of the real property which is leased by the District from the SRVFPD Financing Corporation ("the Corporation"), under and pursuant to a First Amended and Restated Lease Agreement, dated as of February 1, 2015 (the "Lease Agreement"), by and between the Corporation and the District (the "Lease Agreement"), consisting of existing fire stations, together with the land on which such facilities are situated (the "Leased Property"). See "THE LEASED PROPERTY" herein. The District and the Corporation will enter into a First Amended and Restated Site Lease, dated as of February 1, 2015 (the "Site Lease"), whereby the District (as owner of the Leased Property) will lease the Leased Property to the Corporation for the purpose of enabling the Corporation to lease the Leased Property back to the District under the Lease Agreement.

The Certificates will be executed and delivered under a Trust Agreement dated as of February 1, 2015 (the "Trust Agreement"), among the District, the Corporation and U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"). The Trustee and the Corporation will enter into an Assignment Agreement, dated as of February 1, 2015 (the "Assignment Agreement"), under which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

THE OBLIGATION OF THE DISTRICT TO PAY THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

Lease Payments. The District covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Covenant to Appropriate Funds for Lease Payments."

Summaries of Documents. The summaries or references to the Site Lease, the Trust Agreement, the Lease Agreement, the Assignment Agreement and other documents, agreements and statutes referred to in this Official Statement, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute.

THE REFINANCING PLAN

In order to provide financing for various fire station improvements, the District has previously entered into a Lease Agreement with the Corporation, dated as of March 1, 2006 (the "2006 Lease Agreement") under which the District is obligated to pay lease payments which are represented by the 2006 Certificates. The Certificates are being issued, in part, to prepay the 2006 Lease Agreement and thereby prepay the 2006 Certificates on an advance basis on August 1, 2016.

The District will deliver a portion of the net proceeds of the Certificates to U.S. Bank National Association, as escrow bank (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") established under Irrevocable Refunding Instructions, given by the Corporation and the District to the Escrow Agent. The Escrow Agent will invest such funds in federal securities and will apply such funds, together with interest earnings thereon, to pay scheduled debt service on the 2006 Certificates prior to August 1, 2016, and on that date, the redemption price of the 2006 Certificates.

Sufficiency of the deposits in the Escrow Fund for those purposes will be verified by Berens-Tate Consulting Group, certified public accountants, Omaha, Nebraska (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL ACCURACY."

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the 2006 Certificates. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Certificates.

THE 2015 PROJECT

The Certificates are being executed and delivered to (a) refinance the 2006 Certificates, (b) finance the 2015 Project, (c) fund the Reserve Fund in the amount of the Reserve Requirement or purchase a surety bond for the Reserve Fund, and (d) pay financing costs of the transaction. The components of the 2015 Project and their estimated costs are as follows:

New Fire Station Improvements. The District expects to construct a new fire station on Stone Valley Road to replace existing Fire Station 32, comprising approximately _____ square feet. Construction is expected to begin in December 2015 and be completed in the fall of 2016.

To the extent that proceeds of the Certificates exceed the amount required to finance the 2015 Project, the District will apply such excess to finance other capital improvements throughout the geographic boundaries of the District.

THE LEASED PROPERTY

The Leased Property consists of the following facilities with their estimated values, based on insurance replacement costs of each facility together with the estimated value of land for such facilities.

<u>Fire Station</u>	<u>Address</u>	<u>Insured Value of Improvements</u>	<u>Land Value</u>
30	11445 Windemere Parkway, San Ramon	\$3,443,768	
34	12599 Alcosta Boulevard, San Ramon	1,394,404	
35	505 Silver Oak Lane, Danville	1,479,691	
39	9399 Fircrest Lane, San Ramon	<u>1,518,140</u>	
	Value of	<u>\$7,836,003</u>	

Station 30 is situated on an approximately 1.2 acre site and consists of a 10,454 square foot building of which 5,606 square feet is living area and 4,848 square feet is an apparatus room. Station 30 was constructed in 2002.

Station 34 is situated on an approximately one acre site and consists of a 5,720 square foot building of which 2,600 square feet is a fire station and 3,120 square feet is a garage. Station 34 was constructed in 1983.

Station 35 is situated on an approximately 1.3 acre site and consists of a 5,720 square foot building of which 2,600 square feet is a fire station and 3,120 square feet is a garage. Station 35 was constructed in 1986.

Station 39 is situated on an approximately 1.2 acre site and consists of two buildings, the first of which is a 4,712 square foot fire station with a 2,880 square foot garage, and the second of which is a 3,200 square foot office building. Station 39 was constructed in 1996.

The District has the right to substitute other property for the Leased Property, or to release portions of the Leased Property from the Site Lease and the Lease Agreement, under certain circumstances and subject to certain conditions set forth in the Lease Agreement. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS"—Lease Agreement.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Certificates are shown below.

SOURCES

Principal Amount of Certificates
Less: Net Original Issue Discount
Total Sources:

USES

Deposit to Escrow Fund (1)
Deposit to Project Fund (2)
[Deposit to Reserve Fund (3)]
Deposit to Costs of Issuance Fund (4)
Underwriter's Discount
Total Uses:

- (1) Amount deposited in the Escrow Fund will be used to prepay and refinance the 2006 Certificates. See "REFINANCING PLAN" above.
- (2) Amount deposited in the Project Fund will be used to finance the 2015 Project. See "THE 2015 PROJECT" above.
- [(3) Equal to the Reserve Requirement.]
- (4) Includes filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, Underwriter's discount, legal fees and charges, Municipal Bond Insurance Policy premium, [Surety Bond premium,] title insurance fees and charges, and costs of rating agencies for credit ratings.

THE CERTIFICATES

General

The Certificates evidence and represent direct, undivided fractional interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the District under the Lease Agreement.

The Certificates will be executed and delivered in principal amounts of \$5,000 or integral multiples thereof. Interest represented by each Certificate will accrue on the principal

components represented by such Certificate at the applicable interest rate from the date of original delivery of the Certificates until its date of maturity or prior prepayment, with interest becoming payable on each February 1 and August 1 (each, an "Interest Payment Date"), commencing August 1, 2015. Interest represented by each Certificate will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Prepayment

Optional Prepayment. The Certificates maturing on or before August 1, 20___, are not subject to optional prepayment before their respective stated maturities. The Certificates maturing on or after August 1, 20___, are subject to call for prepayment prior to their respective stated maturities, at the option of the District, in whole, or in part among maturities on such basis as be designated by the District and by lot within any one maturity, on August 1, 20___, or on any Interest Payment Date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Selection of Certificates for Prepayment. Whenever less than all of the outstanding Certificates are to be prepaid on any one date, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee will promptly notify the District and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

Notice of Prepayment. While the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of prepayment to the beneficial owners of the Certificates to be prepaid. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment or alter the effect of prepayment described below under "—Effect of Prepayment."

During any period in which the Certificates are not subject to the book-entry system, notice of prepayment of any Certificates to be prepaid will be given to the respective Owners of Certificates designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice of prepayment is given, at least 30 but not more than 60 days prior to the prepayment date.

Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and the deposit of the prepayment price has been made by the District, the Certificates or portions of Certificates so to be prepaid will, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates will cease to accrue and be payable. Upon surrender of such Certificates for prepayment in accordance with said notice, such Certificates will be paid by the Trustee at the prepayment price.

All prepaid Certificates will be canceled by the Trustee and will not be redelivered.

Book-Entry Only System

The Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Certificates (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC's participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM." If the book-entry-only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

Transfer and Exchange of Certificates

The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and DTC's participants and will be subject to the procedures, rules and requirements established by DTC. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

All Certificates are transferable by the Owner thereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee on the books required to be kept by the Trustee under the provisions of the Trust Agreement, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee, manually executed.

Whenever any Certificate or Certificates are surrendered for transfer, the Trustee will execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee will require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Certificates may be exchanged, upon surrender thereof, at the principal corporate trust office of the Trustee for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates are surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like principal amount in authorized denominations. The District will pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate selected for prepayment.

LEASE PAYMENT SCHEDULE

Following is the combined annual schedule of Lease Payments due with respect to the Certificates.

<u>Period Ending (August 1)</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Payments</u>
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an indebtedness of the Corporation, the District, the State or any of its political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation or restriction.

Nature of the Certificates

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payments due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of original delivery of the Certificates to its payment date or prepayment date, as the case may be.

The Corporation, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the District; except that the Corporation will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement.

The District will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "Lease Payments" below.

Lease Payments

For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to make Lease Payments. Lease Payments are due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease Agreement, and to be deposited by the City with the Trustee on each of the Lease Payment Dates during the term of the Lease Agreement.

Scheduled Lease Payments relating to the Certificates are set forth above under the heading "LEASE PAYMENT SCHEDULE."

THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Payments

For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to pay, in addition to the Lease Payments, all costs and expenses incurred by the District and the Corporation to comply with the provisions of the Trust Agreement, or otherwise arising from the financing of the Leased Property.

Source of Payments

As provided in the Lease Agreement, the Lease Payments and additional payments are payable from any source of available funds of the District, including amounts on deposit in the General Fund of the District. The primary source of revenues available to the District for payment of the Lease Payments consist of *ad valorem* property taxes received by the District (the "Tax Revenues").

Covenant to Appropriate Funds for Lease Payments

The District will covenant in the Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor.

Action on Default

If the District defaults under the Lease Agreement, the Trustee, as assignee of the Corporation's rights under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the District, or may retain the Lease Agreement and hold the District liable for all Lease Payments thereunder on an annual basis. Lease Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement" and "—Trust Agreement."

Reserve Fund

A reserve fund (the "Reserve Fund") is established by the Trust Agreement to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates. If the amount initially deposited into the Reserve Fund is less than the full Reserve Requirement, the Trustee will retain therein all earnings on the investment of amounts in the Reserve Fund until the full Reserve Requirement is on deposit.

All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, will be transferred by the Trustee semiannually on or before each Lease Payment Date to the Lease Payment Fund.

[The Reserve Requirement will initially be met with a reserve fund surety bond, to be provided by _____.]
Insurance

General Liability Insurance. The Lease Agreement requires the District to maintain standard comprehensive general liability insurance in protection of the District and the Corporation, including their respective members, officers, agents and employees and assignees. This insurance coverage must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property.

This insurance must provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. This insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District (subject to the provisions of the Lease Agreement, which are described more fully in APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement," or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance.

Casualty Insurance. The Lease Agreement also requires the District to maintain throughout the term of the Lease Agreement, casualty insurance against loss or damage to all buildings, facilities and other improvements situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, facilities and other improvements, or (b) 100% of the aggregate principal amount of the Outstanding Certificates.

This insurance must, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

The Lease Agreement also requires the District to maintain earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable opinion of the District.

Casualty insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. This insurance may not be maintained by the District in the form of self-insurance.

Rental Interruption Insurance. The Lease Agreement further requires the District to cause to be maintained throughout the term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Leased Property during the Term of the Lease Agreement as a result of any of the hazards covered by the casualty insurance described in the preceding paragraph, in an amount at least equal to the maximum Lease Payments coming due and payable during any fiscal year (currently, July 1 to June 30). This insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. This insurance may not be maintained by the District in the form of self-insurance.

Title Insurance. The Lease Agreement also requires the District to deliver and maintain a CLTA title insurance policy insuring the District's leasehold estate under the Lease Agreement and the District's fee ownership interest in the Leased Property, subject only to Permitted Encumbrances (as set forth in the Trust Agreement), in an amount at least equal to the aggregate principal amount of the Certificates. All net proceeds received under the title insurance policy will be deposited with the Trustee in the Lease Payment Fund and credited toward prepayment of the Lease Payments.

SAN RAMON VALLEY FIRE PROTECTION DISTRICT

General. The San Ramon Valley Fire Protection District is an autonomous independent special district organized and as defined under the Fire Protection District Law of 1987, California Health and Safety Code 13800 et seq. (the "Act"). The District is responsible for the protection of the lives and property of the residents of the San Ramon Valley located in the southwest portion of Contra Costa County, California. The District furnishes fire protection, rescue service and other emergency services to an area approximating 155 square miles, including the Town of Danville, the City of San Ramon, the unincorporated communities of Alamo, Blackhawk, Diablo and the southern boundary of the Morgan Territory and Tassajara Valley.

Governance. The District is governed by a Board of Directors (the "Board") consisting of five members elected by the voters in its service area. The Board appoints a fire chief to oversee the day-to-day operations of the District. The District employs a full time staff of one fire chief, a division chief/fire marshal, a deputy chief of operations, a deputy chief of emergency medical services and logistics, two assistant chiefs, four battalion chiefs, one interim chief financial officer, two accountants, one GIS analyst, ten dispatch staff, two fleet mechanics and approximately 137 firefighter/paramedics and other emergency operations staff. The District employs a total of 190 personnel, in addition to approximately 50 volunteers.

District Facilities. The District maintains ten fire stations, two annex buildings, one training site and one administrative office building. Nine of the stations house paid fire fighters and the tenth is staffed by volunteers. This allows for staffing of fifteen engine companies and

four volunteer companies, including three truck companies, five Advanced Life Support (ALS) ambulances and other specialized vehicles for the cross-staffing of apparatus based upon the type of call. In addition, the District operates its own communications center staffed with three dispatchers under the supervision of the shift battalion chief, with a mobile command post supported by 8 volunteers. All other administrative personnel reside at the administrative office.

Description of District Service Area. Within the boundaries of the District are wildland areas, single and multi-family residential complexes, hotels, a regional hospital, numerous convalescent/assisted living facilities, equestrian areas, hiking trails, rock climbing areas and a facility housing a low-level nuclear reactor. The total population serviced by the District exceeds 182,000. On business days, the figure grows by another 30,000 to include the personnel employed in the Bishop Ranch Business Park, a 585-acre development with nine million square feet of office space located in San Ramon. Bishop Ranch Business Park includes over 300 diverse companies, including Chevron and AT&T.

For general demographic information about the County, the City of San Ramon and the Town of Danville, see APPENDIX A—"ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT CONTRA COSTA COUNTY, THE CITY OF SAN RAMON AND THE TOWN OF DANVILLE" attached hereto.

DISTRICT FINANCES

The District has elected to perform its own financial, accounting and administrative functions, as authorized by the Act. The following selected financial information provides a brief overview of the District's finances. This financial information has been extracted from the District's audited financial statements and, in some cases, from unaudited information provided by the District's Department of Finance. The most recent audited financial reports of the District with an unqualified auditor's opinion is included as APPENDIX B—"AUDITED FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014."

Accounting Policies and Financial Reporting

The accounts of the District are organized on the basis of individual funds and account groups. The District's accounting records for the governmental fund types (General, Capital Projects and Special Revenue/Equipment Replacement) are accounted for at the fund level using the modified accrual accounting basis, and prepares entity-wide statements using the full accrual basis of accounting in accordance with GASB 34. Revenues are recognized when they become measurable and available, and expenditures are recorded when the services or goods are received and the related fund liabilities are incurred. The District's audited financial statements have been prepared in compliance with GASB 34 beginning with fiscal year 2003-04.

The District has received the Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial reports from 1999-00 through 2011-12. The award for 2013-14 is pending.

Budgetary Process

General. The Board of Directors adopts a final budget prior to July 1. The budget includes appropriations (budgeted expenditures) on a line-item basis and the means of financing them (budgeted revenues). Budgets are adopted on a basis consistent with generally accepted accounting principles. The Board has unlimited authority approving or amending the adopted budget. The budget is based on the goals and objectives of the District. Formal budgetary integration is employed as a management control device during the year for all funds. Budgeted and actual revenues and expenditures are reviewed monthly by the Board, and budget amendments and transfers are made as needed.

The Controller monitors appropriations on a Department/Division basis and conveys this information to the Fire Chief/Treasurer who can approve appropriation transfers so long as appropriations in total by fund do not change. This approach allows the Fire Chief to hold Department/Division heads accountable. The District reports expenditures and appropriations on a line-item basis to its Board. Only a majority of Board Members may approve amendments to appropriations in total by fund. This approach allows the Board to hold the Fire Chief accountable for the overall District operations.

The budget provides for adequate reserves to cover excess expenditures over revenues. This occurs annually during the "dry-spell" period prior to the receipt of the first settlement of property tax allocation in December.

General Fund Budgets. The table below sets forth a comparison of the adopted General Fund budget for Fiscal Year 2013-14 with actual results for Fiscal Year 2013-14, as well as the adopted General Fund budget for Fiscal Year 2014-15.

Table 1
SAN RAMON VALLEY FIRE PROTECTION DISTRICT
General Fund Budgets
For Fiscal Years 2013-14 and 2014-15

	Adopted Budget <u>2013-14</u>	Actual <u>2013-14</u>	Adopted Budget <u>2014-15</u>
Revenues:			
Property taxes	\$48,507,267		\$54,294,987
Intergovernmental revenues	172,358		33,000
Charges for services	3,253,659		3,956,000
Use of money and property	58,257		80,604
Rents, royalties, and commissions	322,020		203,448
Other revenues	417,505		80,000
Total Revenues	52,731,065		58,648,039
Expenditures:			
Salaries and benefits	45,003,422		48,878,156
Services and Supplies	4,888,153		4,825,390
Total Expenditures	49,891,575		53,703,546
Excess (deficiency) of revenues over (under) expenditures	\$2,839,490		\$4,944,493

Source: San Ramon Valley Fire Protection District, Department of Finance: Adopted Budgets.

General Fund Financial Summary

The information contained in the following tables of revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity has been derived from the District's audited financial reports for fiscal years 2010-11 through 2013-14.

A copy of the District's audited financial report for the twelve months ended June 30, 2014, is attached as APPENDIX B.

Table 2
SAN RAMON VALLEY FIRE PROTECTION DISTRICT
General Fund Balance Sheet
As of June 30 for Fiscal Years 2010-11 through 2013-14

	<u>Audited</u> 2010-11	<u>Audited</u> 2011-12	<u>Audited</u> 2012-13	<u>Audited</u> 2013-14
<u>Assets</u>				
Cash and investments	\$36,635,227	\$35,826,103	\$36,129,368	
Receivables (net):				
Accounts	157,482	472,031	130,418	
Interest	40,605	30,403	21,869	
Total assets	<u>\$36,833,314</u>	<u>\$36,328,537</u>	<u>\$36,281,655</u>	
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$1,451,955	\$1,499,455	\$1,334,877	
Accrued liabilities	2,185,871	1,780,286	1,848,410	
Deposits payable	2,177	3,387	6,446	
Total liabilities	<u>3,640,003</u>	<u>3,283,128</u>	<u>3,189,733</u>	
Fund Balances:				
Nonspendable				
Restricted				
Committed	23,814,565	23,085,145	22,505,833	
Assigned	2,974,746	4,274,326	156,689	
Unassigned	6,404,000	5,685,938	10,429,400	
Total fund balance	<u>33,193,311</u>	<u>33,045,409</u>	<u>33,091,922</u>	
Total liabilities and fund balance	<u>\$36,833,314</u>	<u>\$36,328,537</u>	<u>\$36,281,655</u>	

Source: San Ramon Valley Fire Protection District, Department of Finance, Comprehensive Annual Financial Reports for Fiscal Years 2010-11 through 2013-14.

Table 3
SAN RAMON VALLEY FIRE PROTECTION DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For Fiscal Years 2010-11 through 2013-14

	Audited <u>2010-11</u>	Audited <u>2011-12</u>	Audited <u>2012-13</u>	Audited <u>2013-14</u>
Revenues:				
Property taxes	\$49,184,817	\$49,329,131	\$48,507,266	
Intergovernmental revenues	54,056	217,116	172,358	
Charges for services	2,425,597	2,795,046	3,253,658	
Use of money and property	149,982	98,211	57,717	
Rents, royalties, and commissions	159,877	189,978	322,020	
Other revenues	21,184	53,729	417,505	
Total Revenues	<u>51,995,513</u>	<u>52,683,211</u>	<u>52,730,524</u>	
Expenditures:				
Salaries and benefits	44,973,080	44,784,659	45,219,529	
Central garage	280,981	371,509	307,145	
Maintenance and repairs	552,193	605,803	594,413	
Rents and leases	42,893	48,938	58,090	
Professional & other services	1,710,390	1,760,204	1,575,839	
Claims paid	304,845			
Supplies & utilities	1,892,760	1,613,477	1,470,763	
Total Expenditures	<u>49,757,142</u>	<u>49,184,590</u>	<u>49,225,779</u>	
Excess (deficiency) of revenues over (under) expenditures	2,238,371	3,498,621	3,504,745	
Other financing sources (uses)				
Operating transfers in	-	-	-	
Operating transfers out	(3,324,517)	(3,646,523)	(3,458,232)	
Total other financing sources (uses)	<u>(3,324,517)</u>	<u>(3,646,523)</u>	<u>(3,458,232)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,086,146)	(147,902)	46,513	
Beginning Fund Balance – July 1	34,279,457	33,193,311	33,045,409	
Ending Fund Balance – June 30	<u>\$33,193,311</u>	<u>\$33,045,409</u>	<u>\$33,091,922</u>	

Source: San Ramon Valley Fire Protection District, Department of Finance, Comprehensive Annual Financial Reports for Fiscal Years 2010-11 through 2013-14.

Taxes and Other Revenues

Taxes received by the District are listed in the table below. None of the general taxes currently imposed by the District are affected by Proposition 218. See "LIMITATIONS ON TAX REVENUES—California Constitution Article XIII C And Article XIII D (Proposition 218)."

The following table sets forth tax revenues received by the District, by source:

Table 4
SAN RAMON VALLEY FIRE PROTECTION DISTRICT
General Fund Tax Revenues by Source
For Fiscal Years 2004 through 2014

Fiscal Year	Property Taxes	Revenue from other Agencies	Charges for Services	Use of Money and Property	Rents, Royalties & Commissions	Other Revenues	Total
2004	\$34,686,306	\$1,220,129	\$1,494,538	\$229,904	\$173,770	\$2,676	\$37,807,323
2005	37,844,880	841,812	1,750,852	406,677	139,418	678	40,984,317
2006	42,094,029	957,213	2,073,579	859,411	142,317	14,322	46,140,871
2007	48,521,551	731,532	2,128,641	1,789,342	132,366	21,980	53,325,412
2008	49,729,211	807,774	2,157,453	1,723,008	139,557	44,849	54,601,652
2009	51,335,992	1,309,954	2,499,826	638,353	157,865	25,894	55,967,884
2010	49,680,045	368,861	2,562,304	250,322	143,852	58,745	53,064,129
2011	49,184,817	3,054,056	2,425,597	152,454	159,877	36,058	55,012,859
2012	49,329,131	462,267	2,795,046	98,834	189,978	61,084	52,936,340
2013	48,507,266	1,874,007	2,353,658	58,256	322,020	418,080	54,433,287
2014							

Source: San Ramon Valley Fire Protection District, Department of Finance.

Property Taxes

General. Property taxes represent the largest source of General Fund revenue. In the 2013-14 fiscal year, property taxes were ___% of total District revenues. It has also been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were first curtailed almost 20 years ago when they were reduced by two-thirds and thereafter limited to 2% annual increases or the CPI, whichever was less.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "LIMITATIONS ON TAX REVENUES," below.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the unsecured roll.

Assessed Valuations, Levies, Collections and Delinquencies. The following tables show assessed valuations and tax levies, collections and delinquencies for fiscal years 2005-06

through 2014-15. Contra Costa County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), which apply to taxes levied for the District. Under the Teeter Plan, the County guarantees that the District will receive 100% of the taxes levied for it. Any delinquencies are borne by the County, which in return collects and retains all penalties and interest which accrue on the delinquent taxes. Consequently, the District's tax receipts do not reflect any delinquencies.

Table 5
 SAN RAMON VALLEY FIRE PROTECTION DISTRICT
 Assessed Value of Taxable Property
 Fiscal Years 2005-06 through 2014-15

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total After Redevelopment Increment</u>
2005-06	\$27,329,344,797	\$381,684	\$447,249,007	\$27,776,975,388
2006-07	30,798,477,318	801,750	503,155,731	31,302,434,799
2007-08	33,325,977,071	488,449	537,112,855	33,863,578,375
2008-09	34,629,953,985	488,449	566,979,063	35,197,421,497
2009-10	33,999,908,443	1,645,966	545,889,815	34,547,444,224
2010-11	33,214,600,535	486,521	513,425,007	33,728,512,183
2011-12	33,301,067,929	1,279,399	514,027,979	33,816,375,307
2012-13	33,374,990,050	1,279,399	498,814,784	33,875,084,233
2013-14				
2014-15				

Source: Contra Costa County Auditor Controller.

Table 6
 SAN RAMON VALLEY FIRE PROTECTION DISTRICT
 Top Twenty Local Secured Taxpayers
 Fiscal Year 2014-15 [TO COME]

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total (1)</u>
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Source: HdL Coren & Cone.

(1) 2014-15 Local Secured Assessed Valuation: \$_____.

Charges for Services

Charges for services comprise approximately ___% of the District's 2014-15 general fund revenues. The major revenue source in this category is ambulance transport charges, which comprise ___% of charges received for services. (The District's medical calls receive a "First Responder" response, which requires staffing a paramedic on every unit during any 24-hour period.) Other revenues in this category include inspection fees, weed abatement charges, CPR classes, reports and photocopies, and other miscellaneous fees for services.

Outstanding General Fund Debt and Lease Obligations

On December 19, 2013, the District entered into a Certificates of Participation financing in the amount of \$3,227,000 (the "2013 Certificates"), the proceeds of which were used to refinance the District's \$9,015,000 2003 Refunding Certificates of Participation. The 2013 Certificates are secured by the District's General Fund and mature on August 1, 2018. In March of 2006, the Prior Certificates were executed and delivered. The Prior Certificates will be prepaid in full from proceeds of the Certificates. In May of 2011, the District entered into a \$3,400,000 lease purchase agreement with JPMorgan Chase Bank to finance ambulances and fire engines. The lease payments are payable from lease payments to be made by the District, secured by its General Fund. The JPMorgan lease term ends May 19, 2018. Other than the Certificates to be sold pursuant to this Official Statement, the 2003 Certificates and the JPMorgan lease, the District has no outstanding long-term indebtedness.

Investments

The funds of the District are (a) held in cash in banks, and (b) invested in the Local Agency Investment Fund (LAIF).

District Retirement System

Contra Costa County Employee Retirement Association. The District provides pension plan benefits to all qualified permanent and probationary District employees through a pension plan offered by the Contra Costa County Employee Retirement Association (the "Retirement Association"), which is a cost sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. The Retirement Association provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefit provisions are established by State statute, as legislatively amended, and by County resolution. Benefits are based on years of credited service.

Funding contributions for the plan are determined annually on an actuarial basis by the Retirement Association. The District's contributions during the prior four fiscal years are summarized as follows:

<u>Fiscal Year</u>	<u>Total Contribution</u>
2010-11	\$11,811,101
2011-12	11,131,763
2012-13	11,797,439
2013-14	

For fiscal year 2014-15, the District has budgeted \$_____ for contributions to the plan.

Postemployment Health Care Benefits

By Board resolution and through agreements with its labor units, the District provides certain other postemployment benefits ("OPEB") for retired employees and their spouse and dependents under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below:

	Miscellaneous	Safety
Eligibility:	<ul style="list-style-type: none"> - Full-time employees retire directly from District - Service ret: 50 & 10 or 30 YOS - Service-connected disability ret: regardless of age or service - Service includes all 37 Act and CalPERS service - Participates in PEMHCA 	<ul style="list-style-type: none"> - Full-time employees retire directly from District - Service ret: 50 & 10 or 20 YOS - Service-connected disability ret: regardless of age or service - Service includes all 37 Act and CalPERS service - Participates in PEMHCA
Medical Benefits:	<ul style="list-style-type: none"> - District pays 100% of the medical premiums for retiree, spouse and dependents - Same as actives 	
Dental, Vision, Life & EAP:	<ul style="list-style-type: none"> - Dental, Vision, EPA: District pays 25% of premium for retiree, spouse and dependents - Life: District pays 25% of premium for retiree only until age 65 	

As of June 30, 2014, approximately ____ participants were eligible to receive benefits.

In accordance with the District's budget, the annual required contribution (ARC) is to be funded throughout the years a a percentage of payroll. The District's net other postemployment obligation is liquidated primarily by the General Fund. The Board is a participant in the California Employers' Retirees Benefit Trust (CERBT), an irrevocabel trust established to fund OPEB. CERBT, an agent multiple-employer defined benefit postemployment health care plan, is adminstered by CalPERS, and is managed by an appointed board not under the control of the District's Board.

The following table shows the components of the District's annual OPEB obligation and actual contributions for fiscal year 2012-13 are presented below:

Annual Required Contribution	\$7,450,000
Interest on net OPEB obligation	686,806
Adjustment to annual required contribution	<u>(694,013)</u>
Annual OPEB cost (expense)	7,442,793
Contributions made	<u>(1,816,302)</u>
Increase in net OPEB obligation	5,626,491
Net OPEB obligation, June 30, 2012	14,459,076
Net OPEB obligation, June 30, 2013	<u>\$20,085,567</u>

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	\$7,442,792	\$1,816,302	24%	\$9,701,759
2012	6,329,130	1,571,813	25	14,459,076
2011	5,868,042	1,375,426	23	20,085,567

The Schedule of Funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets (A)</u>	<u>Entry Age</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability (B)</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll (C)</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Liability as</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>[(B-A)/C]</u>
1/1/07	\$0	\$48,231,000	\$48,231,000	0.00%	\$20,718,000	233%
1/1/09	0	56,146,000	56,146,000	0.00	21,391,000	262
6/30/11	4,309,000	78,735,000	74,426,000	5.47	21,231,690	370
7/1/13	5,639,092	57,897,374	52,258,282	9.70	18,830,055	278

In the July 1, 2013 actuarial valuation, the unprojected unit credit method was used and the District's UAAL was \$52,258,282. The actuarial assumptions included a 5.0% investment rate of return based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial 8.50% to an ultimate rate of 4.64%. The cost trend rate used for the Dental and Vision programs was 4.5%. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2013 was ____ years.

For a discussion of the actuarial assumptions with respect to the plan, see APPENDIX B—"AUDITED FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014 – Note 9"