

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

139



FROM: Executive Office

SUBMITTAL DATE:
May 6, 2008

SUBJECT: Fiscal Year 2008-2009 Tax and Revenue Anticipation Notes

RECOMMENDED MOTION: That Resolution 2008-232 authorizing and approving the borrowing of funds for Fiscal Year 2008-2009; the issuance and sale of a 2008-2009 Tax and Revenue Anticipation Note and participation in the California Communities Cash Flow Financing Program be approved.

BACKGROUND: The County annually issues Tax and Revenue Anticipation Notes (TRANS) to provide needed cash to cover the projected cash flow deficits of the County General Fund during the fiscal year. The deficit occurs because the timing of tax collections does not match the County's on-going expenditure requirements.

The County, for the past eleven years, has issued its TRANS through the statewide financing program jointly sponsored by the California State Association of Counties and the League of California Cities. By joining the TRANS pool, the issuance process is streamlined. CSCDA issued a new RFP and appointed JP Morgan as Co-Senior manager of the California Communities 2008 TRAN program who will be handling most of the process. Because of the success in using the TRANS pool, it is being recommended that the County again use the pool for its FY 2008-09 TRANS.

(CONTINUED)

Lani Sioson
Lani Sioson
Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$5,800,000	For Fiscal Year:	08/09

SOURCE OF FUNDS: Interest earnings on Note proceeds; General Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY *Bill Luna*
Bill Luna

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: *Dale A. Gardner* DATE: 4/29/08
 DALE A. GARDNER
 Departmental Concurrence
 FORM APPROVED
 PAUL McCONNELL, Treasurer-Tax Collector
 By: *Paul McConnell* Date: 7-29-08

Policy
 Consent
 Dept't Recomm.:
 Policy
 Consent
 Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

3.36

Board Policy B-25 (Pension Management Policy) directs the Pension Advisory Review Committee (PARC) to review and make a recommendation regarding the prepayment of the annual CalPERS contribution. Based on PARC's analysis, prepaying the FY 08-09 CalPERS contribution would generate approximately \$2.8 million in cash flow benefits. The PARC therefore recommends including the prepayment, approximately \$82.2 million, in the FY 08-09 TRANs. The cash flow benefit will continue to be evaluated up to the pricing of the TRANs. If, at the time of the pricing, there is insufficient savings, the prepayment will be removed from the TRANs.

The County's issuance cost for the TRANs will be the same as last year's cost, which was \$1.05/\$1,000. It is anticipated that interest rates for the tax-exempt notes will be 1.69% for a 12-month note.

The FY 2008-09 resolution authorizes the issuance of tax and revenue anticipation notes in an amount not-to-exceed \$400,000,000, though the actual amount will most likely be less. The large authorization provides the flexibility to issue an additional series of notes in the event the County and State budgets change substantially. The resolution also appoints the law firm of Orrick, Herrington & Sutcliffe as bond counsel to the County.

COUNTY OF RIVERSIDE

RESOLUTION NO. 2008-232

RESOLUTION AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2008-2009; THE ISSUANCE AND SALE OF A 2008-2009 TAX AND REVENUE ANTICIPATION NOTE THEREFORE AND PARTICIPATION IN THE CALIFORNIA COMMUNITIES CASH FLOW FINANCING PROGRAM

WHEREAS, local agencies are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

WHEREAS, the legislative body (the "Legislative Body") of the local agency specified in Section 22 hereof (the "Local Agency") has determined that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing specified in Section 22 hereof, which Principal Amount is to be confirmed and set in the Pricing Confirmation (as defined in Section 4 hereof), is needed for the requirements of the Local Agency, to satisfy obligations of the Local Agency, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to its fiscal year ending June 30, 2009 ("Repayment Fiscal Year");

WHEREAS, the Local Agency hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note, as hereinafter defined;

WHEREAS, it appears, and this Legislative Body hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the Local Agency attributable to the Repayment Fiscal Year, and available for the payment of the principal of the Note and the interest thereon;

WHEREAS, no money has heretofore been borrowed by or on behalf of the Local Agency through the issuance of tax and revenue anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for the Repayment Fiscal Year;

WHEREAS, pursuant to Section 53856 of the Act, certain moneys which will be received by the Local Agency during and attributable to the Repayment Fiscal Year can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

WHEREAS, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Communities Cash Flow Financing Program (the "Program"), whereby participating local agencies (collectively, the "Issuers") will simultaneously issue tax and revenue anticipation notes;

WHEREAS, the Local Agency desires to have its Note marketed together with some or all of the notes issued by the Issuers participating in the Program;

WHEREAS, the California Statewide Communities Development Authority (the "Authority") has sponsored the Program and, on behalf of the Issuers, has engaged the underwriter appointed in Section 21 hereof (the "Underwriter"), for the purpose of structuring one or more pools of notes or series of note participations (referred to herein as the "Note Participations", the "Series" and/or the "Series of Note Participations") distinguished by whether and what type(s) of Credit Instrument (as hereinafter defined) secures notes comprising each Series, by the principal amounts of the notes assigned to the Series, by whether interest on the Series of Note Participations is a fixed rate of interest or a variable rate of interest, by whether interest on the Series of Note Participations is includable in gross income for federal income tax purposes, or by other factors, all of which the Local Agency hereby authorizes the Underwriter to determine;

WHEREAS, the Program requires the Issuers participating in any particular Series to deposit their tax and revenue anticipation notes with a trustee, pursuant to a trust agreement (the "Trust Agreement") among such Issuers, the Local Agency, the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");

WHEREAS, the Program requires the Trustee, pursuant to the Trust Agreement, to execute and deliver the Note Participations evidencing and representing proportionate, undivided interests in the payments of principal of and interest on the tax and revenue anticipation notes issued by the Issuers comprising such Series;

WHEREAS, the Local Agency desires to have the Trustee execute and deliver a Series of Note Participations which evidence and represent interests of the Owners thereof in the Note and the Notes issued by other Issuers in such Series;

WHEREAS, as additional security for the owners of the Note Participations, all or a portion of the payments by all of the Issuers of their respective notes may or may not be secured either by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or other credit instrument (or instruments) (collectively, the "Credit Instrument") issued by the credit provider or credit providers designated in the Trust Agreement, as finally executed (collectively, the "Credit Provider"), which may be issued pursuant to a credit agreement or agreements or commitment letter or letters designated in the Trust Agreement (collectively, the "Credit Agreement") between the Issuers and the respective Credit Provider;

WHEREAS, the net proceeds of the Note may be invested by the Local Agency in Permitted Investments (as defined in the Trust Agreement) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

WHEREAS, the Program requires that each participating Issuer approve the Trust Agreement and the alternative Credit Instruments, if any, in substantially the forms presented to the Legislative Body, or, in the case of the Credit Instruments, if any, if not presented, in a form which complies with such requirements and standards as may be determined by the Legislative Body, with the final form and type of Credit Instrument and corresponding Credit Agreement, if any, determined upon execution of the Pricing Confirmation by the Authorized Representative;

WHEREAS, pursuant to the Program each participating Issuer will be responsible for its share of (a) the fees of the Trustee and the costs of issuing the applicable Series of Note Participations, and (b), if applicable, the fees of the Credit Provider, the Issuer's allocable share of all Predefault Obligations and the Issuer's Reimbursement Obligations, if any (each as defined in the Trust Agreement);

WHEREAS, pursuant to the Program, the Note and the Notes issued by other Issuers participating in the same Series (all as evidenced and represented by a Series of Note Participations) will be offered for sale through negotiation with the Underwriter pursuant to the terms and provisions of a purchase agreement, which shall be in substantially the same form as the purchase agreement presented to this meeting (the "Purchase Agreement");

WHEREAS, the Trust Agreement provides, among other things, that for the benefit of Owners of Note Participations and the Credit Provider, if any, the Local Agency shall provide notices of the occurrence of certain enumerated events, if deemed by the Local Agency to be material.

WHEREAS, the Local Agency has determined that, in order to reduce interest costs, it may be desirable to enter into one or more interest rate swaps; and

WHEREAS, it is necessary to engage the services of certain professionals to assist the Local Agency in its participation in the Program;

NOW, THEREFORE, this Legislative Body hereby finds, determines, declares and resolves as follows:

Section 1. Recitals. All the above recitals are true and correct.

Section 2. Authorization of Issuance. This Legislative Body hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to the Repayment Fiscal Year, by the issuance of a note or notes, pursuant to the provisions of Sections 53850 *et seq.* of the Act, designated the Local Agency's "2008 Tax and Revenue Anticipation Note," with an appropriate series designation if more than one note is issued (collectively, the "Note"), to be issued in the form of a fully registered note or notes in the Principal Amount thereof, to be dated the date of its delivery to the initial purchaser thereof, to mature (without option of prior redemption) not more than 13 months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the "Maturity Date"), and to bear interest, payable on the date or dates set forth in the Pricing Confirmation and computed upon the basis of a 360-day year consisting of twelve 30-day months, or a 365 or 366

day year, as the case may be, and actual days elapsed, at a fixed or variable rate or rates, if more than one Note is issued, not to exceed 12% per annum as determined in the Pricing Confirmation and indicated on the face of the Note (the "Note Rate"). If the Note as evidenced and represented by the Series of Note Participations is secured in whole or in part by a Credit Instrument or such Credit Instrument secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or if payment of principal and/or interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw or claim is not fully reimbursed on such date, such Note shall become a Defaulted Note (as defined in the Trust Agreement), and the unpaid portion thereof (including the interest component, if applicable) thereof (or the portion (including the interest component, if applicable) thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Trust Agreement). If the Note as evidenced and represented by the Series of Note Participations is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding two sentences, the obligation of the Local Agency with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the Local Agency prohibited by Article XVI, Section 18 of the California Constitution and the Local Agency shall not be liable thereon except to the extent of any available revenues attributable to the Repayment Fiscal Year, as provided in Section 8 hereof. The percentage of the Note as evidenced and represented by the Series of Note Participations to which a Credit Instrument, if any, applies (the "Secured Percentage") shall be equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on notes (or portions thereof) of all Issuers of Notes comprising such Series of Note Participations, expressed as a percentage (but not greater than 100%) as of the maturity date. Both the principal of and interest on the Note shall be payable in lawful money of the United States of America.

The Note shall be issued in conjunction with the note or notes of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

Anything in this Resolution to the contrary notwithstanding, the Pricing Confirmation (defined below) may specify that a portion of the authorized Principal Amount of the Note shall be issued as a taxable Note the interest on which is includable in the gross income of the holder thereof for federal income tax purposes (a "Taxable Note"). In such event, the Taxable Note shall be issued with an appropriate series designation and other terms reflecting such taxability of interest income, including without limitation, a taxable Note Rate and a taxable Default Rate; the term Note, and other terms as appropriate, shall be deemed to include or refer to such Taxable Note; and the agreements, covenants and provisions set forth in this Resolution to be performed by or on behalf of the Local Agency shall be for the equal and proportionate benefit, security and protection of the holder of any Note without preference, priority or distinction as to security or otherwise of any Note over another Note.

Section 3. Form of Note. The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A, as

attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures to be inserted or determined at closing.

Section 4. Sale of Note; Delegation. The Note Participations (which evidence an interest in the Note which shall be delivered to the Trustee) shall be sold to the Underwriter pursuant to the terms and provisions of the Purchase Agreement. The form of the Purchase Agreement, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation"), presented to this meeting is hereby approved. The authorized representatives set forth in Section 22 hereof (the "Authorized Representatives") are each hereby authorized and directed to execute and deliver the Purchase Agreement in substantially said form, with such changes thereto as such Authorized Representative shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; *provided, however*, that the Note Rate shall not exceed 12% per annum, and that the Local Agency's *pro rata* share of Underwriter's discount on the Note, when added to the Local Agency's share of the costs of issuance of the Note Participations, shall not exceed 1.0% of the Principal Amount of the Note and the Principal Amount shall not exceed the Maximum Amount of Borrowing. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

Section 5. Program Approval. The Note shall be combined with notes of other Issuers into a Series as set forth in the Preliminary Official Statement, hereinafter mentioned, and shall be sold simultaneously with such other notes of that Series supported by the Credit Instrument (if any) referred to in the Pricing Confirmation, and shall be evidenced and represented by the Note Participations which shall evidence and represent proportionate, undivided interests in the Note in the proportion that the face amount of the Note bears to the total aggregate face amount of the Note and the notes issued by other Issuers which the Series of Note Participations represent. Such Note Participations may be delivered in book-entry form.

The forms of Trust Agreement and alternative general types and forms of Credit Agreements, if any, presented to this meeting are hereby approved, and the Authorized Representative is hereby authorized and directed to execute and deliver the Trust Agreement and a Credit Agreement, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms (a substantially final form of Credit Agreement to be delivered to the Authorized Representative following the execution by the Authorized Representative of the Pricing Confirmation), with such changes therein as said officer shall require or approve, such approval of this Legislative Body and such officer to be conclusively evidenced by the execution of the Trust Agreement and the Credit Agreement, if any. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement. The Authorized Representative is hereby authorized and directed to comply with and carry out all of the provisions of the Trust Agreement with respect to continuing disclosure; *provided however*, that failure of the Local Agency to comply with the Continuing Disclosure Agreement, as defined in Article 11 of the Trust Agreement, shall not be considered an Event of Default hereunder. Any Credit Agreement identified in the Pricing Confirmation but not at this time before the Legislative Body shall include reasonable and customary terms and provisions relating to fees, increased costs of the Credit Provider payable by the Local Agency, negative and affirmation covenants of the Local Agency and events of default. The form of the Preliminary Official Statement presented to this meeting is hereby

approved, and the Underwriter is hereby authorized and directed to cause to be mailed to prospective bidders the Preliminary Official Statement in connection with the offering and sale of the Note Participations.

Any one of the Authorized Representatives of the Local Agency is hereby authorized and directed to provide the Underwriter with such information relating to the Local Agency as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the Local Agency therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule; *provided* that no representation is made as to the information contained in the Preliminary Official Statement relating to the other Issuers or any Credit Provider. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the Local Agency might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Local Agency shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of any Series of Note Participations, for and in the name and on behalf of the Local Agency, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Trustee is authorized and directed to execute Note Participations on behalf of the Local Agency pursuant to the terms and conditions set forth in the Trust Agreement, in the aggregate principal amount specified in the Trust Agreement, and substantially in the form and otherwise containing the provisions set forth in the form of the Note Participations contained in the Trust Agreement. When so executed, the Note Participations shall be delivered by the Trustee to the purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

Subject to Section 8 hereof, the Local Agency hereby agrees that if the Note as evidenced and represented by the Series of Note Participations shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Series of Note Participations, and therefore, if applicable, all or a portion of the Local Agency's Note, if any, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and, (ii) the holders of the Series of the Note Participations which evidence and represent the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Note Participations will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

The Local Agency agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the Local Agency's Note as evidenced and represented by the Series of Note Participations is secured in whole or in part by a Credit Instrument, any Predefault Obligations and Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an "Event of Default" hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the Local Agency shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid by the Local Agency within twenty-five (25) days of receipt by the Local Agency of a bill therefor from the Trustee.

Section 6. No Joint Obligation; Owners' Rights. The Note shall be marketed and sold simultaneously with the notes of other Issuers and shall be aggregated and combined with notes of other Issuers participating in the Program into a Series of Note Participations evidencing and representing an interest in several, and not joint, obligations of each Issuer. The obligation of the Local Agency to Owners is a several and not a joint obligation and is strictly limited to the Local Agency's repayment obligation under this Resolution and the Note, as evidenced and represented by such Series of Note Participations.

Owners of Note Participations, to the extent of their interest in the Note, and the Credit Provider, if any, shall be treated as owners of the Note and shall be entitled to all the rights and security thereof in accordance with the Trust Agreement; including the right to enforce the obligations and covenants contained in this Resolution and the Note. The Local Agency hereby recognizes the right of the Owners and the Credit Provider, if any, acting directly or through the Trustee to enforce the obligations and covenants contained in the Note, this Resolution and the Trust Agreement. The Local Agency shall be directly obligated to each Owner for the principal and interest payments on the Note evidenced and represented by the Note Participations without any right of counterclaim or offset arising out of any act or failure to act on the part of the Trustee.

Section 7. Disposition of Proceeds of Note. The moneys received from the sale of the Note allocable to the Local Agency's share of the costs of issuance (which shall include any issuance fees in connection with a Credit Instrument applicable to the Note, if any) shall be deposited in the Costs of Issuance Fund held and invested by the Trustee under the Trust Agreement and expended on costs of issuance as provided in the Trust Agreement. The moneys received from the sale of the Note (net of the Local Agency's share of the costs of issuance) shall be deposited in the Local Agency's Proceeds Subaccount within the Proceeds Fund hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Trust Agreement for the Local Agency and said moneys may be used and expended by the Local Agency for any purpose for which it is authorized to expend funds upon requisition from the Proceeds Subaccount as specified in the Trust Agreement. Amounts in the Proceeds Subaccount are hereby pledged to the payment of the Note.

The Trustee will not create subaccounts within the Proceeds Fund, but will keep records to account separately for proceeds of the Note Participations allocable to the Local Agency's Note on deposit in the Proceeds Fund which shall constitute the Local Agency's Proceeds Subaccount.

Section 8. Source of Payment. The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are received or held by the Local Agency for the general fund of the Local Agency and are attributable to the Repayment Fiscal Year and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency hereby pledges certain Unrestricted Revenues (as hereinafter provided, the "Pledged Revenues") which are received or held by the Local Agency for the general fund of the Local Agency and are attributable to the Repayment Fiscal Year, and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Local Agency from such Pledged Revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Local Agency lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The term "Unrestricted Revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, intended as receipts for the general fund of the Local Agency attributable to the Repayment Fiscal Year and which are generally available for the payment of current expenses and other obligations of the Local Agency. The Noteholders, Owners and the Credit Provider shall have a first lien and charge on such Unrestricted Revenues as herein provided which are received or held by the Local Agency and are attributable to the Repayment Fiscal Year. Anything herein to the contrary notwithstanding, unrestricted revenues pledged to the payment of the note as Pledged Revenues shall not include any amounts heretofore pledged by the Local Agency to the payment of County of Riverside Teeter Plan obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and supplemented from time to time.

In order to effect the pledge referenced in the preceding paragraph, the Local Agency hereby agrees and covenants to establish and maintain a special account within the Local Agency's general fund to be designated the "2008 Tax and Revenue Anticipation Note Payment Account" (the "Payment Account") and further agrees and covenants to maintain the Payment Account until the payment of the principal of the Note and the interest thereon. Notwithstanding the foregoing, if the Local Agency elects to have Note proceeds invested in Permitted Investments to be held by the Trustee pursuant to the Pricing Confirmation, a subaccount of the Payment Account (the "Payment Subaccount") shall be established for the Local Agency under the Trust Agreement and proceeds credited to such account shall be pledged to the payment of the Note. The Trustee need not create a subaccount, but may keep a record to account separately for proceeds of the Note so held and invested by the Trustee which record shall constitute the Local Agency's Proceeds Subaccount. Transfers from the Payment Subaccount shall be made in accordance with the Trust Agreement. The Local Agency agrees to transfer to and deposit in the Payment Account the first amounts received in the months specified in the Pricing Confirmation as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter attributable to Repayment Fiscal Year) until the amount on deposit in the Payment Account, together with the amount, if any, on

deposit in the Payment Subaccount, and taking into consideration anticipated investment earnings thereon to be received by the Maturity Date, is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note specified in the Pricing Confirmation. In making such transfer and deposit, the Local Agency shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Account from the Local Agency's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Account shall nevertheless be subject to the lien and charge created herein.

Any one of the Authorized Representatives of the Local Agency is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note required to be on deposit in the Payment Account and/or the Payment Subaccount in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such Authorized Representative; provided, however, that the maximum amount of Pledged Revenues required to be deposited in each Repayment Month shall not exceed fifty percent (50%) of the aggregate principal and interest due on the Note. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the Local Agency has not received sufficient unrestricted revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said unrestricted revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the Local Agency lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

Any moneys placed in the Payment Account or the Payment Subaccount shall be for the benefit of (i) the holder of the Note and the owner of the Note and (ii) (to the extent provided in the Trust Agreement) the Credit Provider, if any. The moneys in the Payment Account and the Payment Subaccount shall be applied only for the purposes for which such Accounts are created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Note Participations as set forth in the Trust Agreement) and, if applicable, (to the extent provided in the Trust Agreement and, if applicable, the Credit Agreement) the payment of all Predefault Obligations and Reimbursement Obligations owing to the Credit Provider.

The Local Agency hereby directs the Trustee to transfer on each Note Payment Deposit Date (as defined in the Trust Agreement), any moneys in the Payment Subaccount to the Note Participation Payment Fund (as defined in the Trust Agreement). In addition, on each Note Payment Deposit Date, the moneys in the Payment Account shall be transferred by the Local Agency to the Trustee, to the extent necessary (after crediting any transfer pursuant to the preceding sentence), to pay the principal of and/or interest on the Note, to make payments to a Swap Provider, if any, as defined in the Trust Agreement, pursuant to a Swap Agreement, if any, as defined in the Trust Agreement, or to reimburse the Credit Provider for payments made under or pursuant to the Credit Instrument. In the event that moneys in the Payment Account and/or

the Payment Subaccount are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the following priority: first to pay interest on the Note; second to pay principal of the Note; third to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth to reimburse the Credit Provider for payment, if any, of principal with respect to the Note; and fifth to pay any Reimbursement Obligations of the Local Agency and any of the Local Agency's pro rata share of Predefault Obligations owing to the Credit Provider. Any moneys remaining in or accruing to the Payment Account and/or the Payment Subaccount after the principal of the Note and the interest thereon and any Predefault Obligations and Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the Local Agency, subject to any other disposition required by the Trust Agreement, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the Local Agency from its obligation to pay its Note in full on the Maturity Date.

Moneys in the Proceeds Subaccount and in the Payment Subaccount shall be invested by the Trustee pursuant to the Trust Agreement as directed by the Local Agency in Permitted Investments as described in and under the terms of the Trust Agreement. Any such investment by the Trustee shall be for the account and risk of the Local Agency, and the Local Agency shall not be deemed to be relieved of any of its obligations with respect to the Note, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount or the Payment Subaccount.

The Local Agency shall promptly file with the Trustee and the Credit Provider, if any, such financial reports at the times and in the forms required by the Trust Agreement. At the written request of the Credit Provider, if any, the Local Agency shall, within ten (10) Business Days following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any.

Section 9. Execution of Note. Any one of the Authorized Representatives of the Local Agency or any other officer designated by the Legislative Body shall be authorized to execute the Note by manual or facsimile signature and the Secretary or Clerk of the Legislative Body of the Local Agency or any duly appointed assistant thereto shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the Local Agency are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. Said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement and Trust Agreement. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note need not bear the seal of the Local Agency, if any.

Section 10. Representations and Covenants of the Local Agency. The Local Agency makes the following representations for the benefit of the holder of the note, the owners of the Note Participations and the Credit Provider, if any.

(A) The Local Agency is duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt this Resolution and perform its obligations thereunder, (ii) enter into and perform its obligations under the Purchase Agreement, and (iii) issue the Note and perform its obligations thereunder.

(B) Upon the issuance of the Note, the Local Agency shall have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and the Local Agency has full legal right, power and authority to issue and deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, Trust Agreement and Credit Agreement, if any, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Local Agency is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities laws of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Local Agency required for the issuance and sale of the Note or the consummation by the Local Agency of the other transactions contemplated by this Resolution, except those the Local Agency shall obtain or perform prior to or upon the issuance of the Note.

(E) The Local Agency has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for the Repayment Fiscal Year setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Local Agency hereby covenants that it shall (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the Trustee, the Credit Provider, if any, the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The sum of the principal amount of the Local Agency's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of the Local Agency's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received by the Local Agency for the general fund of the Local Agency attributable to the Repayment Fiscal Year all of which will be legally available to pay principal of and interest on the Note.

(G) The Local Agency (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the Local Agency, has never defaulted on any debt obligation.

(H) The Local Agency's most recent audited financial statements present fairly the financial condition of the Local Agency as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Underwriter and the Credit Provider, if any, there has been no change in the financial condition of the Local Agency since the date of such audited financial statements that will in the reasonable opinion of the Local Agency materially impair its ability to perform its obligations under this Resolution and the Note. The Local Agency agrees to furnish to the Underwriter, the Authority, the Trustee and the Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the Local Agency as such party may reasonably request.

(I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Local Agency, threatened against or affecting the Local Agency questioning the validity of any proceeding taken or to be taken by the Local Agency in connection with the Note, the Purchase Agreement, the Trust Agreement, the Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Local Agency of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Local Agency's financial condition or results of operations or on the ability of the Local Agency to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Local Agency to perform its obligations under, the Note, the Purchase Agreement, the Trust Agreement, the Credit Agreement, if any, or this Resolution.

(J) Upon issuance of the Note and execution of the Purchase Contract, this Resolution, the Purchase Contract and the Note will constitute legal, valid and binding agreements of the Local Agency, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(K) The Local Agency and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(L) The Local Agency shall not incur any indebtedness secured by a pledge of its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged Revenues hereunder, except as provided in Section 8 hereof.

(M) So long as the Credit Provider, if any, is not in payment default under the Credit Instrument, the Local Agency hereby agrees to pay its pro rata share of all Predefault Obligations and all Reimbursement Obligations attributable to the Local Agency in accordance with provisions of the Credit Agreement, if any, and/or the Trust Agreement, as applicable. Prior to the Maturity Date, moneys in the Local Agency's Payment Account and/or Payment

Subaccount shall not be used to make such payments. The Local Agency shall pay such amounts promptly upon receipt of notice from the Credit Provider that such amounts are due to it.

(N) So long as any Note Participations executed and delivered in connection with the Notes are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the Local Agency will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Trust Agreement.

Section 11. Tax Covenants. The Local Agency will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the Local Agency will not make any use of the proceeds of the Note or any other funds of the Local Agency which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The Local Agency, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

The Local Agency hereby (i) represents that the aggregate face amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the Local Agency during calendar year 2008, including the Note, is not reasonably expected to exceed \$5,000,000; **or, in the alternative,** (ii) covenants that the Local Agency will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

Notwithstanding any other provision of this Resolution to the contrary, upon the Local Agency's failure to observe, or refusal to comply with, the covenants contained in this Section 11, no one other than the holders or former holders of the Note, the Owners or the Trustee on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the Local Agency's failure to observe, or refusal to comply with, such covenants.

The covenants contained in this Section 11 shall survive the payment of the Note.

The provisions of this Section 11 shall not apply to a Taxable Note.

Section 12. Events of Default and Remedies.

If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the Local Agency to make or cause to be made the transfers and deposits to the Payment Account, or any other payment required to be paid hereunder, including payment of principal and interest on the Note, on or

before the date on which such transfer, deposit or other payment is due and payable;

(b) Failure by the Local Agency to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Agency by the Trustee or the Credit Provider, if applicable, unless the Trustee and the Credit Provider shall agree in writing to an extension of such time prior to its expiration;

(c) Any warranty, representation or other statement by or on behalf of the Local Agency contained in this Resolution or the Purchase Agreement (including the Pricing Confirmation) or in any requisition or any financial report delivered by the Local Agency or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(d) A petition is filed against the Local Agency under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests;

(e) The Local Agency files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(f) The Local Agency admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Local Agency or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests;

Whenever any Event of Default referred to in this Section 12 shall have happened and be continuing, the Trustee shall, in addition to any other remedies provided herein or by law or under the Trust Agreement, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Without declaring the Note to be immediately due and payable, require the Local Agency to pay to the Trustee, as holder of the Note, an amount equal to the principal of the Note and interest thereon to maturity, plus all other

amounts due hereunder, and upon notice to the Local Agency the same shall become immediately due and payable by the Local Agency without further notice or demand; and

(b) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the Local Agency's Note is secured in whole or in part by a Credit Instrument or if the Credit Provider is subrogated to rights under the Local Agency's Note, as long as the Credit Provider is not in default of its payment obligations under the Credit Instrument, the Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and the Credit Provider's prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the Credit Provider is not reimbursed for any drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the Local Agency, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the Local Agency's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

Section 13. Trustee. The Trustee is hereby appointed as paying agent, registrar and authenticating agent for the Note. The Local Agency hereby directs and authorizes the payment by the Trustee of the interest on and principal of the Note when such become due and payable, from the Payment Account held by the Trustee in the name of the Local Agency in the manner set forth herein. The Local Agency hereby covenants to deposit funds in such account at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

The Local Agency hereby agrees to maintain as paying agent, registrar and authenticating agent of the Note, the Trustee under the Trust Agreement.

Section 14. Investment Authorization; Swap Agreement. Pursuant to Section 5922 of the California Government Code, the County Executive Officer, the Treasurer-Tax Collector, or the designee of either, in connection with, or incidental to, the execution and delivery of the Note, or any related investment or program of investment, are each authorized to enter into any contracts, including contracts commonly known as interest rate swap agreements, which such officer determines to be necessary or appropriate in order for the Local Agency to achieve the most favorable financial results. The terms and provisions of any such contract shall be those which the officer executing the contract deems necessary and appropriate; and the execution of such contract shall not require further approval of this Board. The Board hereby

finds and determines that the contracts authorized by this section are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the Note; and to enhance the relationship between risk and return with respect to the issuance of the Note and the related investment or program of investments.

Section 15. Approval of Actions. The aforementioned Authorized Representatives of the Local Agency are hereby authorized and directed to execute the Note and cause the Trustee to authenticate and accept delivery of the Note, pursuant to the terms and conditions of this Resolution and the Trust Agreement. All actions heretofore taken by the officers and agents of the Local Agency or this Legislative Body with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified and the Authorized Representatives and agents of the Local Agency are hereby authorized and directed, for and in the name and on behalf of the Local Agency, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. The Authorized Representatives of the Local Agency referred to above in Section 4 hereof are hereby designated as "Authorized Local Agency Representatives" under the Trust Agreement.

In the event that the Note or a portion thereof is secured by a Credit Instrument, any one of the Authorized Representatives of the Local Agency is hereby authorized and directed to provide the Credit Provider, with any and all information relating to the Local Agency as such Credit Provider may reasonably request.

Section 16. Proceedings Constitute Contract. The provisions of the Note and of this Resolution shall constitute a contract between the Local Agency and the registered owner of the Note and the Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable. The Credit Provider, if any, is a third party beneficiary of the provisions of this Resolution and the Note.

Section 17. Limited Liability. Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein, the Local Agency shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof.

Section 18. Amendments. At any time or from time to time, the Local Agency may adopt one or more Supplemental Resolutions with the written consents of the Authority and the Credit Provider, if any, but without the necessity for consent of the owner of the Note for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the Local Agency in this Resolution, other covenants and agreements to be observed by the Local Agency

which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Local Agency which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the owner of the Note or of the Note Participations executed and delivered in connection with the Notes.

Any modifications or amendment of this Resolution and of the rights and obligations of the Local Agency and of the owner of the Note or of the Note Participations executed and delivered in connection with the Notes may be made by a Supplemental Resolution, with the written consents of the Authority and the Credit Provider, if any, and with the written consent of the owners of at least a majority in principal amount of the Note and of the Note Participations executed and delivered in connection with the Notes outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note or any or of the Note Participations executed and delivered in connection with the Notes remain outstanding, the consent of the owners of such Note or of the Note Participations executed and delivered in connection with the Notes shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the owners of such Note or the owners of all of the Note Participations executed and delivered in connection with the Notes, or shall reduce the percentage of the Note or the owners of all of the Note Participations executed and delivered in connection with the Notes, the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Section 19. Severability. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 20. Appointment of Bond Counsel. The Local Agency approves and consents to the appointment of the law firm of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California as Bond Counsel for the Program. The Local Agency acknowledges that Bond

Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to Local Agency in this or some other matter. Given the special, limited role of Bond Counsel described above the Local Agency acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

Section 21. Appointment of Underwriter. The Local Agency approves and consents to the appointment of J.P. Morgan Securities, Inc. and Lehman Brothers, as co-senior managers, together with such co-underwriters, if any, identified in the Purchase Contract, as Underwriter for the Program.

Section 22. Resolution Parameters.

- (a) Name of Local Agency: County of Riverside
- (b) Maximum Amount of Borrowing: \$400,000,000
- (c) Authorized Representatives:

TITLE

- (1) Treasurer/Tax Collector
- (2) Assistant County Executive Officer/Finance
- (3) Deputy County Executive Officer

Section 23. Effective Date. This Resolution shall take effect from and after its date of adoption.

[Attach form of Certification of the Secretary or Clerk, as appropriate, with respect to the Resolution.]

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER 4/29/07
DATE

EXHIBIT A

FORM OF NOTE

COUNTY OF RIVERSIDE

2008 TAX AND REVENUE ANTICIPATION NOTE, SERIES A-3

<u>Interest Rate</u>	<u>Maturity Date</u>	Date of <u>Original Issue</u> July 1, 2008
<u>First Repayment Date</u>	<u>Second Repayment Date</u>	<u>Third Repayment Date</u>
__% (Total of principal and interest due on Note at maturity)	__% (Total of principal and interest due on Note at maturity)	__% (Total of principal and interest due on Note at maturity)**/

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, the Local Agency designated above (the "Local Agency") acknowledges itself indebted to and promises to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on each Interest Payment Date, as defined in the Trust Agreement, at the rate of interest specified above, or herein, if the rate is variable (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal to be paid upon surrender hereof at the principal corporate trust office of Wells Fargo Bank, National Association in Los Angeles, California, or its successor in trust (the "Trustee"). Interest is payable as specified in the Trust Agreement. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum; provided, however, that if the interest rate is variable, interest shall be calculated on the basis of the actual numbers of days elapsed in a year of 360, 365 or 366 days, as applicable. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. If the Local

**/ Number of Repayment Dates and percentages to be determined in Pricing Confirmation (as defined in the Resolution).

Agency fails to pay this Note when due or the Credit Provider (as defined in the Resolution hereinafter described), if any, is not reimbursed in full for the amount drawn on or paid pursuant to the Credit Instrument (as defined in the Resolution) to pay all or a portion of this Note on the date of such payment, this Note shall become a Defaulted Note (as defined and with the consequences set forth in the Resolution).

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of certain resolutions of the Legislative Body of the Local Agency duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the Local Agency for the general fund of the Local Agency and are attributable to the Repayment Fiscal Year, as defined in the Resolution, and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the Local Agency has pledged the first amounts of unrestricted revenues of the Local Agency received on the last day of the Repayment Months (as defined in the Resolution) (and any amounts received thereafter attributable to the Repayment Fiscal Year) until the amount on deposit in the Payment Account (as defined in the Resolution), together with available amounts, if any, on deposit in the Payment Subaccount (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note as set forth in the Pricing Confirmation (as defined in the Resolution) (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the Local Agency lawfully available therefor as set forth in the Resolution. The full faith and credit of the Local Agency is not pledged to the payment of the principal or interest on this Note.

The Local Agency and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Local Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the Local Agency, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

IN WITNESS WHEREOF, the Legislative Body of the Local Agency has caused this Note to be executed by the manual or facsimile signature of a duly Authorized Representative of the Local Agency and countersigned by the manual or facsimile signature of the Secretary or Clerk of the Legislative Body as of the date of authentication set forth below.

COUNTY OF RIVERSIDE

By: _____
Title:

Countersigned

By: _____
Title:

[STATEMENT OF INSURANCE]^{*2}

^{*2} To be used only if Credit Instrument is a policy of municipal bond insurance.