

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

217



FROM: Executive Office

SUBMITTAL DATE:
September 15, 2011

SUBJECT: FY 2011-12 Teeter Series B Notes

RECOMMENDED MOTION: That the Board approve Resolution 2011-252 supplementing its Master Teeter Resolution, and providing for the terms and conditions of additional series B Teeter Plan obligations.

BACKGROUND: Riverside County adopted the Teeter Plan in 1993. The Teeter Program provides participating agencies advance funding for uncollected property taxes. This occurs after the close of the fiscal year in exchange for assuming ultimate collection risk of the delinquent taxes along with any penalties and interest.

Participation in the Teeter Plan is voluntary, except for school districts. In addition to the County General Fund, approximately 350 entities participate in the Plan. Participating entities receive an advance of the uncollected taxes in exchange for transferring the collection risk to the County. The County receives the right to retain penalty and interest payments on the delinquent amounts. The net amount retained by the County has averaged over \$40 million annually over the last five years.

Christopher Hans

Continued on page 2

Christopher Hans
Deputy County Executive Officer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,700,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	No
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	11-12

SOURCE OF FUNDS: Teeter Tax Loss Reserve Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

Jay E. Orr
BY: Jay E. Orr

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dept Recomm.:
Per Exec. Ofc.:

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 9/15/11
DATE: 9/15/11

The Teeter financing program is open ended and continuously rolls over any unpaid amounts. The size of the program expands and contracts as tax delinquencies go up and down. The current Bank of Nova Scotia Letter of Credit (LOC) for the Teeter Program CP has a total capacity to fund approximately \$186 million.

Approval of Resolution 2011-252 provides for the issuance of the FY 2011-12 Teeter Obligations in the amount of approximately \$171 million, utilizing the existing Commercial Paper (CP) Program, which was initiated in 1997. This amount includes funding to advance \$64.5 million of FY 10-11 delinquencies and refunding of \$106.5 million of prior years' property taxes that remain delinquent.

The current year's amount is a reduction from last year's amount of \$206 million, and the program peak of \$266 million reached in 2008.

**RESOLUTION NO. 2011-252
OF
THE COUNTY OF RIVERSIDE**

**SUPPLEMENTING ITS
MASTER TEETER RESOLUTION, AND
PROVIDING FOR THE TERMS AND CONDITIONS OF
ADDITIONAL SERIES B TEETER PLAN OBLIGATIONS**

ADOPTED ON SEPTEMBER 27, 2011

RESOLUTION NO. 2011-252

**RESOLUTION OF THE COUNTY OF RIVERSIDE
SUPPLEMENTING ITS MASTER TEETER RESOLUTION,
AND PROVIDING FOR THE TERMS AND CONDITIONS OF
ADDITIONAL SERIES B TEETER PLAN OBLIGATIONS**

WHEREAS, the Board of Supervisors (the "Board") of the County of Riverside (the "County") has adopted a resolution pursuant to Section 4702 of the California Revenue and Taxation Code, and has thereby elected to follow the procedure for distributing Property Tax levies set forth in Chapter 3 of Part 8 of Division 1 of the California Revenue and Taxation Code, consisting of Sections 4701 through 4717 (the "Law"); and

WHEREAS, the Board elected, pursuant to Section 4702.5 of the Law, to include certain assessments in the procedures authorized under the Law; and

WHEREAS, pursuant to Section 4705 of the Law, for each year in which allocations of taxes and assessments are to be made in accordance with the Law, the amount of taxes and assessments for each fund for which the tax levy has been included is to be apportioned to the credit of each such fund, and the Board shall provide moneys in the County Treasury which shall be available to be drawn on to the extent of the amount of uncollected taxes and assessments credited to each such fund for which a tax levy or an assessment has been included; and

WHEREAS, on July 29, 1997, pursuant to Resolution No. 97-203, as ratified, confirmed and modified by Resolution No. 97-298 adopted on November 4, 1997 (together, the "Master Teeter Resolution") the Board authorized an issuance of Series A Obligations and Series B Obligations in the form of Series A Notes and Series B Notes, respectively; and

WHEREAS, the Master Teeter Resolution contemplated that Series A Obligations and Series B Obligations could be increased to include an amount sufficient to refund any Demand Obligation relating to any fiscal year ending after June 30, 1997, as specified in a Supplemental Resolution; and

WHEREAS, pursuant to Resolution No. 98-283, adopted on August 18, 1998, the Board authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 1998; and

WHEREAS, pursuant to Resolution No. 99-385, adopted on September 7, 1999, the Board authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 1999; and

WHEREAS, pursuant to Resolution No. 2000-277, adopted September 26, 2000, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2000; and

FORM APPROVED COUNTY COUNSEL
BY Dora Gardner 9/19/11
DATE
DALE A. GARDNER

WHEREAS, pursuant to Resolution No. 2001-290, adopted September 11, 2001, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2001; and

WHEREAS, pursuant to Resolution No. 2002-363, adopted October 8, 2002, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2002; and

WHEREAS, pursuant to Resolution No. 2003-495, adopted October 21, 2003, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2003; and

WHEREAS, pursuant to Resolution No. 2004-496, adopted October 26, 2004, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2004; and

WHEREAS, pursuant to Resolution No. 2005-493, adopted November 29, 2005, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ending June 30, 2005 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2006-405 adopted October 17, 2006, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ending June 30, 2006 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2007-479, adopted October 30, 2007, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ending June 30, 2007 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2008-486, adopted November 18, 2008, the Board authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the fiscal year ending June 30, 2008 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2009-310, adopted November 24, 2009, the Board authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the fiscal year ending June 30, 2009 and to refund Outstanding Series B Notes and Series C Notes; and

WHEREAS, pursuant to Resolution No. 2010-281, adopted September 14, 2010, the Board authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the fiscal year ending June 30, 2010 and to refund Outstanding Series B Notes and Series C Notes; and

WHEREAS, the County wishes to include within the definition of Series B Taxes all uncollected property taxes and assessments attributable to the fiscal year ending June 30, 2011; and

WHEREAS, the County wishes to issue a Demand Obligation relating to delinquencies in property taxes and assessments attributable to the fiscal year ending June 30, 2011 and to issue Series B Notes (the "Additional Series B Notes"), the proceeds of which are to be used to refund the Demand Obligation and to refund Outstanding Series B Notes and Prior Series C Notes; and

WHEREAS, the County wishes to confirm that the security interest and pledge granted in favor of Holders of Series B Notes and the Bank pursuant to Section 302 of the Master Teeter Resolution extends to such Series B Taxes and secures the Additional Series B Notes;

NOW, THEREFORE, IT IS RESOLVED and ordered by the Board as follows:

ARTICLE I

AUTHORITY FOR SUPPLEMENTAL RESOLUTIONS; DEFINITIONS

1.01 Authority For This Resolution. This resolution supplements and amends the Master Teeter Resolution and is entered into pursuant to Article VII of the Master Teeter Resolution.

1.02 Definitions.

(a) Except as otherwise provided herein all terms defined in the Master Teeter Resolution shall have the same meanings when used in this Supplemental Resolution as are given in Section 101 of the Master Teeter Resolution, except for the following terms which are used in the Master Teeter Resolution, which shall be amended to read as follows:

"Prior Series C Notes" means the notes issued pursuant to Article V of Resolution No. 2010-281, adopted on September 14, 2010.

"Series B Taxes" means (i) the right to collect any uncollected property taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 and such other fiscal years, if any, as may be specified in a Supplemental Resolution, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled, including as a consequence of electing to being governed by the Law, and in each case following the allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County which have not agreed that the Law shall apply to them; provided, however, that Series B Taxes shall not include (i) the right to collect delinquencies in property taxes due to an Independent District for all fiscal years prior to the fiscal year in which the respective Independent District agreed (pursuant to Section 4715 of the Law) that the Law shall apply to it, (ii) Default Penalties, (iii) interest or Redemption Penalties, (iv) costs and fees paid pursuant to Section 4102(d) and 4112 of the Taxation Code and (v) installment payments made pursuant to Section 4217 et. seq. of the

Taxation Code with respect to properties otherwise subject to Series A/B Taxes. Series B Taxes shall not include Series A Taxes or Other Taxes.

ARTICLE II

AUTHORIZATION OF DEMAND OBLIGATION

2.01 Authorization of Demand Obligation. The County shall evidence its obligation to make distributions to Revenue Districts pursuant to the Law in respect of property taxes and assessments attributable to the fiscal year ending June 30, 2011, through the issuance of a Demand Obligation in the principal amount of such distributions. In all respects, the terms and conditions of issuance of such Demand Obligation shall be governed by Article II of the Master Teeter Resolution to the extent the same relates to the Series B Obligations.

ARTICLE III

EXTENSION OF SERIES B TEETER OBLIGATION PLEDGE

3.01 Pledge of Series B Taxes. All Series B Taxes as defined in this Supplemental Resolution shall be governed by the provisions of Section 302 of the Master Teeter Resolution, the security interest and pledge created pursuant to said Section 302 shall hereby extend to Series B Taxes as defined in this Supplemental Resolution, and such security interest and pledge shall hereby extend in favor of Holders of (a) the Demand Obligation referred to in Section 2.01 hereof and issued hereunder, (b) Series B Notes authorized and issued hereunder, and (c) any Credit Provider Obligations relating to Obligations referred to in clauses (a) and (b) above, in all cases on a parity with each other and with the security interest and pledge in favor of Holders of other Series B Obligations.

ARTICLE IV

AUTHORIZATION AND ISSUANCE OF ADDITIONAL SERIES B NOTES

4.01 Authorization of Additional Series B Notes. The Board hereby determines that the County shall issue, as Series B Obligations, Additional Series B Notes, provided that the aggregate principal amount (as described in Section 203(1)(a) of the Master Teeter Resolution) of Series B Notes to be issued hereunder and outstanding shall not exceed an aggregate principal amount of \$175,000,000, and the proceeds shall be applied to the refunding, in whole or in part, of the Demand Obligation and Outstanding Series B Notes and Prior Series C Notes. The Additional Series B Notes shall be issued in accordance with, and subject to the conditions and limitations for Additional Series B Notes set forth in, the Master Teeter Resolution. The Additional Series B Notes shall be Tax-Exempt Notes, and any additional terms and provisions of the Series B Notes shall be set forth in a written certificate of the Treasurer or County Executive Officer.

4.02 Dealers. The Treasurer and the County Executive Officer and their designees are, and each of them acting alone is, authorized to negotiate with Citigroup Global Markets Inc. and Barclays Capital Inc. (the "Dealers") with respect to the Additional Series B Notes and to amend the existing Dealer Agreement with each Dealer to cover the Additional Series B Notes.

ARTICLE V

MISCELLANEOUS

5.01 Accounting. The Board hereby determines that earnings on amounts held in the Teeter Debt Service Fund and the Teeter Tax Loss Reserve Fund, respectively, shall be deposited in such fund or funds as shall be directed by the County Executive Officer.

5.02 Additional Actions. All actions heretofore taken by the officers and agents of the County or the Board of Supervisors with respect to the issuance and sale of the Additional Series B Notes are hereby approved, confirmed and ratified, and the officers, employees and agents of the County and the Board of Supervisors are hereby authorized and directed, for and in the name and on behalf thereof, 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 sale from time to time of the Additional Series B Notes in accordance with the Master Teeter Resolution and this Supplemental Resolution, including, but not limited to, entering into amendments, if any, to the Dealer Agreements, Fiscal Agent Agreement, Certificate Agreement, DTC Representation Letter and Reimbursement Agreement and substituting, if needed, a new Master Note or Notes for the Additional Series B Notes thereof.

5.03 Effectiveness; Master Teeter Resolution to Remain in Effect.

(a) This Supplemental Resolution shall become effective immediately upon its adoption. Except as expressly provided in this Supplemental Resolution, every term and condition contained in the Master Teeter Resolution shall apply to this Supplemental Resolution and to the additional Demand Obligation and Series B Notes authorized hereby, with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Resolution.

(b) This Supplemental Resolution and all of the terms and provisions herein contained shall form part of the Master Teeter Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Master Teeter Resolution. The Master Teeter Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented and as amended and supplemented hereby.

5.04 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the County shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions

thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of any of the Demand Obligations or any of the Series B Notes authorized hereby, and the Holders shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law.

5.05 Law Governing. This Supplemental Resolution shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

PASSED and ADOPTED by the Board of Supervisors on September 27, 2011.

By: _____
BOB BUSTER
Chairman of the Board of Supervisors

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy Clerk

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Offering Memorandum

[insert County seal]

**County of Riverside
Teeter Obligation
Tax-Exempt Commercial Paper Notes, Series B**

Letter of Credit Securing Payment of Principal and Interest Provided by

**The Bank of Nova Scotia
acting through its New York Agency**

Citi

Barclays Capital

Dated: October __, 2011

INTRODUCTION

The County of Riverside, California (the "County") has issued its Teeter Obligation Tax-Exempt Commercial Paper Notes, Series B (the "Notes") under and pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 and ratified, confirmed and modified on November 4, 1997, as amended and supplemented on August 18, 1998, on September 7, 1999, on September 26, 2000, on September 11, 2001, on October 8, 2002, on October 21, 2003, on October 26, 2004, on December 6, 2005, on October 17, 2006, on October 30, 2007, on November 18, 2008, on November 24, 2009, September 14, 2010 and _____, 2011 (the "Resolution"), and a Fiscal Agent Agreement, dated as of November 1, 1997, as amended, between The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor to U.S. Trust Company of California, N.A. (the "Fiscal Agent"), and the County (the "Fiscal Agent Agreement"). Capitalized terms that are not defined herein shall have the respective meanings ascribed to them in the Resolution or the Fiscal Agent Agreement as the case may be.

The Notes are being offered as obligations the interest on which is intended to be excluded from the gross income of the recipients thereof as and to the extent described in "TAX MATTERS" below.

The Notes are being issued for the purposes of refunding certain obligations of the County and financing the County's obligations to make distributions to certain local governmental agencies pursuant to a tax distribution procedure provided for in Sections 4701 through 4717 of the California Revenue and Taxation Code (the "Law") and known as the "Teeter Plan." Generally, the Teeter Plan provides for a tax distribution procedure in which secured roll taxes are distributed to participating taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. Taxing entities that maintain funds in the County Treasury are included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. The taxing entities that are participating in the Teeter Plan represented approximately ___% of all secured roll taxes and assessments collected in the County in Fiscal Year 2010-11.

The principal of and interest on the Notes on their respective maturity dates shall be paid with amounts drawn upon an irrevocable transferable direct-pay letter of credit (the "Letter of Credit") issued by The Bank of Nova Scotia, acting through its New York Agency (the "Bank") on November 6, 2007, under and pursuant to a Reimbursement Agreement, dated as of November 1, 2007, between the County and the Bank (the "Reimbursement Agreement"). Unless extended or terminated earlier in accordance with its provisions, the Letter of Credit will expire on November 5, 2012.

Pursuant to the Resolution and the Fiscal Agent Agreement, the Notes are being issued in an aggregate principal amount of \$_____. The stated amount of the Letter of Credit is equal to \$_____ (which is the sum of (i) \$_____, the principal amount of the Notes, (ii) plus interest thereon at an assumed rate of 10% per annum for a period of 270 days based upon a year of 365 days). The maximum stated amount authorized to be drawn under the Letter of Credit at any time is \$200,000,000, which amount may be reduced as provided for in the Reimbursement Agreement. See "BANK AND LETTER OF CREDIT INFORMATION — Letter of Credit."

Timely payment of principal of and interest on the Notes is dependent upon the availability of proceeds of drawings under the Letter of Credit. In making an investment decision regarding a purchase of the Notes, prospective purchasers should rely solely on the creditworthiness of the Bank. Prospective investors should not rely on any source other than proceeds of drawings under the Letter of Credit to pay the principal of or interest on the Notes.

THE COUNTY

The County was organized in 1893 from territory in San Bernardino and San Diego Counties and encompasses 7,177 square miles. The County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange and San Bernardino Counties. The County is the fourth largest county (by area) in the state and stretches 185 miles from the Arizona border to within 20 miles of the Pacific Ocean. There are 27 incorporated cities in the County. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,217,778 as of January 1, 2011, representing a 1.3% increase over the estimated population of 2,189,641 from the 2010 Census. According to the 2010 Census, the County's estimated population increased by 38.4% from 2000 to 2010, or a simple annual average increase of 3.8%.

The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five member Board of Supervisors (the "Board"), elected by district, serving staggered four year terms. The Chair of the Board is elected by the Board members. The County administration includes appointed and elected officials, boards, commissions and committees which assist the Board of Supervisors.

The County provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services, judicial institutions and public assistance programs. Some municipal services are provided by the County on a contract basis to incorporated cities within its boundaries. These services are designed to allow cities to contract for municipal services such as police and fire protection without incurring the cost of creating city departments and facilities. Services are provided to the cities at cost by the County.

Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains and the desert areas. The western portion of the County, which includes the San Jacinto mountains and the Cleveland National Forest, experiences the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions.

The County will make available, upon request, copies of its most recent audited financial statements. Requests for such statements should be directed to the following:

County of Riverside
Executive Office, 4th Floor
4080 Lemon Street
Riverside, California 92501
Attention: County Finance Director
Telephone No. (951) 955-1100

The County maintains a website at www.countyofriverside.us. Certain information, including the County's current year budget and the County's most recent financial statements are

available on the County's website. However, the County's website address is included for reference purposes only, and the information on this internet site is not part of this Offering Memorandum and is not incorporated by reference herein. None of the information on that website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Notes.

THE NOTES

General Terms

The Notes shall be dated the dates of their respective authentication and shall be issued in denominations of \$100,000 and integrals of \$1,000 in excess thereof. The Notes will be issued from time to time to mature on a business day that is not later than the earlier of 270 days from their respective dates of issuance or five days prior to the termination date of the Letter of Credit which secures them. The principal of and interest (if applicable) on the Notes are payable in lawful money of the United States of America on the applicable maturity date upon surrender of the Notes at the office of the Fiscal Agent; and the Fiscal Agent serves as issuing agent, paying agent and registrar for the Notes.

Except as otherwise provided in the Fiscal Agent Agreement, the Notes will be in registered form and initially will be issued in the book-entry system of The Depository Trust Company ("DTC"). They will be registered in the name of Cede & Co., as nominee of DTC. As long as the Notes are in book-entry form, the owners thereof will not be entitled to receive physical delivery of the Notes in certificates form. (See Appendix B — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY.")

If an Event of Default under the Resolution occurs, the Bank or the Holders of at least 25% in aggregate principal amount of the Outstanding Notes, with the consent of the Bank, may declare the principal of and interest on the Notes to be due and payable immediately by giving notice thereof to the County and a copy to the Fiscal Agent. Upon any such declaration, the principal of and accrued interest on the Notes shall be due and payable immediately. In addition to the failure to pay principal of or interest on Notes when due, Events of Default under the Resolution include (i) default by the County in the performance or observance of any of its other covenants, agreements or conditions in the Resolution, a Supplemental Resolution or a Note and the continuance thereof for a period of sixty days after written notice thereof by the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes, (ii) the filing of a petition or answer by the County, or the approval by a court of competent jurisdiction of the filing of a petition, seeking arrangement or reorganization under the federal bankruptcy laws or other applicable federal or state law, or (iii) a notice from the Bank that an event of default under the Reimbursement Agreement has occurred and is continuing. See "BANK AND LETTER OF CREDIT INFORMATION — Reimbursement Agreement."

The Notes are issued with the intent that the interest thereon is to be excluded from the gross income of the recipient thereof for federal income tax purposes and that such interest is to be exempt from State of California personal income taxes. See "TAX MATTERS." Interest on the Notes will be payable, along with the principal amounts thereof, on their respective maturity dates.

No Note may be issued if after (a) the issuance of such Note, (b) the deposit of the proceeds of any drawing made by the Fiscal Agent on the Letter of Credit securing such Note on such day to the Series B Credit Facility Account established by the Resolution and (c) giving effect to the

provisions in the Letter of Credit relating to the automatic reinstatement under specified circumstances of the stated amount thereof and the permanent reduction under specified circumstances of such stated amount, the aggregate principal amount of outstanding Notes, plus the aggregate amount of interest to accrue thereon to the date of maturity thereof, would exceed such stated amount as then in effect. No Note may bear interest at an interest rate or cost higher than 10% per annum. Interest on Notes shall be computed on the basis of a 365/366-day year and the actual number of days elapsed.

Security and Sources of Payment

Principal of and interest on the Notes are payable from the proceeds of drawings under the Letter of Credit and are also secured by the County's General Fund. If the Bank fails to honor any drawing under the Letter of Credit, principal of and interest on the Notes will be payable from the County's General Fund, to the extent monies are lawfully available therefor, on a parity with other amounts payable from the County's General Fund (including the obligation to reimburse the Bank for draws on the Letter of Credit). **However, timely payment of principal of and interest on the Notes is dependent upon the availability of proceeds of drawings under the Letter of Credit. In making an investment decision regarding a purchase of the Notes, prospective purchasers should rely solely on the creditworthiness of the Bank. Prospective investors should not rely on any source other than proceeds of drawings under the Letter of Credit to pay the principal of or interest on the Notes.**

The County has pledged the Series B Taxes (as hereinafter defined) to the payment of the Notes and reimbursement obligations to the Bank relating thereto. "Series B Taxes" means (i) the right to collect any uncollected property taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994 through and including June 30, 2011 and such other fiscal years, if any, as may be specified in a supplemental resolution, for which the County actually provides funding pursuant to the Law, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled as a consequence of electing to be governed by the Law, and in each case following an allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County that are not participating in the Teeter Plan; provided, however, that Series B Taxes shall not include (i) the right to collect delinquencies in property taxes due to an Independent District for all fiscal years prior to the fiscal year in which the respective Independent District agreed with the County that the Law shall apply to such independent district, (ii) Default Penalties, (iii) interest or Redemption Penalties, (iv) certain costs and fees paid pursuant to the Law and (v) the right to receive installment payments made pursuant to Section 4217 *et seq.* of the California Revenue and Taxation Code.

The office of the County Treasurer-Tax Collector serves as billing and collection agent for the basic 1% ad valorem property tax, voter approved ad valorem taxes and most additional special assessments and charges. The County Treasurer-Tax Collector bills property owners bi-annually, and payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1½% per month additional charge if unpaid at the end of the fiscal year (each June 30). Property owners are subject to foreclosure if delinquent taxes and penalties are not paid within five years.

Upon the collection of taxes and penalties the funds are deposited in a secured prior year trust account within the County's General Fund. Throughout the year the Auditor-Controller separates collected Teeter and non-Teeter taxes and penalties. Collected non-Teeter taxes are distributed to the non-Teeter taxing entities. The Teeter portion is separated between taxes and penalties and interest.

Receipts of the Series B Taxes are deposited into a Teeter Tax Account within the County's General Fund for debt service on the Notes. Penalties and interest are deposited into a Tax Losses Reserve Fund maintained by the County. In the event of a property sale at foreclosure which results in a loss, amounts to offset those losses are transferred from the Tax Losses Reserve Fund to the Teeter Tax Account. At the election of the County, the Tax Losses Reserve Fund is maintained at an amount equal to one of two methods: (1) 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan, or (2) 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for taxing entities participating in the Teeter Plan. Any excess over the required balance in the Tax Losses Reserve Fund is transferred to the County's General Fund. The County has always elected to maintain the Tax Losses Reserve Fund at an amount equal 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan.

The County has pledged the Series B Taxes to the payment of the Notes and reimbursement obligations to the Bank relating thereto. The payment of the Notes and reimbursement obligations to the Bank relating thereto are also secured by the County's General Fund.

Holders of the Notes shall receive at least 15 days' notice of any substitution of the Letter of Credit and such substitution may only occur on a date on which all Notes mature or are no longer Outstanding.

BANK AND LETTER OF CREDIT INFORMATION

The following summarizes certain provisions of the Letter of Credit and the Reimbursement Agreement, to which documents reference is made for the complete provisions thereof. The provisions of any substitute letter of credit and related reimbursement agreement may be different from those summarized below.

Letter of Credit

The Notes are secured by the Letter of Credit issued by the Bank pursuant to the Reimbursement Agreement. The maximum amount authorized to be drawn under the Letter of Credit at any time is \$200,000,000, which amount may be reduced as provided for in the Reimbursement Agreement. Unless extended or otherwise terminated, the Letter of Credit Expiration Date (as defined below) is November 5, 2012. On each day on which the principal of and interest on any of the Notes is due and payable, the Fiscal Agent shall draw upon the Letter of Credit in an amount equal to the principal of and interest on the Notes coming due on their respective maturity dates.

Demands for payment under the Letter of Credit honored by the Bank shall not at the time of any drawing exceed the Stated Amount (as defined in the Letter of Credit), as the Stated Amount may have been reduced, increased or reinstated by the Bank. Subject to the preceding sentence, each drawing honored by the Bank pursuant to the terms of the Letter of Credit shall pro tanto reduce, by

the amount of such drawing, the Stated Amount and the amount available to be drawn under the Letter of Credit by the Fiscal Agent pursuant to any subsequent drawing, except to the extent the Stated Amount has been reinstated. After any drawing, the Stated Amount will be automatically and immediately reinstated by and to the extent of amounts received by the Bank of reimbursement by the County of any amounts of such drawing and the Bank's written notice of such receipt to the Fiscal Agent (subject to any reduction in said Stated Amount as provided in the Letter of Credit), unless the Fiscal Agent shall have received notice from the Bank that an Event of Default under the Reimbursement Agreement has occurred and is continuing.

The Letter of Credit shall expire at 5:00 p.m. New York City time on the date (the "Termination Date") which is the earliest to occur of: (i) November 5, 2012 (the "Letter of Credit Expiration Date"), as such date may be extended in a Notice of Extension from the Bank to the Fiscal Agent and the County pursuant to the terms of the Letter of Credit, (ii) the date of payment of a drawing, not subject to reinstatement, which when added to all other drawings honored under the Letter of Credit which were not subject to reinstatement as provided in the Letter of Credit, in the aggregate equals the Stated Amount of the Letter of Credit as adjusted pursuant to the terms and conditions of the Letter of Credit, (iii) the Bank's receipt of a certificate relating to the termination of the Letter of Credit signed by a duly authorized officer of the Fiscal Agent, or (iv) the date when the Fiscal Agent surrenders the Letter of Credit to the Bank for cancellation.

Reimbursement Agreement

If any of the following events shall occur and be continuing, each such event shall be an "Event of Default" under the Reimbursement Agreement:

- (a) The County shall fail to pay when due (i) any amount payable by the County to the Bank under the Reimbursement Agreement or (ii) any principal of or interest on any Note; or
- (b) The County shall fail to make any required deposit into the Series B Payment Fund; or
- (c) The County shall default in the performance of certain covenants set forth in the Reimbursement Agreement; or
- (d) The County shall default in the performance of certain other covenants or agreements contained in the Reimbursement Agreement or the Resolution and such default shall continue for 30 days after written notice of such default shall have been given to the County; provided that this Event of Default shall not apply to any default that is described in any other Event of Default under this subheading "Reimbursement Agreement"; or
- (e) Any representation or warranty on the part of the County contained in the Reimbursement Agreement, any other Related Document (as defined in the Reimbursement Agreement) or any certificate, letter or other writing or instrument furnished or delivered by the County to the Bank, shall at any time prove to be incorrect in any material respect when made or deemed made; or
- (f) Any provision of the Reimbursement Agreement, the Resolution or the Notes, or any provision of either of the Dealer Agreements or the Fiscal Agent Agreement (each as

defined in the Reimbursement Agreement) which shall have an adverse effect on (i) the ability of the County to pay principal or interest on the Notes or (ii) the security interest created by the Resolution or the Reimbursement Agreement shall, in each case, at any time for any reason cease to be valid and binding or shall be declared to be null and void by any court or governmental authority or agency having jurisdiction over the County, or the validity or the enforceability thereof shall be contested by the County or the Fiscal Agent in a judicial or administrative proceeding; or

(g) Any Pledged Revenues or Permitted Investments (as each is defined in the Reimbursement Agreement) on deposit in, or otherwise to the credit of, any of the funds or accounts established under the Resolution shall become subject to any writ, judgment, warrant or attachment, execution or similar process which shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof; or

(h) (1) The County shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the County shall make a general assignment for the benefit of its creditors; or (2) there shall be commenced against the County any case, proceeding or other action of a nature referred to in clause (1) and the same shall remain undismissed; or (3) there shall be commenced against the County any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged or stayed or bonded pending appeal, within 60 days from the entry thereof; or (4) the County shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (1), (2) or (3) above; or (5) the County shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due or (6) a moratorium on the payment of Debt (as defined in the Reimbursement Agreement) of the County shall have been announced or declared;

(i) Any pledge or security interest created by the Resolution or the Reimbursement Agreement to secure any amount due under the Reimbursement Agreement shall fail to be fully enforceable with the priority required under the Reimbursement Agreement or the Resolution as determined by a final, non appealable judgment; or

(j) The County shall default in the due performance or observance of any term, covenant or agreement contained in either of the Dealer Agreements or the Fiscal Agent Agreement if such default has or may have an adverse effect on the Bank, or in the due performance or observance of any term, covenant or agreement contained in the Resolution or the Notes and same shall not have been cured within any applicable cure period; or

(k) The County shall fail to pay when due and payable (whether by scheduled maturity, required payment, acceleration, demand or otherwise) principal or interest on any Debt outstanding and payable in whole or in part from the General Fund of the County, and after the giving of such notice by the related obligor of such Debt (if notice is required by

such underlying indenture, contract or instrument providing for the creation of or concerning such Debt) and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Debt; or any other default under any indenture, contract or instrument providing for the creation of or concerning such Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Debt; or pursuant to the provisions of any such indenture, contract or instrument the maturity of any such Debt of the County shall have been or may be accelerated or shall have been or may be required to be prepaid prior to the stated maturity thereof; or

(l) One or more judgments or court orders for the payment of money exceeding any applicable insurance coverage by more than \$5 million shall be rendered against the County and which is payable in whole or in part from the General Fund of the County, and such judgment or court order shall continue unsatisfied and in effect for a period of 90 consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal; or

(m) The Law is repealed, reenacted, amended or otherwise modified (whether directly or indirectly, and including, without limitation, by legislative or judicial action) or any other legislation is enacted, repealed, reenacted, amended or otherwise modified, in a manner that has a material adverse effect on the ability of the County to enforce collection of the delinquent property taxes or assessments, if such property taxes or assessments are necessary in order to pay the principal and interest on the Notes or to pay the Obligations under the Reimbursement Agreement;

(n) Either of Moody's or S&P shall have downgraded the Issuer Rating (as defined in the Reimbursement Agreement) to below "Baa3" (or its equivalent), or BBB- (or its equivalent), respectively, or suspended or withdrawn its rating of the same;

then, (A) the Bank may automatically reduce the Unutilized Amount (as defined in the Reimbursement Agreement) to zero (0) and the Stated Amount to an amount equal to the Utilized Amount (as defined in the Reimbursement Agreement), (B) the Bank may pursue any other rights or remedies under the Reimbursement Agreement or applicable law, including, without limitation, declaring an acceleration of the Notes pursuant to the terms of the Resolution and instruct the County and the Fiscal Agent to immediately cease issuing, delivering and selling additional Notes by delivering to the Fiscal Agent a Notice of No Issuance (as defined in the Reimbursement Agreement), (C) the County shall not issue any debentures, Demand Obligations (as defined in the Reimbursement Agreement) or Notes or incur any other Obligations pursuant to the Resolution unless the proceeds thereof are used to pay off other Notes or Obligations pursuant to the terms of the Reimbursement Agreement, and (D) the County, in accordance with the Resolution, shall immediately apply amounts on deposit in the Series B Payment Fund and all Pledged Revenues immediately upon receipt thereof to the payment of the County's Obligations (as defined in the Reimbursement Agreement) under the Reimbursement Agreement. Except as expressly provided above, presentment, demand, protest and all other notices of any kind are expressly waived. The Bank shall promptly give telephonic notice, followed by written confirmation, of an Event of Default to the County, the Dealers and the Fiscal Agent.

The Bank

The Bank of Nova Scotia ("Scotiabank" or the "Bank"), founded in 1832, is a Canadian chartered bank with its principal office located in Toronto, Ontario. Scotiabank is one of North America's premier financial institutions and Canada's most international bank. With over 73,000 employees, Scotiabank and its affiliates serve over 18.6 million customers throughout the world.

Scotiabank provides a full range of personal, commercial, corporate and investment banking services through its network of branches located in all Canadian provinces and territories. Outside Canada, Scotiabank has branches and offices in over 50 countries and provides a wide range of banking and related financial services, both directly and through subsidiary and associated banks, trust companies and other financial firms.

For the fiscal year ended October 31, 2010, Scotiabank recorded total assets of CDN\$526.7 billion (US\$517.0 billion) and total deposits of CDN\$361.7 billion (US\$355.0 billion). Net income for the fiscal year ended October 31, 2010 equaled CDN\$4.239 billion (US\$4.161 billion), compared to CDN\$3.547 billion (US\$3.482 billion) for the prior fiscal year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 29, 2010 (1.0000 United States dollar equals 1.0188 Canadian dollars).

For the quarter ended April 30, 2011, Scotiabank recorded total assets of CDN\$571.5 billion (US\$602.5 billion) and total deposits of CDN\$396.1 billion (US\$417.6 billion). Net income for the quarter ended April 30, 2011 equaled CDN\$1.543 billion (US\$1.626 billion), compared to CDN\$1.097 billion (US\$1.156 billion) for the same period of the prior year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of April 29, 2011 (1.0000 United States dollar equals 0.9486 Canadian dollars).

Scotiabank will provide to anyone, upon written request, a copy of its most recent annual report, as well as a copy of its most recent quarterly financial report. Requests should be directed to: The Bank of Nova Scotia, New York Agency, One Liberty Plaza, 26th Floor, New York, NY, 10006, Attention: Public Finance Department.

The information concerning the Bank contained herein is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery of this disclosure information by the Bank shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this disclosure information is correct as of any time subsequent to its date.

VALIDATION

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution and the Obligations issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the

County. The period allowed for appeal of such judgment by Sections 860 *et seq.* expired on October 14, 1997 without an appeal having been filed. In issuing its opinions as to the validity of the Notes, Bond Counsel relied, and will rely, upon the foregoing default judgment.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the issuance by the County of the Notes were subject to the approval of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), which delivered approving legal opinions in connection therewith. In connection with the issuance of Notes under and pursuant to the Resolution as it was amended and supplemented by the Board of Supervisors of the County, Bond Counsel will deliver an opinion in substantially the form contained in Appendix A hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Offering Memorandum. Certain legal matters were passed upon for the Dealers by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, for the Bank by its counsel, Chapman and Cutler LLP, and for the County by the Office of County Counsel.

TAX MATTERS

The form of the opinion to be delivered by Bond Counsel is set forth in Appendix A hereto.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes, when issued in accordance with the Resolution and the Tax Certificate, is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is such interest included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of notes, like the Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Noteholder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Noteholder. Noteholders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the "original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at

which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the prospective purchaser elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Noteholder's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Noteholder or the Noteholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals (if enacted into law), clarification of the Code, or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Noteholders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations, and litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Noteholders regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Noteholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds or notes is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds or notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the Noteholders to incur significant expense.

CONCLUDING INFORMATION

Ratings

Moody's Investors Service, Inc. and Fitch Ratings have assigned ratings of "P-1" and "F1+" respectively to the Notes, based primarily on the understanding that the Letter of Credit will be in effect upon the delivery of the Notes. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the rating companies. Such ratings may be changed, suspended or withdrawn as a result of, among other things, changes in or the lack of availability of information. Any such downward change, suspension and/or withdrawal of either rating may have an adverse effect on the secondary market price of the Notes.

Miscellaneous

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Offering Memorandum in connection with the offering of the Notes described herein; and, if given or made, such other information or representation must not be relied upon as having been authorized. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Notes, nor shall there be any offer of or any solicitation of an offer to buy the Notes in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer, solicitation or sale. Neither the delivery of this Offering Memorandum nor the sale of Notes implies that the information herein is correct as of any time subsequent to the date hereof.

Additional Information

Additional information with respect to the Notes may be obtained from:

Citigroup Global Markets Inc.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Manager, Short-Term Finance Group
Telephone: (212) 723-5594
Facsimile: (212) 723-8939

Barclays Capital Inc.

745 Seventh Ave, 2nd Floor
New York, New York 10019
ATTN: Short Term Municipal Trading
Phone: (212) 528-1011
Fax: (646) 758-1870
Email: MuniCP@barclayscapital.com

APPENDIX A

FORM OF BOND COUNSEL OPINION

[closing date]

County of Riverside
Riverside, California

Re: County of Riverside Teeter Obligation
Tax-Exempt Commercial Paper Notes, Series B
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Riverside, California (the "Issuer") in connection with the authorization of issuance of up to \$_____ aggregate principal amount (at any time Outstanding) of commercial paper notes by the Issuer pursuant to and by authority of Resolution No. 97-203 of the Board of Supervisors of the Issuer adopted on July 29, 1997, as heretofore supplemented and as further supplemented by Resolution No. 2011-____ of the Board of Supervisors of the Issuer adopted on _____, 2011 (collectively, the "Resolution"), and designated County of Riverside Teeter Obligation Tax-Exempt Commercial Paper Notes, Series B (the "Notes"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), an opinion of counsel to the Issuer, certificates of the Issuer, the Fiscal Agent and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof and before or after Notes are issued. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to and may not, be relied upon in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy (as of the date hereof and as of the date of issuance from time to time of the Notes) of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes, possibly retroactive to the date on which the first Notes were issued. We call attention to the fact that the rights and obligations under the Notes, the Resolution and the Tax Certificate and their enforceability

may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Offering Memorandum or other offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing and the default judgment entered on September 12, 1997 by the Superior Court of the State of California for the County of Riverside in the action entitled County of Riverside v. All Persons, No. 299847, filed July 31, 1997, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer.

2. The Notes, including any Notes issued to refund such Notes, when duly issued in the form authorized by and otherwise in compliance with the Resolution, executed by a duly authorized official of the Issuer and authenticated by the Fiscal Agent against payment therefor, will constitute the valid and binding obligations of the Issuer.

3. Interest on the Notes, when issued in accordance with the Resolution and the Tax Certificate, will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX B

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Fiscal Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Fiscal Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Notes are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The County and the Fiscal Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal or interest with respect to the Notes paid to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Offering Memorandum. The County and the Fiscal Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or

give any notice to a Beneficial Owner with respect to the Notes or any error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Note and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters; and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

**COUNTY OF RIVERSIDE
TEETER OBLIGATION TAX-EXEMPT COMMERCIAL PAPER NOTES,
SERIES B
THIRD AMENDMENT TO DEALER AGREEMENT**

October __, 2011

County of Riverside
County Executive Office
4080 Lemon Street, 12th Floor
Riverside, California 92501

Dear Ladies and Gentlemen:

This Third Amendment to Dealer Agreement amends that certain Dealer Agreement, dated November 6, 2007, between the undersigned, BARCLAYS CAPITAL INC. ("Barclays"), as successor in interest to Lehman Brothers Inc. ("Lehman"), and the COUNTY OF RIVERSIDE (the "County"), as supplemented by that certain First Amendment to Dealer Agreement, by and between Barclays and the County, dated December 11, 2008 and that Second Amendment to Dealer Agreement, by and between Barclays and the County, dated December 9, 2009 (as supplemented, the "Dealer Agreement"), pursuant to which Barclays acts as a dealer in connection with the County's Teeter Obligation Tax-Exempt Commercial Paper Notes, Series B (the "Series B Notes") to be issued in the aggregate principal amount not to exceed \$186,000,000. The Dealer Agreement is hereby amended as follows. The definition of "Resolution" is hereby amended to include the supplements to the Resolution adopted by the County Board of Supervisors on September 14, 2010 and September __, 2011. The definition of "Offering Memorandum" is hereby amended to refer to the Offering Memorandum dated October __, 2011. The definition of "Barclays Portion" is hereby amended to be \$ _____ aggregate principal amount of the Series B Notes.

Except as amended by the preceding paragraph, the Dealer Agreement shall remain in full force and effect.

BARCLAYS CAPITAL INC.

By: _____
Title: Managing Director

COUNTY OF RIVERSIDE

By: _____
Title: County Executive Officer