

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

851



FROM: Executive Office

SUBMITTAL DATE:
May 25, 2010

SUBJECT: Fiscal Year 2010-2011 Tax and Revenue Anticipation Notes

RECOMMENDED MOTION: That Resolution 2010-168 authorizing and approving the borrowing of funds for Fiscal Year 2010-2011 and the issuance and sale of a 2010-2011 Tax and Revenue Anticipation Note be adopted and 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 twelve years, had issued its TRANS through the statewide financing program jointly sponsored by the California State Association of Counties and the League of California Cities. However due to economic conditions and last year's program constraints staff recommends issuing the 2010-2011 TRANS as a standalone issuer without joining the pool.

Annually, as a cost saving measure the County evaluates the option of prepaying its pension obligation. 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.
(Continued)

Jerry Norris, Principal Management Analyst

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 5/18/10
DATE: DALE A. GARDNER
Departmental Concurrence

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:	\$ 5,985,000 (interest)	For Fiscal Year:	10/11

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:
County Executive Office Signature **Dean Deines**

Policy

Consent

Dep't Recomm.:
Per Exec. Ofc.:

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

3.6

PARC met, at their April 12, 2010 meeting, and based on its analysis, prepaying the FY 10-11 CalPERS contribution would generate approximately \$3.3 million in cash flow benefits.

The PARC therefore recommended including the prepayment, approximately \$86.9 million, in the FY 10-11 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 not exceed \$1.00/\$1,000 of issuance, which is just under last year's costs of \$1.05/\$1,000. It is anticipated that interest rates for the tax-exempt notes will be between 0.4% – 0.8% for a 12-month note.

Based on market conditions and potential difficulties selling this year's TRANs, there is a possibility that we may need to sell more than one series of notes. One series would have a shorter maturity date than the other series. The recommendation is that we offer a 9 or 10 month note (Series A) in addition to a 12 month note (Series B). The need to combine internal borrowing (borrowing from reserves) with external borrowing (TRANs Note) will continue to be evaluated until the day of issuance of the TRANs, and will be dictated by a detailed cost/benefit analysis.

The FY 2010-11 resolution authorizes the issuance of tax and revenue anticipation notes in an amount not-to-exceed \$350,000,000, 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.

1 COUNTY OF RIVERSIDE

2 RESOLUTION NO. 2010-168

3 RESOLUTION AUTHORIZING AND APPROVING THE BORROWING
4 OF FUNDS FOR FISCAL YEAR 2010-2011; THE ISSUANCE AND SALE
5 OF A 2010-2011 TAX AND REVENUE ANTICIPATION NOTE; AND THE
6 EXECUTION AND DELIVERY OF RELATED DOCUMENTS

7 WHEREAS, the County of Riverside (the "County") is authorized by Section
8 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act")
9 (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow
10 money by the issuance of temporary notes;

11 WHEREAS, the Board of Supervisors of the County (the "Board") has
12 determined that a sum (the "Principal Amount") not to exceed a maximum principal amount of
13 \$500,000,000, is needed for the requirements of the County, to satisfy obligations of the County,
14 and that it is necessary that said Principal Amount be borrowed for such purpose at this time by
15 the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue,
16 cash receipts and other moneys to be received or accrued by the County for the general fund of
17 the County, and provided for or attributable to its fiscal year ending June 30, 2011 ("Repayment
18 Fiscal Year");

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

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

27 WHEREAS, no money has heretofore been borrowed by or on behalf of the
28 County through the issuance of tax and revenue anticipation notes or temporary notes in

1 anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts
2 or other moneys for the Repayment Fiscal Year;

3 **WHEREAS**, pursuant to Section 53856 of the Act, certain moneys which will be
4 received or accrued by the County and provided for or attributable to the Repayment Fiscal Year
5 can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter
6 provided);

7 **WHEREAS**, The Bank of New York Mellon Trust Company, N.A. has agreed to
8 act as paying agent (the "Paying Agent") with respect to the Note;

9 **WHEREAS**, the Underwriter appointed in Section 21 hereof, intends to submit an
10 offer to purchase the Note and has submitted a form of Note Purchase Agreement (the "Purchase
11 Agreement") to the Board;

12 **WHEREAS**, a form of the Preliminary Official Statement describing the Note will
13 be distributed to potential purchasers of the Note by the Underwriter;

14 **WHEREAS**, this Board has been presented with the form of each document
15 hereinafter referred to relating to the Note, and the Board has examined and approved each
16 document and desires to authorize and direct the execution of such documents and the issuance of
17 the Note; and

18 **WHEREAS**, the County has determined that it may be desirable to provide for the
19 issuance of an additional parity note (the "Parity Note") during the Repayment Fiscal Year, the
20 principal and interest on which are secured by Pledged Revenues, hereinafter defined, on a parity
21 with the Note;

22 **NOW, THEREFORE**, this Board hereby finds, determines, declares and resolves
23 as follows:

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

25 **Section 2. Authorization of Issuance.** This Board hereby determines to borrow
26 solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to
27 be received or accrued by the County for the general fund of the County and provided for or
28 attributable to the Repayment Fiscal Year, by the issuance of a note or notes, pursuant to the

1 provisions of the Act, designated the County's "2010 Tax and Revenue Anticipation Note," with
2 an appropriate series designation if more than one note is issued (collectively, the "Note"), to be
3 issued in the form of a fully registered note or notes, in denominations of \$5,000 or integral
4 multiples thereof, in the in a combined amount not to exceed the Principal Amount thereof, to be
5 dated the date of delivery to the initial purchaser thereof, to mature on a date or dates, if more
6 than one note is issued, with or without option of prior redemption at the election of the County,
7 not more than 15 months thereafter on a date indicated on the face thereof and determined in the
8 Purchase Agreement (the "Maturity Date"), and to bear interest, payable on its Maturity Date
9 (and if the Maturity Date is more than 12 months from the date of issuance, payable on the
10 interim interest payment date set forth in the Purchase Agreement) and computed upon the basis
11 of a 360-day year consisting of twelve 30-day months, or a 365- or 366-day year, as the case may
12 be, and actual days elapsed, at a rate or rates, if more than one Note is issued, not to exceed 12%
13 per annum as determined in the Purchase Agreement and indicated on the face of the Note (the
14 "Note Rate"). If the Note is not fully paid at maturity, the unpaid portion thereof shall be deemed
15 outstanding and shall continue to bear interest thereafter until paid. In each case set forth in the
16 preceding two sentences, the obligation of the County with respect to such unpaid Note shall not
17 be a debt or liability of the County prohibited by Article XVI, Section 18 of the California
18 Constitution, and the County shall not be liable thereon except to the extent of any available
19 revenues provided for or attributable to the Repayment Fiscal Year, as provided in Section 7
20 hereof. Both the principal of and interest on the Note shall be payable in lawful money of the
21 United States of America.

22 **Section 3. Form of Note.** The Note shall be issued in fully registered form
23 without coupons and shall be substantially in the form and substance set forth in Exhibit A, as
24 attached hereto and by reference incorporated herein, the blanks in said form to be filled in with
25 appropriate words and figures as determined at closing.

26 **Section 4. Sale of Note; Purchase Agreement; Continuing Disclosure.** The
27 form of the Purchase Agreement presented to this meeting is hereby approved. The County
28 Executive Officer, or in the absence of such officer, his or her assistant, the County Treasurer-Tax

1 Collector, or in the absence of such officer, his or her assistant, and the Auditor-Controller, or in
2 the absence of such officer, his or her assistant (each a "County Officer") are each hereby
3 individually authorized and directed to execute and deliver such Purchase Agreement in
4 substantially said form, with such changes thereto as such County Officer shall approve, such
5 approval to be conclusively evidenced by his or her execution and delivery thereof; *provided,*
6 *however,* that the interest rate on the Note shall not exceed 12% per annum, and that the
7 Underwriter's discount on the Note shall not exceed 0.10% of the Principal Amount actually
8 issued. Delivery of an executed copy of the Purchase Agreement by fax or telecopy shall be
9 deemed effective upon execution and delivery for all purposes.

10 The form of instrument, entitled "Continuing Disclosure Certificate," to be dated
11 as of its date of execution, in substantially the form presented to this meeting, is hereby approved.
12 Any County Officer is authorized and directed to execute and deliver on behalf of the County an
13 instrument in substantially said form, with such changes therein as such officer executing such
14 instrument may require or approve, such approval to be conclusively evidenced by the execution
15 and delivery thereof.

16 **Section 5. Official Statement.** The proposed form of preliminary official
17 statement (the "Preliminary Official Statement") relating to the Note, in substantially the form
18 presented to this meeting, is hereby approved with such changes, additions, completion and
19 corrections as any County Officer may approve, and the Underwriter is hereby authorized and
20 directed to cause to be mailed to prospective bidders the Preliminary Official Statement in
21 connection with the offering and sale of the Note. Such Preliminary Official Statement, together
22 with any supplements thereto, shall be in form "deemed final" by the County for purposes of Rule
23 15c2-12, promulgated by the Securities and Exchange Commission (the "Rule"), unless otherwise
24 exempt, but is subject to revision, amendment and completion in a final official statement (the
25 "Official Statement"). The Official Statement in substantially said form is hereby authorized and
26 approved, with such changes therein as any County Officer may approve. The County Officer is
27 hereby authorized and directed, at or after the time of the sale of the Note, for and in the name
28 and on behalf of the County, to execute a final Official Statement in substantially the form of the

1 Preliminary Official Statement presented to this meeting, with such additions thereto or changes
2 therein as the County Officer may approve, such approval to be conclusively evidenced by the
3 execution and delivery thereof.

4 Any one of the County Officers is hereby authorized and directed to provide the
5 Financial Advisor or the Underwriter with such information relating to the County as they shall
6 reasonably request for inclusion in the Preliminary Official Statement and Official Statement of
7 the County. Upon inclusion of the information relating to the County therein, the Preliminary
8 Official Statement is, except for certain omissions permitted by the Rule, hereby deemed final
9 within the meaning of the Rule. If, at any time prior to the end of the underwriting period, as
10 defined in the Rule, any event occurs as a result of which the information contained in the
11 Preliminary Official Statement might include an untrue statement of a material fact or omit to
12 state any material fact necessary to make the statements therein, in light of the circumstances
13 under which they were made, not misleading, the County shall promptly notify the Underwriter
14 and the Financial Advisor.

15 **Section 6. Disposition of Proceeds of Note; Investment.** The moneys received
16 from the sale of the Note shall be deposited in the County's "2010 Note Proceeds Account"
17 (herein called the "Proceeds Account") which Account is hereby established and maintained with
18 the County Treasure-Tax Collector. The moneys received from the sale of the Note deposited in
19 the County's Proceeds Account may be used and expended by the County for any purpose for
20 which it is authorized to expend funds.

21 All moneys in the Proceeds Account shall be invested in Permitted Investments (as
22 hereinafter defined), and the proceeds of such investments shall be retained in the Proceeds
23 Account.

24 "Permitted Investments" means any of the following to the extent then permitted
25 by law:

- 26 (a) Direct obligations (other than an obligation subject to variation in principal
27 repayment) of the United States of America ("United States Treasury Obligations"),
28 (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest

1 by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely
2 payment of principal and interest by any agency or instrumentality of the United States of
3 America when such obligations are backed by the full faith and credit of the United States of
4 America, or (d) evidences of ownership of proportionate interests in future interest and principal
5 payments on obligations described above held by a bank or trust company as custodian, under
6 which the owner of the investment is the real party in interest and has the right to proceed directly
7 and individually against the obligor and the underlying government obligations are not available
8 to any person claiming through the custodian or to whom the custodian may be obligated.

9 Obligations of instrumentalities or agencies of the United States of America.

10 These are specifically limited to:

11 -- Federal Home Loan Mortgage Corporation (FHLMC)

12 Participation certificates (excluded are stripped mortgage securities which
13 are purchased at prices exceeding their principal amounts)

14 Debt Obligations

15 -- Federal Home Loan Banks (FHL Banks)

16 Consolidated debt obligation

17 -- Federal National Mortgage Association (FNMA)

18 Debt obligations

19 Mortgage backed securities (Excluded are stripped mortgage
20 securities-which are purchased at prices exceeding their principal
21 amounts).

22 Book entry securities listed in 1 and 2 above must be held in a trust account with
23 the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which
24 has an account with the Federal Reserve Bank.

25 Federal Housing Administration debentures.

26 Commercial paper, payable in the United States of America, having original
27 maturities of not more than 92 days and which are rated SP-1 by S&P and MIG-1 by Moody's.

28 Interest bearing demand or time deposits issued by state banks or trust companies,
savings and loan associations, federal savings banks or any national banking associations, the
deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings Association
Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto.

1 These deposits: (a) must be continuously and fully insured by BIF or SAIF, or (b) must have
2 maturities of less than 366 days and be deposited with banks the short term obligations of which
3 are rated SP-1 by S&P and MIG-1 by Moody's.

4 Money market mutual funds or portfolios investing in short-term US Treasury
5 securities rated AAAM or AAAM-G by S&P and Aaa by Moody's.

6 Investment agreements, funding agreements or guaranteed investment contracts
7 approved by the Riverside County Treasurer-Tax Collector with a financial institution rated in
8 one of the two highest rating categories by both Moody's and S&P without regard to plus, minus
9 or numerical notation. Such agreement or contract must contain downgrade covenants providing
10 that in the event of a rating downgrade of the provider below Aa3 by Moody's or AA- by S&P,
11 the agreement or contract shall require the provider to notify the Riverside County Treasurer-Tax
12 Collector in writing of such downgrade within five (5) business days of such downgrade event;
13 thereafter, at the provider's option, the provider shall either (a) assign the agreement or contract
14 and all of its obligations thereunder to a then qualified financial institution acceptable to the
15 Riverside County Treasurer-Tax Collector, or (b) collateralize the agreement or contract with
16 U.S. Treasury or Government Agency securities at 105% of principal and interest, marked-to-
17 market weekly with a three (3) business day cure period for deficiencies. Such collateral must be
18 held by an independent third party acting for the benefit of the County of Riverside and must be
19 free and clear of any liens. A downgrade below A3 by Moody's or A- by S&P of the provider or
20 any substituted provider pursuant to an assignment, shall allow for the immediate withdrawal of
21 all monies then invested in the agreement or contract at no premium or penalty to the County of
22 Riverside.

23 The Local Agency Investment Fund administered by the State of California.

24 Investment Trust of California, doing business as CalTRUST.

25 The Pooled Investment Fund maintained by the County Treasurer-Tax Collector.

26 **Section 7. Source of Payment; Parity Note.** The principal amount of the Note,
27 together with the interest thereon, shall be payable from taxes, income, revenue (including, but
28 not limited to, revenue from the state and federal governments), cash receipts and other moneys

1 which are accrued, received or held by the County for the general fund of the County and are
2 provided for or attributable to the Repayment Fiscal Year and which are available for payment of
3 current expenses and other obligations of the County (“Unrestricted Revenues”). As security for
4 the payment of the principal of and interest on the Note, the County hereby pledges all
5 Unrestricted Revenues (the “Pledged Revenues”), and the principal of the Note and the interest
6 thereon shall constitute a first lien and charge thereon and shall be payable from the moneys
7 received by the County from such Pledged Revenues and, to the extent not so paid, shall be paid
8 from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully
9 available therefore (all as provided for in Sections 53856 and 53857 of the Act). Anything herein
10 to the contrary notwithstanding, Unrestricted Revenues pledged to the payment of the Note as
11 Pledged Revenues shall not include any amounts heretofore pledged by the County to the
12 payment of County of Riverside Teeter Plan obligations issued pursuant to Resolution No. 97-
13 203, as such resolution may be amended and supplemented from time to time. The County may
14 incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of
15 Pledged Revenues hereunder and may issue subordinate tax and revenue anticipation notes.

16 In order to effect the pledge referenced in the preceding paragraph, the County
17 hereby agrees to the establishment and maintenance of a “2010 Note Payment Account” (herein
18 called the “Payment Account”) by the Paying Agent as the responsible agent to maintain such an
19 account until the payment of the principal of the Note and the interest thereon, and the County
20 further agrees to cause to be deposited in the Payment Account from amounts received in the
21 months specified in the Purchase Agreement as Repayment Months (each individual month a
22 “Repayment Month” and collectively “Repayment Months”) (and any amounts received
23 thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on deposit
24 in the Payment Account, is equal in the respective Repayment Months identified in the Purchase
25 Agreement to the percentage of the principal and interest due on the Note specified in the
26 Purchase Agreement. Any such deposit may take into consideration anticipated investment
27 earnings on amounts deposited in an Investment Agreement, that is a Permitted Investment
28 through the Maturity Date.

1 Any County Officer is hereby authorized to approve the determination of the
2 Repayment Months and percentages of the principal and interest due on the Note required to be
3 on deposit in the Payment Account in each Repayment Month, all as specified in the Purchase
4 Agreement, by executing and delivering the Purchase Agreement, such execution and delivery to
5 be conclusive evidence of approval by this Board and such County Officer. In the event on the
6 day in each such Repayment Month that a deposit to the Payment Account is required to be made,
7 the County has not received sufficient Unrestricted Revenues to permit the deposit into the
8 Payment Account of the full amount of Pledged Revenues to be deposited in the Payment
9 Account from said Unrestricted Revenues in said month, then the amount of any deficiency shall
10 be satisfied and made up from any other moneys of the County lawfully available for the payment
11 of the principal of the Note and the interest thereon, as and when such other moneys are received
12 or are otherwise legally available.

13 Any moneys placed in the Payment Account shall be for the benefit of the holders
14 of the Note. The moneys in the Payment Account shall be applied only for the purposes for
15 which the Payment Account is created until the principal of the Note and all interest thereon are
16 paid or until provision has been made for such payment.

17 In the event that moneys in the Payment Account are insufficient to pay the
18 principal of and interest on the Note in full when due, such moneys shall be applied in the
19 following priority: first, to pay interest on the Note; and second, to pay principal of the Note.
20 Any moneys remaining in or accruing to the Payment Account after the principal of the Note and
21 the interest thereon have been paid, or provision for such payment has been made, shall be
22 transferred to the general fund of the County.

23 Moneys in the Payment Account shall be invested in Permitted Investments and
24 any such investment shall be for the account and risk of the County. The County shall not be
25 deemed to be relieved of any of its obligations with respect to the Note by reason of such
26 investment of the moneys in its Payment Account.

27 Anything herein to the contrary notwithstanding, the County may at any time
28 during the Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on

1 Pledged Revenues on a parity with the Note; provided that (i) the issuance of any such Parity
2 Note shall not, in and of itself, reduce or impair the rating on the Note, (ii) the maturity date of
3 any such Parity Note shall be later than the outstanding Note and (iii) the Note and Parity Note
4 shall have the same paying agent. In the event that the County issues a Parity Note, the County
5 shall make appropriate deposits into the Payment Account with respect to such Parity Note, and
6 in such event, the Payment Account shall also be held for the benefit of the holders of the Parity
7 Note.

8 **Section 8. Execution of Note.** Any one of the County Officers or any other
9 officer designated by the Board shall be authorized to execute the Note by manual or facsimile
10 signature, and the Clerk of the Board of the County or any duly appointed assistant thereto shall
11 be authorized to countersign the Note by manual or facsimile signature. Said officers of the
12 County are hereby authorized to cause the blank spaces of the Note to be filled in as may be
13 appropriate pursuant to the Purchase Agreement. In case any officer whose signature shall appear
14 on any Note shall cease to be such officer before the delivery of such Note, such signature shall
15 nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in
16 office until delivery. The Note need not bear the seal of the County, if any.

17 **Section 9. Use of Depository; Registration, Exchange and Transfer.**

18 (A) The Depository Trust Company, New York, New York ("DTC"), is hereby
19 appointed depository for the Notes. DTC shall perform such function pursuant to the Blanket
20 Issuer Letter of Representations on file with DTC (the "Letter of Representation"). The Notes
21 shall be initially issued and registered in the name of "Cede & Co.," as nominee of DTC and shall
22 be evidenced by a single Note for each series. Registered ownership of each Note, or any portion
23 thereof, may not thereafter be transferred except as set forth in Section 9(B).

24 (B) The Notes shall be initially issued and registered as provided in Section
25 9(A) hereof. Registered ownership of the Notes, or any portions thereof, may not thereafter be
26 transferred except:

27 (i) to any successor of Cede & Co., as nominee of DTC, or its
28 nominee, or of any substitute depository designated pursuant to clause (ii) of this

1 subsection (B) ("Substitute Depository"); provided, that, any successor of Cede &
2 Co., as nominee of DTC or Substitute Depository, shall be qualified under any
3 applicable laws to provide the service proposed to be provided by it;

4 (ii) to any Substitute Depository not objected to by the County Officer,
5 upon (1) the resignation of DTC or its successor (or any Substitute Depository or
6 its successor) from its functions as depository, or (2) a determination by the
7 County Officer to substitute another depository for DTC (or its successor) because
8 DTC (or its successor) is no longer able to carry out its functions as depository;
9 provided, that, any such Substitute Depository shall be qualified under any
10 applicable laws to provide the services proposed to be provided by it; or

11 (iii) to any person as provided below, upon (1) the resignation of DTC
12 or its successor (or any Substitute Depository or its successor) from its functions
13 as depository, or (2) a determination by the County Officer to discontinue using
14 DTC or a depository.

15 (C) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection
16 (B) of this Section 9, upon receipt of all outstanding Notes by the Paying Agent (together with a
17 written request of the County Officer to the Paying Agent designating the Substitute Depository),
18 a single new Note of each series, which the County shall prepare or cause to be prepared, shall be
19 executed and delivered, authenticated by the Paying Agent, and registered in the name of any
20 such successor to Cede & Co. or such Substitute Depository, or their respective nominees, as the
21 case may be, all as specified in the written request of the County Officer. In the case of any
22 transfer pursuant to clause (iii) of Subsection (B) of this Section 9 upon receipt of all outstanding
23 Notes by the Paying Agent (together with a written request of the County Officer to such Paying
24 Agent), new Notes, which the County shall prepare or cause to be prepared, shall be executed by
25 the County and authenticated by the Paying Agent and delivered in such denominations and
26 registered in the names of such persons as specified by the County Officer in such written request,
27 subject to the limitations of this Section 9, provided, that, the Paying Agent shall deliver such new
28 Notes as soon as practicable.

1 (D) The County and the Paying Agent shall be entitled to treat the person in
2 whose name any Note is registered as the owner thereof for all purposes of this Resolution and for
3 purposes of payment of principal of and interest on such Note, notwithstanding any notice to the
4 contrary received by the Paying Agent or the County; and the County and the Paying Agent shall
5 not have responsibility for transmitting payments to, communicating with, notifying, or otherwise
6 dealing with any beneficial owners of the Notes while DTC or its successor is the registered
7 owner. Neither the County nor the Paying Agent shall have any responsibility or obligation, legal
8 or otherwise, to any such beneficial owners or to any other party, including DTC or its successor
9 (or Substitute Depository or its successor), except to the registered owner of any Notes, and the
10 Paying Agent may rely conclusively on its records as to the identity of the owners of the Notes.

11 (E) Notwithstanding any other provision of this Resolution and so long as all
12 outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the County
13 and the Paying Agent shall cooperate with Cede & Co. or its registered assigns, as sole registered
14 owner, in effecting payment of the principal of and interest on the Notes by arranging for
15 payment in such manner that funds for such payments are properly identified and are made
16 available on the date they are due all in accordance with the Letter of Representations, the
17 provisions of which the Paying Agent may rely upon to implement the foregoing procedures
18 notwithstanding any inconsistent provisions herein.

19 (F) In the case of any transfer pursuant to clause (iii) of subsection (B) of this
20 Section, any Note may, in accordance with its terms, be transferred or exchanged for a like
21 aggregate principal amount in authorized denominations, upon the books required to be kept by
22 the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered,
23 in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in
24 the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed
25 and in form approved by the Paying Agent.

26 Whenever any Note shall be surrendered for transfer or exchange, the County shall
27 execute and the Paying Agent shall authenticate and deliver a new Note or Notes of authorized
28 denominations of the same series, for a like aggregate principal amount of the same interest rate.

1 The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or
2 other governmental charge required to be paid with respect to such transfer or exchange.

3 (G) The Paying Agent will keep or cause to be kept sufficient books for the
4 registration and transfer of the Notes, which shall at all times be open to inspection by the
5 County. Upon presentation for such purpose, the Paying Agent shall, under such reasonable
6 regulations as it may prescribe, register or transfer or cause to be registered or transferred, on
7 such books, Notes as hereinbefore provided.

8 (H) If any Note shall become mutilated, the County, at the expense of the
9 owner of such Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver
10 a new Note of like series, tenor, interest rate and number in exchange and substitution for the
11 Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every
12 mutilated Note so surrendered to the Paying Agent shall be cancelled by it and delivered to, or
13 upon the order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such
14 loss, destruction or theft may be submitted to the County and the Paying Agent and, if such
15 evidence be satisfactory to both and indemnity satisfactory to them shall be given, the County, at
16 the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate, if
17 required, and deliver a new Note of like series, interest rate, tenor and number in lieu of and in
18 substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or
19 shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same
20 without surrender thereof). The Paying Agent may require payment by the registered owner of a
21 Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this
22 paragraph and of the expenses which may be incurred by the County and the Paying Agent. Any
23 Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall
24 constitute an original additional contractual obligation on the part of the County whether or not
25 the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall
26 be entitled to the benefits of this Resolution with all other Notes secured by this.

27 All Notes surrendered for payment or registration of transfer, if surrendered to any
28 person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly

1 cancelled by it. The County may at any time deliver to the Paying Agent for cancellation any
2 Notes previously authenticated and delivered hereunder which the County may have acquired in
3 any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Paying
4 Agent. No Note shall be authenticated in lieu of or in exchange for any Notes cancelled as
5 provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Paying
6 Agent shall be disposed of as directed by the County.

7 **Section 10. Representations and Covenants of the County.** The County makes
8 the following representations and covenants for the benefit of the holder of the Note:

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

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

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

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

27 (E) The County has (or will have prior to the issuance of the Note) duly,
28 regularly and properly adopted a preliminary budget for the Repayment Fiscal Year setting forth

1 expected revenues and expenditures and has complied with all statutory and regulatory
2 requirements with respect to the adoption of such budget. The County hereby covenants that it
3 shall (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal
4 Year, (ii) provide to the Financial Advisor and the Underwriter, promptly upon adoption, copies
5 of such final budget and of any subsequent revisions, modifications or amendments thereto and
6 (iii) comply with all applicable laws pertaining to its budget.

7 (F) The County (i) has not defaulted within the past twenty (20) years, and is
8 not currently in default, on any debt obligation and (ii), to the best knowledge of the County, has
9 never defaulted on any debt obligation.

10 (G) The County's most recent audited financial statements present fairly the
11 financial condition of the County as of the date thereof and the results of operation for the period
12 covered thereby. Except as has been disclosed to the Financial Advisor and the Underwriter and
13 in the Preliminary Official Statement and to be set forth in the final Official Statement, there has
14 been no change in the financial condition of the County since the date of such audited financial
15 statements that will in the reasonable opinion of the County materially impair its ability to
16 perform its obligations under this Resolution and the Note. The County agrees to furnish to the
17 Financial Advisor and the Underwriter promptly, from time to time, such information regarding
18 the operations, financial condition and property of the County as such party may reasonably
19 request.

20 (H) There is no action, suit, proceeding, inquiry or investigation, at law or in
21 equity, before or by any court, arbitrator, governmental or other board, body or official, pending
22 or, to the best knowledge of the County, threatened against or affecting the County questioning
23 the validity of any proceeding taken or to be taken by the County in connection with the Note, the
24 Purchase Agreement or this Resolution, or seeking to prohibit, restrain or enjoin the execution,
25 delivery or performance by the County of any of the foregoing, or wherein an unfavorable
26 decision, ruling or finding would have a materially adverse effect on the County's financial
27 condition or results of operations or on the ability of the County to conduct its activities as
28 presently conducted or as proposed or contemplated to be conducted, or would materially

1 adversely affect the validity or enforceability of, or the authority or ability of the County to
2 perform its obligations under, the Note, the Purchase Agreement or this Resolution.

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

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

14 (K) Except for Parity Notes, if any, permitted to be executed and delivered
15 pursuant to Section 7 hereof, the County shall not incur any indebtedness secured by a pledge of
16 its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged
17 Revenues hereunder.

18 (L) The information contained in the Official Statement (excluding the
19 statements and information under the heading "UNDERWRITING" and under "THE NOTES—
20 Book-Entry Only System"), as of the time of delivery thereof to the Underwriter and at all times
21 subsequent thereto up to and including the closing, will be true, complete, correct and final in all
22 material respects and will not contain any untrue statement of a material fact or omit to state a
23 material fact necessary to make the statements therein, in the light of the circumstances under
24 which they were made, not misleading.

25 (M) The County hereby covenants and agrees that it will comply with and carry
26 out all of the provisions of the Continuing Disclosure Certificate consistent with the requirements
27 of the Rule.

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

13 The County hereby covenants that the County will take all legally permissible
14 steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than
15 the day that is six months after the date of issuance of the Note so as to satisfy the requirements of
16 Section 148(f)(4)(B) of the Code.

17 Notwithstanding any other provision of this Resolution to the contrary, upon the
18 County's failure to observe, or refusal to comply with, the covenants contained in this Section 11,
19 no one other than the holders or former holders of the Note, and their legal representatives, shall
20 be entitled to exercise any right or remedy under this Resolution on the basis of the County's
21 failure to observe, or refusal to comply with, such covenants.

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

23 **Section 12. Events of Default and Remedies.**

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

26 (a) Failure by the County to make or cause to be made the transfers and
27 deposits to the Payment Account, or any other payment required to be paid hereunder, including
28 payment of principal and interest on the Note, on or before the date on which such transfer,

1 deposit or other payment is due and payable;

2 (b) Failure by the County to observe and perform any covenant, condition or
3 agreement (other than failure to make a payment or transfer as provided in subsection (a) of this
4 Section) on its part to be observed or performed under this Resolution, for a period of fifteen (15)
5 days after written notice, specifying such failure and requesting that it be remedied, is given to the
6 County by the holders of not less than 10% in aggregate principal amount of the Note, unless
7 such holders shall agree in writing to an extension of such time prior to its expiration;

8 (c) Any warranty, representation or other statement by or on behalf of the
9 County contained in this Resolution or the Purchase Agreement or in any requisition or any
10 financial report delivered by the County or in any instrument furnished in compliance with or in
11 reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or
12 misleading in any material respect;

13 (d) A petition is filed against the County under any bankruptcy, reorganization,
14 arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction,
15 whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the
16 holders of the Note shall have the right to intervene in the proceedings prior to the expiration of
17 such 30 days to protect their interests;

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

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

1 Whenever any Event of Default referred to in this Section 12 shall have happened
2 and be continuing, the holders of the Note and any adversely affected former holders of the Note,
3 and their legal representatives, shall, in addition to any other remedies provided herein, have the
4 right, at their option without any further demand or notice, to take one or any combination of the
5 following remedial steps:

6 (g) Without declaring the Note to be immediately due and payable, require the
7 County to pay to the Paying Agent on behalf of the holders of the Note, an amount equal to the
8 principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and
9 upon notice to the County the same shall become immediately due and payable by the County
10 without further notice or demand; and

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

14 **Section 13. Application of Amounts After Default.** Notwithstanding anything
15 to the contrary contained herein, after a default by the County, all funds and accounts held by the
16 Paying Agent and all payments received by the Paying Agent with respect to the Note after an
17 Event of Default by the County pursuant to Section 12 hereof, and all damages or other payments
18 received by the Paying Agent for the enforcement of any rights and powers of the Paying Agent
19 under Section 12, shall be deposited into the Payment Account and as soon as practicable
20 thereafter applied to the payment of all amounts then due as interest on the Note and any Parity
21 Note, and thereafter to the payment of all amounts due as principal on the Note and any Parity
22 Note, ratably without preference or priority of any kind, according to the amounts due and
23 payable with respect to such Note and Parity Note.

24 **Section 14. Paying Agent.** The Bank of New York Mellon Trust Company, N.A.
25 is hereby appointed as paying agent and registrar for the Note. The County hereby directs and
26 authorizes the payment by the Paying Agent of the interest on and principal of the Note when
27 such become due and payable, from the Payment Account held by the Paying Agent in the name
28 of the County in the manner set forth herein. The County hereby covenants to deposit funds in

1 such account at the time and in the amount specified herein to provide sufficient moneys to pay
2 the principal of and interest on the Note on the day on which it matures. Payment of the Note
3 shall be in accordance with the terms of the Note and this Resolution.

4 **Section 15. Approval of Actions.** All actions heretofore taken by the officers
5 and agents of the County or this Board with respect to the sale and issuance of the Note and
6 participation are hereby approved, confirmed and ratified, and the County Officers and agents of
7 the County are hereby authorized and directed, for and in the name and on behalf of the County,
8 to do any and all things and take any and all actions and execute any and all certificates,
9 agreements and other documents which they, or any of them, may deem necessary or advisable in
10 order to consummate the lawful issuance and delivery of the Note in accordance with, and related
11 transactions contemplated by, this Resolution.

12 **Section 16. Proceedings Constitute Contract.** The provisions of the Note and
13 of this Resolution shall constitute a contract between the County and the registered holders of the
14 Note and such provisions shall be enforceable by mandamus or any other appropriate suit, action
15 or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable.

16 **Section 17. Limited Liability.** Notwithstanding anything to the contrary
17 contained herein or in the Note or in any other document mentioned herein or related to the Note,
18 the County shall not have any liability hereunder or by reason hereof or in connection with the
19 transactions contemplated hereby except to the extent payable from moneys available therefore as
20 set forth in Section 7 hereof.

21 **Section 18. Amendments.** At any time or from time to time, the County may
22 adopt one or more Supplemental Resolutions without the necessity for consent of the owner of the
23 Note issued in connection with the Note for any one or more of the following purposes:

24 (a) to add to the covenants and agreements of the County in this Resolution,
25 other covenants and agreements to be observed by the County which are not contrary to or
26 inconsistent with this Resolution as theretofore in effect;

27 (b) to add to the limitations and restrictions in this Resolution, other limitations
28 and restrictions to be observed by the County which are not contrary to or inconsistent with this

1 Resolution as theretofore in effect;

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

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

7 (e) to amend or supplement this Resolution in any other respect;
8 provided, however, that any such Supplemental Resolution does not adversely affect the interests
9 of the holders of the Note.

10 Any modifications or amendment of this Resolution and of the rights and
11 obligations of the County and of the holders of the Note may be made by a Supplemental
12 Resolution, with the written consent of the holders of at least a majority in principal amount of
13 the Note outstanding at the time such consent is given; *provided, however*, that if such
14 modification or amendment will, by its terms, not take effect so long as the Note remain
15 outstanding, the consent of the holders of such Note shall not be required. No such modification
16 or amendment shall permit a change in the maturity of the Note or a reduction of the principal
17 amount thereof or an extension of the time of any payment thereon or a reduction of the rate of
18 interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution,
19 without the consent of the holders of such Note, or shall reduce the percentage of the Note, the
20 consent of the holders of which is required to effect any such modification or amendment, or shall
21 change or modify any of the rights or obligations of the Paying Agent without its written assent
22 thereto.

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

26 **Section 20. Appointment of Bond Counsel and Disclosure Counsel.** The
27 County approves and consents to the appointment of the law firm of Orrick, Herrington &
28 Sutcliffe LLP, Los Angeles, California as Bond Counsel for the Note. The County acknowledges

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

9 The County approves and consents to the appointment of the law firm of Kutak
10 Rock LLP, Los Angeles, California as Disclosure Counsel for the Note.

11 **Section 21. Appointment of Financial Advisor and Underwriter.** The County
12 approves the appointment of Fieldman Rolapp & Associates as financial advisor for the County
13 for the Note (the "Financial Advisor") pursuant to its existing contract to provide financial
14 advisory services for the County. The County approves and consents to the appointment of E.J.
15 De La Rosa & Co., Inc., as senior manager, together with J.P. Morgan Securities Inc. and
16 Wedbush Securities Inc., as co-managers, (collectively, the "Underwriter") for the Note.

17 **Section 22. Effective Date.** This Resolution shall take effect from and after its
18 date of adoption.

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20 [Attach form of Certification of the Clerk with respect to the Resolution.]
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EXHIBIT A
FORM OF NOTE
COUNTY OF RIVERSIDE

2010 TAX AND REVENUE ANTICIPATION NOTE, SERIES ___^{*/}

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
%		July __, 2010
<u>First Repayment Month</u>	<u>Second Repayment Month</u>	<u>Third Repayment Month</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 County of Riverside (the "County") acknowledges itself indebted, 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 [_____, 2011 and on the Maturity Date], at the Interest Rate specified above (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 office of The Bank of New York Mellon Trust company, N.A., or its successor (the "Paying Agent"). 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

^{*/} If more than one Series is issued in the Repayment Fiscal Year.

^{**/} Number of Repayment Dates and percentages to be determined in Purchase Agreement (as defined in the Resolution).

1 elapsed until payment in full of said principal sum. Both the principal of and interest on this Note
2 shall be payable only to the registered owner hereof upon surrender of this Note as the same shall
3 fall due; *provided, however*, no interest shall be payable for any period after maturity during
4 which the holder hereof fails to properly present this Note for payment.

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

12 The principal of the Note, together with the interest thereon, shall be payable from
13 taxes, income, revenue, cash receipts and other moneys which are received or accrued by the
14 County for the general fund of the County and are provided for or attributable to the Repayment
15 Fiscal Year, as defined in the Resolution, and which are available for payment thereof. As
16 security for the payment of the principal of and interest on the Note, the County has pledged from
17 Unrestricted Revenues of the County received in the Repayment Months (as defined in the
18 Resolution) identified in the Purchase Agreement (as defined in the Resolution) (and any amounts
19 received thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on
20 deposit in the Payment Account (as defined in the Resolution) in each such month, is equal to the
21 corresponding percentages of principal of and interest due on the Note as set forth in the Purchase
22 Agreement (such pledged amounts being hereinafter called the "Pledged Revenues"), and the
23 principal of the Note and the interest thereon shall constitute a first lien and charge thereon and
24 shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any
25 other moneys of the County lawfully available therefore as set forth in the Resolution. The full
26 faith and credit of the County is not pledged to the payment of the principal or interest on this
27 Note.

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The County and the Paying Agent 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 County and the Paying Agent 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 County, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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IN WITNESS WHEREOF, the Board of the County has caused this Note to be executed by the manual or facsimile signature of a duly County Officer of the County and countersigned by the manual or facsimile signature of the Secretary or Clerk of the Board as of the date of original issue set forth above.

COUNTY OF RIVERSIDE

By: _____
Title:

Countersigned

By: _____
Title: Clerk