

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

228



FROM: Executive Office/County Treasurer

SUBMITTAL DATE:
January 22, 2007

SUBJECT: 800 MHz Radio System Lease Anticipation Notes, Series 2007
(Vote on separately)

RECOMMENDED MOTION: That the Board approve Resolution 2007-047 authorizing certain matters relating to reimbursement of certain capital improvement expenditures and the issuance of not to exceed \$90 million Lease Anticipation Notes by the County of Riverside Asset Leasing Corporation.

BACKGROUND: The Executive Office, County Treasurer's Office and the County's financial advisor are working to develop a long term financing plan for the Enhanced 800 MHz Radio System (the "Project"). Once the financing options have been analyzed, the most cost effective option will be brought back to the Board for final approval. However, in order to award a contract while a long term financing plan is being developed, it is being recommended that Lease Anticipation Notes (LANs) be issued through the County of Riverside Asset Leasing Corporation (CORAL) in an amount not to exceed \$90 million as an interim financing. The combination of the LANs and \$25 million in Designated Fund Balance for the Project will be sufficient to award the contract. (CONTINUED)

Departmental Concurrence

[Handwritten Signature]

[Handwritten Signature]

Paul McDonnell
County Treasurer

Dean Deines
Deputy County Executive Officer

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 90 mil	In Current Year Budget:	N/A
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: Lease Anticipation Notes to be repaid by long term financing.

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE.

County Executive Office Signature

[Handwritten Signature: Bill Luma]

FORM APPROVED
COUNTY COUNSEL

JAN 23 2007
[Handwritten Signature]

- Consent
- Policy
- Consent
- Policy

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: ALL

Agenda Number:

3 . 42 a

The LANs will be purchased by the County Treasurer for the County Pool, will bear an interest rate of the Pool rate plus 12.5 basis points, and the rate will be reset monthly. The LANs will be drawn on as needed, in \$100,000 increments, to pay capital project costs, up to \$90 million. The LANs will have a maturity of 18 months, which can be extended an additional 18 months with the approval of the County Treasurer.

Resolution 2007-047 also provides for reimbursement of the \$25 million from the long term financing in the event the County elects to do so.

1 **WHEREAS**, at the time of the reimbursement, the County will evidence the
2 reimbursement in a writing which identifies the allocation of the proceeds of the Lease Financing to
3 the County for the purpose of reimbursing the County for the capital expenditures made prior to the
4 consummation of the Lease Financing; and

5
6 **WHEREAS**, the County expects to make the reimbursement allocation no later than
7 eighteen (18) months after the later of (i) the date on which the earliest original expenditure is paid or
8 (ii) the date on which the Project is placed in service (or abandoned), but in no event later than three
9 (3) years after the date on which the earliest original expenditure for the Project is paid; and

10
11 **WHEREAS**, the County will not, within one (1) year of the reimbursement allocation,
12 use the proceeds of the Lease Financing received in the reimbursement allocation in a manner that
13 will result in the creation of replacement proceeds of the Lease Financing or another issue; and

14
15 **WHEREAS**, this Resolution is intended to be a “declaration of official intent” in
16 accordance with Section 1.150-2 of the Treasury Regulations; and

17
18 **WHEREAS**, the County and the Project vendor are ready to enter into a contract for
19 the Project, the County needs to implement the Project as soon as practicable to improve public
20 safety, and the vendor is offering discounted pricing terms if the County commences the Project now;
21 and

22
23 **WHEREAS**, it will take up to eighteen (18) months to structure the Lease Financing;
24 and

25
26 **WHEREAS**, it is in the best interests of the County to secure temporary financing for
27 the Project until such time as the Lease Financing can be implemented; and

1 **WHEREAS**, the County of Riverside Asset Leasing Corporation (the “Corporation”)
2 is authorized by California Corporations Code Section 5140, et seq., and its articles of incorporation
3 to issue bonds and notes to assist the County; and
4

5 **WHEREAS**, the Corporation is willing to issue its notes in anticipation of the Lease
6 Financing (the “Lease Anticipation Notes” or “LANs”) for purchase by the Treasurer and Tax
7 Collector of the County of Riverside (the “Purchaser”) for the County Treasury Pool to temporarily
8 finance the costs of acquisition, installation and construction of the Project and the costs of issuance
9 of the Notes; and
10

11 **WHEREAS**, the Lease Anticipation Notes are permitted investments for the County
12 Treasury Pool under the County’s investment policy, and the Treasurer is authorized to purchase the
13 LANs; and
14

15 **WHEREAS**, the County intends to cause the Lease Financing to occur to pay the
16 LANs; and
17

18 **WHEREAS**, the Corporation agrees, among other things, to reimburse the County for
19 previously incurred costs of the Project and to cause the Project to be acquired, designed, constructed,
20 delivered and installed with the proceeds of the LANs; and
21

22 **WHEREAS**, the County and the Corporation propose to enter into an agency
23 agreement pursuant to which the County agrees to undertake as agent for the Corporation the
24 acquisition, design, delivery and installation of the Project;
25

26 **NOW, THEREFORE**, this Board does find, resolve, determine and order as follows:
27
28

1 Section 1. In accordance with Section 1.150-2 of the Treasury Regulations, the
2 County declares its intention to consummate a Lease Financing in a principal amount not to exceed
3 \$130,000,000, the proceeds of which will be used to pay for the costs of the Project (and related
4 issuance costs), including the reimbursement to the County for certain capital expenditures relating to
5 the Project made prior to the consummation of the Lease Financing, and the payment of the Lease
6 Anticipation Notes.

7
8 Section 2. The form of agency agreement (the "Agency Agreement") dated as of
9 January 1, 2007 by and between the County and the Corporation attached hereto is hereby approved.
10 The officers of the County and their authorized representatives are, and each of them acting alone is,
11 hereby authorized and directed for and in the name of and on behalf of the County to execute by
12 manual or facsimile signature and deliver the Agency Agreement in substantially the form attached
13 hereto and presented to and considered at this meeting, with such changes therein as the officer or
14 authorized representative executing the same on behalf of the County may approve, in his or her
15 discretion, as being in the best interest of the County, such approval to be conclusively evidenced by
16 the execution and delivery thereof.

17
18 Section 3. The County hereby authorizes, approves and directs the issuance of the
19 Lease Anticipation Notes by the Corporation and the sale of the LANs to the Purchaser for the
20 purpose of assisting the County in temporarily financing the acquisition, design, delivery,
21 construction and installation of the Project. The Lease Anticipation Notes shall be in a principal
22 amount of not to exceed \$90 million and will have a maturity date of eighteen (18) months from date
23 of issuance thereof, will be prepayable at any time without penalty and shall bear interest at a rate per
24 annum on outstanding advances thereunder equal to the average rate of return on amounts in the
25 County Treasury Pool plus 12.5 basis points, the actual rate to be reset monthly as announced by the
26 Purchaser. Interest shall be calculated based on actual days elapsed over 365 or 366 days, as
27 appropriate. The County covenants with the Purchaser that the County will, on or before the date
28

1 which is eighteen (18) months from the date of delivery of the LANs, use its best efforts to
2 consummate a Lease Financing of the Project and retire the LANs.

3
4 Section 4. The County hereby agrees that if the Lease Financing of the Project
5 referred to in Section 3 is not accomplished, the County will either (i) request the Corporation extend
6 the LANs one time for up to an additional eighteen (18) months, or (ii) purchase the LANs from the
7 Purchaser not later than the maturity date thereof from amounts, if any, that may be legally available
8 for such purpose.

9
10 Section 5. All actions heretofore taken by any officer or officers of the County, as
11 may be authorized by the County, with respect to the execution, sale and delivery of the LANs or in
12 connection with or related to any of the agreements referred to herein or the financing program
13 hereby undertaken are hereby approved, confirmed and ratified.

14
15 Section 6. The officers of the County are, and each of them acting alone is, hereby
16 authorized and directed to take such actions and to execute such documents as may be necessary to
17 effectuate the purposes of this Resolution.

18
19 Section 7. This Resolution shall take effect immediately.

20
21
22
23 FORM APPROVED
COUNTY COUNSEL

24 JAN 23 2007

25 BY Walter J. [Signature]
26
27
28

1 CERTIFICATE OF CLERK

2
3 I, Nancy Romero, Clerk of the Board of Supervisors of the County of Riverside, do
4 hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a
5 regular meeting of the Board of Supervisors of the County of Riverside duly and regularly held at the
6 regular meeting place thereof on January 30, 2007, of which meeting all of the members of said
7 Board had due notice.

8 AYES: Supervisors _____

9 NAYS: Supervisors _____

10 ABSENT: Supervisors _____

11 I do hereby further certify that I have carefully compared the foregoing copy with the
12 original minutes of said meeting on file and of record in my office; that said copy is a full, true and
13 correct copy of the original resolution adopted at said meeting and entered in said minutes; and that
14 said resolution has not been amended, modified, rescinded or revoked in any manner since the date of
15 its adoption, and the same is now in full force and effect.

16 I do hereby further certify that an agenda for said meeting was posted at least seventy-
17 two (72) hours before said meeting at 4080 Lemon Street, Riverside, California, a location freely
18 accessible to members of the public, and a brief general description of said resolution appeared on
19 said agenda.

20 WITNESS my hand and the seal of the County of Riverside this 30th day of January,
21 2007.

22
23 _____
24 Clerk of the Board of Supervisors

25 [SEAL]
26
27
28

AGENCY AGREEMENT

Dated as of January 1, 2007

BY AND BETWEEN

THE COUNTY OF RIVERSIDE

AND

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

This Agency Agreement, dated as of January 1, 2007, is by and between the County of Riverside, California (the "County") and County of Riverside Asset Leasing Corporation (the "Corporation").

WITNESSETH:

WHEREAS, the County and the Corporation have adopted resolutions (the "Resolutions") entitled, respectively, "Resolution of the Board of Supervisors of the County of Riverside Authorizing Certain Matters Relating to Reimbursement of Certain Capital Improvement Expenditures and the Issuance of Not to Exceed \$90 Million Lease Anticipation Notes by the County of Riverside Asset Leasing Corporation," adopted on January __, 2007 and "Resolution of the Board of Directors of County of Riverside Asset Leasing Corporation Providing for the Issuance of Lease Anticipation Notes in an Amount Not to Exceed \$90 Million," adopted on January __, 2007, authorizing the issuance of certain lease anticipation notes (the "Lease Anticipation Notes") relating to, among other things, the acquisition, design, construction, delivery and installation of a new emergency radio communication system (the "Project"); and

WHEREAS, the County and the Corporation have determined that it is in their respective best interests that the County undertake the acquisition, design, delivery, construction, and installation of the Project on behalf of the Corporation; and

WHEREAS, the County and the Corporation wish to describe the various rights and duties with respect to the Project hereunder;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. The Appointment. The Corporation hereby appoints the County as its agent to carry out or cause to be carried out all phases of the acquisition, delivery, construction and installation of the Project, in accordance with any contract the County determines necessary or appropriate in connection therewith. The Corporation hereby authorizes and directs the County to apply the proceeds from the sale of the Lease Anticipation Notes for that purpose. The Corporation further authorizes and directs the County to apply the proceeds from the sale of the Lease Anticipation Notes for the purpose of reimbursement to the County of costs expended

before the date of this agreement for the acquisition, design, delivery, construction for installation of the Project and the costs of issuance of the Lease Anticipation Notes.

Section 2. Acquisition and Construction of the Project. The County agrees to cause the Project to be acquired, designed, delivered, constructed and installed and to enter into contracts and to otherwise provide for or cause to be provided for the completion thereof.

Section 3. Term. This agreement shall become effective as of the date first written above and shall remain in full force and effect until completion of the acquisition, delivery, installation and construction of the Project.

Section 4. Indemnification. To the extent permitted by law, the County hereby indemnifies the Corporation and its officers and directors against any and all liabilities which arise out of or are related to the Project or the Lease Anticipation Notes.

Section 5. Miscellaneous. No provision of this agreement may be changed, waived, discharged or terminated except by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. This agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective successors and assigns of the parties hereto and is not and shall not be for the benefit of any third party other than such successors and assigns. This agreement may be executed in any number of counterparts, each of which is an original, but all of which shall constitute one instrument. This agreement is executed and shall be governed and construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first written above.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

By _____
President

ATTEST:

By _____
Assistant Secretary

COUNTY OF RIVERSIDE

By _____
Chairman of the Board of Supervisors

ATTEST:

By _____
Clerk of the Board of Supervisors

PAUL McDONNELL
TREASURER AND TAX COLLECTOR
COUNTY OF RIVERSIDE

January __, 2007

\$90,000,000

COUNTY OF RIVERSIDE
ASSET LEASING CORPORATION
LEASE ANTICIPATION NOTES, SERIES 2007

IRREVOCABLE LETTER OF COMMITMENT TO PURCHASE

Board of Directors
County of Riverside
Asset Leasing Corporation
Riverside, California

Ladies and Gentlemen:

The undersigned Treasurer and Tax Collector of the County of Riverside (the "Treasurer") hereby offers to purchase up to \$90 million of Lease Anticipation Notes of the County of Riverside Asset Leasing Corporation (the "Corporation"), upon the terms and conditions hereinafter set forth. This offer is made subject to the Corporation's written acceptance hereof on or before 5:00 p.m., Riverside time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Treasurer upon notice delivered to the Corporation at any time prior to the acceptance hereof by the Corporation.

1. Purchase and Sale of the Notes.

Upon the terms and conditions set forth herein, the Treasurer hereby agrees to purchase from the Corporation, and the Corporation hereby agrees to sell and deliver to the Treasurer, up to \$90 million in aggregate principal amount of the Corporation's Lease Anticipation Notes (the "Notes").

The aggregate purchase price to be paid by the Treasurer for any or all of said Notes shall be the aggregate par amount thereof.

2. The Notes.

The Notes shall be described in and shall be issued and secured pursuant to a resolution of the Corporation entitled "Resolution Of The Board Of Directors Of The County Of Riverside Asset Leasing Corporation Providing For The Issuance Of Lease Anticipation Notes In An Amount Not To Exceed \$90 Million Upon Certain Terms and Conditions" (the "Note Resolution") adopted on January __, 2007. The Notes will be payable as provided in the Note Resolution.

The Notes will be issued in the aggregate principal amount of up to \$90 million and will be issued in nonregistrable bearer form. The Notes may be issued in one or more series. The Notes will be dated their date of original delivery, and will mature and bear interest as provided in the Note Resolution and the Notes. The Notes may be prepaid at any time without penalty.

The Notes shall be initially issued as a single note upon which advances (each, an "Advance") shall be made by the Treasurer upon his receipt from the Corporation or the County of Riverside, as its agent, of a disbursement request. Each such Advance shall be in the amount of the disbursement request, which shall not be less than \$100,000 unless a lesser amount is approved by the Treasurer, and shall be made the same day as receipt of the disbursement request if received by 9:30 AM and otherwise the next working day. In the event such Advances are made, interest on the Note shall accrue upon each such Advance from the date thereof. The date and amount of each such Advance shall be noted on the Note by the Treasurer.

Principal and interest will be payable in accordance with the Note Resolution at the office of the Treasurer as paying agent for the Corporation in Riverside, California. The Corporation shall immediately retire all the Notes upon the consummation of a lease financing for the Project.

3. Opinions of Counsel.

At or prior to the purchase of the Notes, or any series thereof, approving opinions of bond counsel, counsel to the Corporation and County Counsel of the County of Riverside substantially in the forms of Appendix A, Appendix B and Appendix C, respectively, hereto shall be delivered to the Treasurer and the Corporation.

4. Expiration.

This irrevocable commitment to purchase, unless extended by the parties, shall expire at the close of business on the date hereof.

Very truly yours,

PAUL McDONNELL
TREASURER AND TAX COLLECTOR
OF THE COUNTY OF RIVERSIDE

By _____

ACCEPTED AND AGREED TO
THIS __ DAY OF JANUARY, 2007
BY THE COUNTY OF RIVERSIDE
ASSET LEASING CORPORATION

By _____

Title: _____

APPENDIX A

Form of Opinion of Bond Counsel

January __, 2007

Treasurer and Tax Collector
County of Riverside
Riverside, California

County of Riverside Asset Leasing Corporation
County of Riverside
Riverside, California

APPROVING OPINION: \$90,000,000 County of Riverside Asset Leasing
Corporation Lease Anticipation Notes, Series 2007

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance and sale of up to \$90,000,000 aggregate principal amount of County of Riverside Asset Leasing Corporation Lease Anticipation Notes, Series 2007 (the "Notes"). The Notes are issued under the Corporation's articles of incorporation and the laws of the State of California. It is anticipated that the principal of and interest on the Notes will be paid from the proceeds of a lease financing to be consummated within the next 18 months. If such lease financing is not timely consummated, the County, at its option, may extend the maturity of the Notes for one 18-month period or purchase the Notes from any funds legally available therefor.

The Notes are issued pursuant to a Resolution of the Board of Directors of County of Riverside Asset Leasing Corporation Providing For the Issuance of Lease Anticipation Notes in an Amount Not to Exceed \$90 Million Upon Certain Terms and Conditions adopted on January __, 2007 (the "Corporation Resolution"). The County authorized and approved the terms and issuance of the Notes in its Resolution of the Board of Supervisors of the County of Riverside Authorizing Certain Matters Relating to Reimbursement of Certain Capital Improvement Expenditures and the Issuance of Not to Exceed \$90 Million Lease Anticipation Notes by the County of Riverside Asset Leasing Corporation adopted on January __, 2007 (the "County Resolution").

The Treasurer and Tax Collector of the County of Riverside is purchasing the Notes pursuant to the Irrevocable Letter of Commitment to Purchase, dated January __, 2007 (the "Purchase Agreement"), between the Treasurer and Tax Collector of the County of Riverside and the Corporation. The proceeds of the Notes will be used for the acquisition, design, construction, delivery and installation of a new emergency radio communication system

Treasurer and Tax Collector
County of Riverside Asset Leasing Corporation
January __, 2007
Page 2

(the "Project"). The Corporation has appointed the County to be its Agent for purposes of acquisition, design, construction, delivery and installation of the Project pursuant to the Agency Agreement dated as of January __, 2007 (the "Agency Agreement") between the County and the Corporation.

In our capacity as Special Counsel, we have examined the record of proceedings submitted to us relative to the adoption of the Corporation Resolution, the adoption of the County Resolution and the issuance and sale of the Notes, other certifications of the County and the Corporation, and such other documents and matters deemed necessary by us to render the opinions sets forth herein, although in doing so, we have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified therein, and we have assumed the genuineness of all signatures thereto.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have neither undertaken to determine, nor to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the rights and obligations under the Notes may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations contained in applicable law regarding legal remedies against the County or the Corporation.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes have been duly authorized, executed and delivered by the Corporation and constitute the legally valid and binding obligation of the Corporation, enforceable in accordance with their terms.

2. The Notes are legally permitted investments for the Treasury Pool managed by the Treasurer and Tax Collector.

Respectfully submitted,

APPENDIX B

Form of Opinion of Corporation Counsel

January __, 2007

Treasurer and Tax Collector
County of Riverside
Riverside, California

County of Riverside Asset Leasing Corporation
County of Riverside
Riverside, California

Due Organization and Existence – the County of Riverside Asset Leasing Corporation (the “Corporation”) is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

Full Power and Authority of the Corporation – the Corporation has full legal power and adequate authority to adopt the Resolution of the Board of Directors of County of Riverside Asset Leasing Corporation Providing for the Issuance of Lease Anticipation Notes in an Amount Not to Exceed \$90 Million Upon Certain Terms and Conditions (the “Corporation Resolution”), to enter into the Agency Agreement, dated as of January __, 2007 (the “Agency Agreement”), by and between the County of Riverside (the “County”) and the Corporation; the Irrevocable Letter of Commitment to Purchase, dated January __, 2007 (the “Purchase Agreement”), by and between the Treasurer and Tax Collector of the County and the Corporation; and the Corporation’s Lease Anticipation Note, Series 2007, in a principal amount up to \$90,000,000 (the “Note” and, collectively with the Agency Agreement and the Purchase Agreement, the “Legal Documents”), and to own or lease its properties and to carry on its business as now conducted and as contemplated by the Legal Documents.

Due Authorization, Execution and Delivery; Legal, Valid and Binding Agreements – the Corporation Resolution has been duly adopted by the Corporation and the Legal Documents have been duly authorized by all necessary official action on the part of the Corporation, have been duly executed and delivered by the Corporation and, assuming due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors’ rights generally and by the application of equitable principles if equitable remedies are sought.

No Litigation – there are no legal or governmental proceedings pending or threatened against the Corporation challenging the existence of the Corporation, the right to office of its

officers, the authorization or ability of the Corporation to adopt the Corporation Resolution or enter into the Legal Documents and perform in accordance thereto, or in which a decision against the Corporation would have a material adverse effect on the ability of the Corporation to perform under the Legal Documents.

No Conflict – the execution and delivery of the Legal Documents, and the adoption of the Corporation Resolution, by the Corporation and performance by the Corporation of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Corporation is a party or constitute a default thereunder and all consents, approvals, authorizations and orders of a governmental or regulatory authority, if any, which are required to be obtained by the Corporation for the consummation of the transactions contemplated by the Legal Documents or as conditions precedent to the issuance of the Note have been obtained (provided no opinion need be expressed as to any action required under state securities or blue sky laws).

APPENDIX C

Form of Opinion of County Counsel

January __, 2007

Treasurer and Tax Collector
County of Riverside
Riverside, California

County of Riverside Asset Leasing Corporation
County of Riverside
Riverside, California

Due Organization and Existence – the County of Riverside (the “County”) is a political subdivision of the State of California duly organized and validly existing under the Constitution and the laws of the State of California.

Due Adoption – Resolution of the Board of Supervisors of the County of Riverside Authorizing Certain Matters Relating to Reimbursement of Certain Capital Improvement Expenditures and the Issuance of Not to Exceed \$90 Million Lease Anticipation Notes by the County of Riverside Asset Leasing Corporation, adopted on January __, 2007 (the “County Resolution”) approving and authorizing the execution and delivery of the Agency Agreement, dated as of January __, 2007, by and between the County and the County of Riverside Asset Leasing Corporation (the “Corporation”) and approving the issuance by the Corporation of its Lease Anticipation Notes, Series 2007 (the “Notes”) in an amount not to exceed \$90,000,000 was duly adopted at a meeting of the Board of Supervisors which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

No Litigation – there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the County, which would materially and adversely impact the County’s ability to complete the transactions described in and contemplated by the County Resolution, or in any way contesting or affecting the validity of the Agency Agreement, the County Resolution or the Notes.

No Conflict – the execution and delivery of the Agency Agreement, the adoption of the County Resolution and the approval of the issuance of the Notes, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject.

Due Authorization, Execution and Delivery; Legal, Valid and Binding Agreements – the Agency Agreement has been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding obligation of the County enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against counties in the State of California;

No Consents Required – no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the Board of Supervisors, is required for the valid authorization, execution and delivery of the Agency Agreement.

Permitted Investment – The Notes are legally permitted investments for the Treasury Pool managed by the Treasurer and Tax Collector.

COUNTY OF RIVERSIDE
ASSET LEASING CORPORATION
LEASE ANTICIPATION NOTE, SERIES 2007

\$90,000,000.00

FOR VALUE RECEIVED, the County of Riverside Asset Leasing Corporation (the "Corporation"), acknowledges itself indebted to and promises to pay the holder hereof, at the principal office of the County Treasurer and Tax Collector, as Paying Agent (the "Paying Agent"), in Riverside, California, on or before eighteen (18) months from the date hereof the principal sum of Ninety Million (\$90,000,000.00) or, if less, the aggregate principal amount of all the Advances (as that term is defined below) made by the Purchaser to the Corporation, in lawful money of the United States of America, together with interest on outstanding Advances at the rate equal to the average rate of return on amounts in the County Treasury Pool, plus 12.5 basis points, the actual rate to be reset monthly as announced by the Purchaser. Interest shall be calculated based on actual days elapsed over 365 or 366 days, as appropriate. This Note is issued in accordance with the terms of the "Resolution of the Board of Directors of the County of Riverside Asset Leasing Corporation Providing for the Issuance of Lease Anticipation Notes in an Amount Not To Exceed \$90 Million Upon Certain Terms and Conditions" (the "Resolution"), adopted on January __, 2007. The principal of and interest on this Note shall be payable only upon surrender of this Note on the date of maturity or on any prior redemption date without penalty, and in accordance with the terms of the Resolution.

The Paying Agent shall endorse on the schedule attached hereto the date and amount of each advance of funds under this Note (each, an "Advance") and the date and amount of each payment thereon. Each Advance shall be in a minimum amount of \$100,000 unless a lesser amount is approved by the Treasurer. Such endorsements shall be presumptive as to the facts stated therein provided that the failure of the Paying Agent to make any such endorsement shall not affect the right of the Treasurer to payment of principal or interest with respect to any Advance duly made. The mere fact of execution and delivery of this Note shall not imply that any indebtedness has been incurred nor that any amounts are outstanding hereunder.

This Note shall mature on the date that is eighteen (18) months following the date hereof, unless earlier redeemed. This Note is subject to redemption on any business day at the option of the Corporation at a redemption price of the lower of the principal amount hereof or the aggregate amount of outstanding Advances, plus accrued interest to the date of redemption, without premium. If, at the maturity of this Note, the County has not caused the consummation of a lease financing to pay this Note, this Note shall, at the option of the County (i) be extended one time for an additional eighteen (18) months, or (ii) be purchased by the County from amounts, if any, that may be legally available for such purpose.

It is hereby certified, recited and declared that this Note is made, executed and given pursuant to the Resolution under and by authority of Article 4 of Chapter 1 of Part 2 of Division 2 of Title 1 of the California Corporations Code (commencing with Section 5140), and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law.

The principal of and interest on this Note shall be payable from the first proceeds received from consummation of a lease financing by the Corporation for, among other things, the Project (as described in the Resolution). Notwithstanding the foregoing, this Note and the interest to accrue hereon may be repaid from any rent, income, revenue, cash receipts or other moneys of the Corporation lawfully available therefor, including the proceeds from the sale of this Note. Neither this Note nor any interest thereon may be transferred in any way to any person or entity without the consent of the Corporation, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Board of Directors of the County of Riverside Asset Leasing Corporation has caused this Note to be executed by the President of such Board, to be attested by its Assistant Secretary and to have a facsimile or imprint of its official seal to be printed hereon this ____ day of January, 2007.

COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION

President

ATTEST:

Assistant Secretary

(SEAL)

ADVANCES

<u>Date</u>	<u>Amount of Advance</u>	<u>Amount of Payment</u>	<u>Amount Outstanding</u>	<u>Notation Made By</u>
-------------	------------------------------	------------------------------	-------------------------------	-------------------------