

08/10/98 11:00 AM 410 001 4041 BROWN & WOOD, LLP S.F. 002

MEMORANDUM

To: Lynnel Pollock, Chairman
Members of the Board of Supervisors

From: Christina N. Crosby
Brown & Wood LLP

Date: September 22, 1998

Re: Yolo County Financing Corporation -- Corporate Formation and Related Approving Documents

RECOMMENDED ACTIONS:

In the County Board of Supervisor's (the "County Board") capacity as the Board of Directors of the Yolo County Financing Corporation (the "Corporation"), approve the bylaws of the Corporation as well as a resolution approving the issuance of the Certificates of Participation (County Office Facilities) (the "Certificates") and numerous related documents in connection therewith, which the County Board previously approved.

REASONS FOR RECOMMENDED ACTIONS / BACKGROUND:

The County Board previously adopted Resolution No. 98-122 on July 2, 1998, approving, among other things, the sale of the Certificates to finance the acquisition, renovation and expansion of facilities in the Old Daily Democrat building for use by the County District Attorney and his staff, as well as finance the renovation of the facilities in the old County jail. Because of the structure employed in the instant financing (*i.e.*, certificates of participation or "COPs"), the involvement of a private company, a private leasing corporation, a non-profit corporation or a public agency in the capacity of a lessor is necessary. The newly formed Corporation will serve that purpose in this financing and other potential COPs financings in the future by the County. The bylaws establish the seminal rules of corporate governance of the Corporation and the resolution formally approves the Corporation's participation with the County in the issuance of the Certificates and approves the legal documentation therefor.

OTHER AGENCY INVOLVEMENT:

The Auditor-Controller, Treasurer-Tax Collector, County Counsel and General Services Agency have worked together on this project with the assistance of the County's Financial Advisor, Lori Raineri of Government Financial Strategies, Inc.

BYLAWS
OF THE
YOLO COUNTY FINANCING CORPORATION

ARTICLE I

Name, Organization and Purpose

Principal Office

Section 1.01. Name. The name of this corporation is the YOLO COUNTY FINANCING CORPORATION (hereinafter referred to as the "Corporation").

Section 1.02. Organization, Purpose and Use of Funds. The Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California (commencing at Section 5110 of the California Corporations Code) to provide financial assistance to the County of Yolo (the "County"), by acquiring, constructing, remodeling, rehabilitating, equipping, improving, and financing various public facilities, land and equipment and by leasing certain facilities, land and equipment for the use, benefit and enjoyment of the public served by the County or any other purpose incidental thereto. The activities of the Corporation shall be limited to the activities described in its Articles of Incorporation. No gains, profits or dividends shall be distributed to any of the Directors or officers of the Corporation; and no part of the net earnings, funds or assets of the Corporation shall inure to the benefit of any Director or any other person, firm or Corporation excepting only the County.

Section 1.03. Principal Office. The principal office of the Corporation is hereby fixed and located at the offices of the County of Yolo, 625 Court Street, Room 204, Woodland, California 95695. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another. Any such change shall be noted by the Secretary/Treasurer opposite this section, but shall not be considered an amendment to these Bylaws.

ARTICLE II

No Members

Section 2.01. No Members. Pursuant to Section 5310 of the California Corporations Code, the bylaws of a nonprofit corporation may provide that the corporation shall have no members. The Corporation shall have no members.

ARTICLE III

Directors

Section 3.01. Powers. Subject to limitations of the Articles of Incorporation or the Bylaws, and of the California Nonprofit Public Benefit Corporation Law, and subject to the duties of Directors as prescribed by the Bylaws, all powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board of Directors. No Director shall be responsible for any error in judgment or for anything that he or she may do or refrain from doing in good faith. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

First - to select and remove all of the other officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation or the Bylaws, fix their compensation and require from them security for faithful service;

Second - to conduct, manage and control the affairs and business of the Corporation and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or the Bylaws, as the Directors may deem best; and

Third - to borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the name of the Corporation, promissory notes, bonds, certificates of participation, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Section 3.02. Number of Directors. The authorized number of Directors shall be five until changed by amendment of the Articles of Incorporation or by amendment of the Bylaws.

Section 3.03. Selection and Term of Office. The initial Directors of the Corporation shall be the members of the Board of Supervisors of the County. Except as hereinafter provided, each Director shall hold office for a term concurrent with such Director's term as a member of the Board of Supervisors of the County. Unless a vacancy in the office occurs as herein provided, the Director appointed shall hold office until the expiration of his/her term and until a successor has been designated and has accepted the office. The Board of Directors of the Corporation by a two-thirds vote may remove any Director from office, with or without cause. Subsequently, no person shall be eligible to serve as a Director except a person approved by resolution of the Board of Supervisors of the County.

Section 3.04. Vacancies. Subject to the provisions of Section 5226 of the California Corporations Code, any Director may resign effective upon giving written notice to the President, the Secretary/Treasurer or the Board of Directors, unless the notice specifies a later

time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation, or removal of any Director, or if the authorized number of Directors is increased.

Vacancies in the Board shall be filled in the same manner as the Director whose office is vacant was selected. Each Director so selected shall hold office until the expiration of the term of the replaced Director and until a successor has been selected and has accepted the office.

Section 3.05. Organization and Annual Meetings. The Board of Directors shall hold an annual meeting for the purpose of organization, selection of officers, and the transaction of other business. Annual meetings of the Board shall be held without call or notice on the first Tuesday of September.

Section 3.06. Regular Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings. Notice of regular meetings need not be given.

Section 3.07. Special Meetings; Notice Waiver. A special meeting of the Board of Directors shall be held whenever called by the President or by a majority of the Directors. Written notice of each such meeting shall be delivered personally or by telegram to each Director at least 48 hours before the time of such meeting or shall be sent to each Director by mail, charges prepaid, at least four days before the time of such meeting as specified in the notice. The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. The call and notice shall signify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meeting by the Board of Directors. Notice of adjournment of a meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting held after regular call and notice, if a quorum is present; provided, however, that before the meeting, each of the Directors not present signs a written waiver of notice and files said written waiver of notice with the Secretary/Treasurer; and provided further, that notice be given to each local newspaper of general circulation, radio or television station requesting notice in writing pursuant to Government Code Section 54956. All waivers shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 3.08. Adjourned Meetings; Notice of Adjournment. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes.

Section 3.09. Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation.

Section 3.10. Fees and Compensation. Directors shall receive no compensation or expenses for their services as Directors.

Section 3.11. Ralph M. Brown Act. Notwithstanding any of the provisions of these Bylaws to the contrary, all meetings of Directors shall be subject to the Ralph M. Brown Act, commencing at Section 54950 of the Government Code of the State of California.

Section 3.12. Conduct of Meetings. The President or, in the President's absence, the Vice President, or a Chairman chosen by a majority of the Directors present, shall preside.

ARTICLE IV

Officers

Section 4.01. Officers. The officers of the Corporation shall be a President, a Vice President and a Secretary/Treasurer. The Corporation may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, and such other officers as may be appointed by the Board of Directors. One person may hold two or more offices, except that the offices of President and Secretary/Treasurer may not be combined.

Section 4.02. Designation and Election. The President of the Corporation shall be the then-current Chairman of the Board of Supervisors of the County; the Vice President of the Corporation shall be the then-current Vice Chair of the Board of Supervisors of the County; and the Secretary/Treasurer of the Corporation shall be the County Administrative Officer. Each officer shall hold office until the officer shall resign, be removed, or otherwise become disqualified to serve, or the officer's successor shall be elected and qualified.

Section 4.03. Removal and Resignation. Any officer may resign, or may be removed, with or without cause, by the Board of Directors at any time. Vacancies caused by death, resignation or removal of any officer may be filled by appointment by the Board of Directors, or by the President until such appointment by the Board of Directors.

Section 4.04. President. The President shall be the executive officer of the Corporation and, subject to the control of the Board of Directors, shall have general supervision, direction and control of the affairs of the Corporation. The President shall preside at all meetings of members and meetings of the Board of Directors.

Section 4.05. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice President shall

have such other powers and perform such other duties as from time to time may be prescribed for the Vice President by the Board of Directors or by the Bylaws.

Section 4.06. Secretary/Treasurer. The Secretary/Treasurer shall keep at the principal office of the Corporation a book of minutes of all meetings of Directors, with the time and place of holding, how called or authorized, the notice thereof given, and the names of those present at such meetings.

The Secretary/Treasurer shall be the chief financial officer and shall keep and maintain adequate and correct books of account showing the receipts and disbursements of the Corporation, and an account of its cash and other assets, if any. Such books of account shall at all reasonable times be open to inspection by any Director.

The Secretary/Treasurer shall deposit all moneys of the Corporation with such depositories as are designated by the Board of Directors, and shall disburse the funds of the Corporation as may be ordered by the Board of Directors, and shall render to the President or the Board of Directors, upon request, statements of the financial condition of the Corporation.

Section 4.07. Subordinate Officers. Subordinate officers shall perform such duties as shall be prescribed from time to time by the Board of Directors or the President.

ARTICLE V

Miscellaneous

Section 5.01. Execution of Documents. The Board of Directors may authorize any officer or officers as agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or other person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 5.02. Inspection of Bylaws. The Corporation shall keep in its principal office the original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary/Treasurer, which shall be open to inspection by the members and the Directors at all reasonable times during office hours.

Section 5.03. Annual Report. The requirement of an annual report referred to in Section 6321 of the California Corporations Code is hereby made inapplicable to the Corporation pursuant to the exempting provisions thereof.

Section 5.04. Fiscal Year. The fiscal year of the Corporation shall begin July 1 and end June 30 of each year, except for the first fiscal year which shall run from the date of incorporation to June 30, 1999.

Section 5.05. Dissolution. In the event of dissolution of the Corporation in any manner and for any cause, after the payment or adequate provision for the payment of all of its debts and liabilities, all of the remaining funds, assets and properties of the Corporation shall be paid or distributed to the County.

Section 5.06. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the Nonprofit Public Benefit Corporation Law of the State of California shall govern the construction of these Bylaws. If any section, subsection, sentence, clause or phrase of these Bylaws, or the application thereof, is contrary to the Nonprofit Public Benefit Corporation Law of the State of California, the provisions of that law shall prevail. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

ARTICLE VI

Amendments

Section 6.01. Power of Directors. New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the Board of Directors. No amendment to these Bylaws shall be effective until approved by the Board of Directors.