

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

**\$21,410,000**

**SONOMA COUNTY WATER AND WASTEWATER FINANCING AUTHORITY  
1998 SPECIAL REVENUE BONDS**

**Dated: August 1, 1998**

**Due: August 1, as shown below**

The captioned bonds (the "Bonds") will bear interest at the rates shown below, payable semiannually on February 1 and August 1 of each year (each "Interest Payment Date"), commencing February 1, 1999, and are issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests therein.

The principal of and premium, if any, on the Bonds will be payable upon presentation and surrender of such Bonds, when due, at the Corporate Trust Office of U.S. Bank Trust National Association, St. Paul, Minnesota (the "Trustee"). On each Interest Payment Date for the Bonds, the Trustee will pay interest by check mailed first class to the person appearing on the applicable Record Date as the registered owner thereof, to the address shown on the registration books of the Trustee, or by wire transfer to any owner of \$1,000,000 or more in aggregate principal amount of the Bonds to a bank account in the United States designated by such owner for such purpose prior to said Record Date. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds.

**The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Optional and Mandatory Redemption."**

The Bonds are being issued by the Sonoma County Water and Wastewater Financing Authority (the "Authority") to (i) finance the acquisition and construction of certain wastewater system improvements for the Sonoma Valley County Sanitation District (the "District"), (ii) prepay certain outstanding obligations of the District, (iii) establish a reserve account for the Bonds, and (iv) pay the costs of issuance associated with the issuance and sale of the Bonds.

The Bonds are payable from and secured by a pledge of revenues (the "Revenues") of the District, consisting primarily of amounts to be paid by the District to the Authority pursuant to a 1998 Installment Sale Agreement dated as of August 1, 1998, between the Authority, as seller, and the District, as purchaser. The District has covenanted to set rates and charges for wastewater services for its customers sufficient to provide Net Wastewater Revenues each fiscal year equal to at least 110% of the Debt Service due in such fiscal year (as more fully described herein).

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by FINANCIAL SECURITY ASSURANCE INC.



The Bonds are issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, and a Trust Agreement, dated as of August 1, 1998, by and among the Authority, the District and the Trustee (the "Trust Agreement").

NEITHER THE BONDS NOR THE OBLIGATION TO PAY PRINCIPAL OF OR INTEREST THEREON CONSTITUTES A DEBT OR A LIABILITY OF THE AUTHORITY, THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY, BUT ARE SECURED SOLELY BY THE PLEDGE OF REVENUES OF THE DISTRICT AND CERTAIN FUNDS HELD UNDER THE TRUST AGREEMENT. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE COUNTY.

**MATURITY SCHEDULE**

Maturity (August 1)	Principal Amount	Interest Rate	Price or Yield	Maturity (August 1)	Principal Amount	Interest Rate	Price or Yield
1999	\$500,000	4.000%	3.55%	2007	\$670,000	4.300%	4.40%
2000	500,000	4.000	3.75	2008	700,000	4.750	4.45
2001	525,000	4.000	3.80	2009	725,000	4.750	4.55
2002	545,000	4.000	3.90	2010	765,000	4.500	4.65
2003	575,000	4.000	4.00	2011	800,000	4.625	4.75
2004	600,000	4.000	4.10	2012	835,000	5.000	4.85
2005	610,000	4.100	4.20	2013	880,000	4.750	4.90
2006	635,000	4.600	4.30				

**\$5,085,000 5.00% Term Bonds Due August 1, 2018, Priced to Yield: 5.13%**

**\$6,460,000 4.75% Term Bonds Due August 1, 2023, Priced to Yield: 5.14%**

**(plus accrued interest)**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE BONDS.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Authority by County Counsel and for the Underwriter by Jones Hall, A Professional Law Corporation San Francisco, California. It is anticipated that the Bonds will be delivered in definitive form through DTC on or about August 25, 1998.

**SUTRO & CO. INCORPORATED**

Dated: August 13, 1998.