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APPENDIX A

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

Set forth below is certain information with respect to the County. Such information was prepared by the County except as otherwise indicated.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at [__________] as of January 1, 2013, representing an approximately [__]% increase over the County's population as estimated for the prior year. For the ten year period of January 1, 2003 to January 1, 2013, the County's population grew by [___]%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, with a total population of [__________] as of January 1, 2013. After giving effect to such incorporations, the population in the unincorporated areas of the County increased by [___]% during such ten-year period. Currently, the growth in the County has tempered due to the economy. Between January 1, 2012 and January 1, 2013, the County population increased by approximately [__]%, a rate close to the statewide average.

The following table sets forth annual population figures, as of January 1 of each year, for cities located within the County for each of the years listed:

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)

CITY	2009	2010	2011	2012	2013
Banning	28,551	29,507	29,723	29,965	
Beaumont	32,448	36,496	38,034	38,851	
Blythe	21,346	20,873	20,063	20,400	
Calimesa	7,504	7,853	7,910	7,998	
Canyon Lake	11,143	10,528	10,606	10,689	
Cathedral City	52,508	51,037	51,400	51,952	
Coachella	41,043	40,464	41,339	41,904	
Corona	148,770	151,854	153,047	154,520	
Desert Hot Springs	26,584	25,852	27,277	27,638	
Eastvale	-	-	54,090	55,602	
Hemet	74,931	78,335	79,309	80,089	
Indian Wells	5,099	4,941	4,990	5,035	
Indio	82,325	75,122	76,817	78,065	
Jurupa Valley	-	-	-	96,456	
Lake Elsinore	50,324	51,445	52,294	53,024	
La Quinta	43,830	37,307	37,688	38,075	
Menifee	67,819	77,267	79,139	80,589	
Moreno Valley	186,515	192,654	194,451	196,495	
Murrieta	100,835	103,085	104,051	104,985	
Norco	27,189	27,066	26,968	27,053	
Palm Desert	51,570	48,132	48,920	49,971	
Palm Springs	47,653	44,385	44,829	45,279	
Perris	54,387	67,879	69,506	70,180	
Rancho Mirage	16,938	17,168	17,399	17,504	
Riverside	300,769	302,814	306,069	308,511	
San Jacinto	36,521	44,043	44,421	44,803	
Temecula	102,713	99,611	101,255	103,092	
Wildomar	31,374	32,006	32,414	32,719	
TOTALS					
Incorporated	1,650,689	1,677,724	1,754,009	1,861,944	
Unincorporated	459,193	501,968	451,722	365,633	
County-Wide	2,109,882	2,179,692	2,205,731	2,227,577	
California	38,255,508	37,223,900	37,510,766	37,678,563	

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments fines, fees, penalties, etc.) and personal contributions to social security insurance and federal retirement payroll deductions. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County and the State for the period 2008 through 2012.

RIVERSIDE COUNTY AND CALIFORNIA
TOTAL EFFECTIVE BUYING INCOME,
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND
PERCENT OF HOUSEHOLDS WITH INCOMES OVER $50,000[1]

	Total Effective Buying Income[2]	Median Household Effective Buying Income	Percent of Households with Income over $50,000
2008			
Riverside County	$ 40,935,407	$46,958	46.2%
California	$832,531,445	$48,952	48.8%
2009			
Riverside County	$ 40,935,686	$46,852	46.2%
California	$832,528,809	$48,915	48.7%
2010			
Riverside County	$ 41,337,856	$47,080	46.6%
California	$844,822,042	$49,736	49.7%
2011			
Riverside County	$ 38,492,225	$44,253	43.07%
California	$801,393,028	$47,117	46.78%
2012			
Riverside County	$ 39,981,683	$44,116	42.91%
California	$814,578,458	$47,062	46.65%

(1) Estimated.
(2) Dollars in thousands.

Source: Survey of Buying Power, Sales & Marketing Management Magazine, 2008, and Nielson Solution Center for 2009 through 2012.

Industry And Employment

The County is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment, as reflected in the following table.

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY(1)
(IN THOUSANDS)

INDUSTRY	2008	2009	2010	2011	2012
Agriculture	15.9	14.9	15.0	14.9	15.1
Construction	90.7	67.9	59.7	59.0	41.2
Finance Activities	46.1	42.5	41.0	39.9	40.8
Government	231.0	235.2	234.3	227.5	224.5
Manufacturing:	106.9	88.8	85.1	85.1	86.5
Nondurables	34.3	30.6	29.8	29.3	29.8
Durables	72.5	58.1	55.3	55.8	56.8
Natural Resources and Mining	1.2	1.1	1.0	1.0	1.2
Retail Trade	168.6	156.2	155.5	158.5	161.7
Professional, Educational and other Services	441.8	419.8	418.2	428.1	442.2
Transportation, Warehousing and Utilities	70.2	66.8	66.6	68.7	70.8
Wholesale Trade	54.1	48.9	48.6	49.0	51.3
Information, Publishing and Telecommunications	14.8	14.1	14.0	12.1	11.6
Total, All Industries	1,241.2	1,156.4	1,139.0	1,143.7	1,166.7

(1) The employment figures by industry which are shown above are not directly comparable to the "Total, All Industries" employment figures due to rounded data.

Source: State Employment Development Department, Labor Market Information Division, as of March 29, 2013t.

The following table sets forth the major employers located in the County as of 2012:

COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS[1]
(2012)

Company Name	Product/Service	No. of Local Employees[2]
County of Riverside	Government	19,150
March Air Reserve Base	Military Reserve Base	9,000
Stater Brothers Market	Supermarket	6,900
University of California, Riverside	University	5,790
Walmart	Retail Store	5,360
Corona-Norco Unified School District	School District	4,686
Kaiser Permanente Riverside Medical Center	Hospital	4,000
Pechanga Resort and Casino	Casino & Resort	4,000
Riverside Unified School District	School District	3,796
Moreno Valley Unified School District	School District	3,500

(1) Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development Agency.
(2) Includes employees within the County; includes, under certain circumstances, temporary, seasonal and per diem employees.
Source: County Economic Development Agency

Unemployment statistics for the County, the State and the United States are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	2008	2009	2010	2011	2012	March 2013
County[1]	8.5%	13.6%	14.7%	13.6%	11.1%	
California[1]	7.2	11.4	12.4	11.7	9.7	
United States[2]	5.8	9.3	9.6	8.9	8.1	7.6

(1) Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.
(2) Data is seasonally adjusted.
Source: State of California Employment Development Department Labor Market Information Division; U.S. Bureau of Labor Statistics

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The following table sets forth taxable transactions in the County for the years 2007 through 2011, the most recent year for which data is currently available:

COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)

	2007	2008	2009	2010	2011
Apparel Stores	$ 1,171,013	$ 1,121,543	$ 1,293,271	$1,391,174	$1,505,821
General Merchandise Stores	3,272,665	3,081,989	2,855,733	2,947,905	3,051,709
Health and Personal Care Stores	320,469	307,947	288,768	292,463	454,268
Food Stores	1,352,609	1,254,366	1,144,235	1,152,507	1,179,649
Packaged Liquor Stores	84,397	98,338	106,981	115,251	125,082
Food Services and Drinking Places	2,388,039	2,340,554	2,266,853	2,317,486	2,473,339
Home Furnishing, Electronics and Appliances	843,945	816,379	858,098	883,109	914,888
Building Materials & Garden Equipment	1,961,911	1,435,337	1,128,595	1,232,145	1,303,073
Auto Dealers & Supplies	4,301,385	3,115,036	2,449,747	2,620,568	3,010,487
Gasoline Stations	2,835,690	3,011,476	2,300,247	2,685,840	3,300,785
Other Retail Stores	2,710,393	2,106,283	1,364,956	1,281,052	1,257,185
Retail Stores Total	$21,242,516	$18,689,249	$16,057,488	$16,919,500	$18,576,285
All Other Outlets	7,781,093	7,314,346	6,170,390	6,233,280	7,065,212
Total All Outlets	$29,023,609	$26,003,595	$22,227,878	$23,152,780	$25,641,497

Source: California State Board of Equalization, Research and Statistics Division.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 2008.

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(IN THOUSANDS)

	2008	2009	2010	2011	2012
RESIDENTIAL					
New Single-Family	$1,214,752	$ 891,825	$ 914,058	$651,747	$ 854,814
New Multi-Family	243,741	76,717	71,152	115,064	99,578
Alterations and Adjustments	118,490	85,148	94,429	119,684	84,517
Total Residential	$1,576,983	$1,053,690	$1,079,639	$886,495	$1,038,963
NON-RESIDENTIAL					
New Commercial	$ 539,944	$ 94,653	$ 191,324	$152,160	$346,865
New Industry	70,411	12,278	6,686	10,000	3,767
New Other[1]	138,766	107,334	98,105	99,898	78,602
Alterations & Adjustments	292,694	162,557	243,265	297,357	154,325
Total Nonresidential	$1,041,815	$376,822	$ 539,380	$559,415	$583,559
TOTAL ALL BUILDING	$2,618,798	$1,430,512	$1,619,019	$1,445,910	$1,602,522

(1) Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and other non-residential buildings and structures.

Source: Construction Industry Research Board for 2008 through 2011, California Homebuilding Foundation for 2012

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2008	2009	2010	2011	2012
Single Family	3,815	3,424	4,031	2,676	
Multi-Family	2,104	784	526	1,073	
TOTAL	5,919	4,208	4,557	3,749	

Source: Construction Industry Research Board for 2008 through 2011, California Homebuilding Foundation for 2012

The following table sets forth a comparison of annual median housing prices for Los Angeles County, Riverside County and Southern California for the years indicated.

COUNTY OF RIVERSIDE
COMPARISON OF MEDIAN HOUSING PRICES

Year	Los Angeles	Riverside	San Bernardino	Southern California[(1)]
2007	$535,000	$395,000	$355,000	$487,000
2008	400,000	260,000	225,000	340,000
2009	320,000	190,000	150,000	270,000
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

The following table sets forth a comparison of home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years indicated.

COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES

Year	Los Angeles	Riverside	San Bernardino	Southern California[(1)]
2007	12,466	12,497	7,746	46,086
2008	35,366	32,443	23,601	125,117
2009	29,943	25,309	19,757	100,106
2010	26,827	20,598	16,757	86,853
2011	25,454	17,381	14,181	77,003
2012	15,259	10,655	9,257	47,323

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, bell peppers, dates, lemons and avocados.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

The value of agricultural production in the County for 2007 through 2011 is presented in the following table.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2007	2008	2009	2010	2011
Citrus Fruits	$ 121,387,100	$ 135,759,800	$ 101,652,000	$140,501,000	$119,942,513
Trees and Vines	189,286,500	173,678,000	191,682,600	164,994,000	232,649,262
Vegetables, Melons, Miscellaneous	234,854,700	266,414,900	221,286,700	292,002,200	278,628,295
Field and Seed Crops	94,492,000	123,545,400	69,699,800	81,328,300	149,198,052
Nursery	272,326,200	230,416,200	206,499,900	169,341,300	200,154,964
Apiculture	3,948,900	5,637,000	5,017,600	4,631,700	4,844,400
Aquaculture Products	9,829,200	12,077,700	5,243,900	4,921,700	4,808,250
Total Crop Valuation	$ 926,124,600	$ 947,529,000	$ 801,082,500	$857,720,200	$990,225,736
Livestock and Poultry Valuation	338,938,600	321,060,900	214,672,800	235,926,300	292,030,380
Grand Total	$1,265,063,200	$1,268,589,900	$1,015,755,300	$1,093,646,500	$1,282,256,116

Source: Riverside County Agricultural Commissioner

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads -- Union Pacific Railroad and the Burlington Northern and Santa Fe Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, service the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by Los Angeles World Airports, a proprietary department of the City of Los Angeles. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The

JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside -- the University of California, Riverside, La Sierra University and California Baptist University.

Environmental Control Services

Water Supply. The County obtains a large part of its water supply from groundwater sources, with certain areas of the County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand and the County's water supply is supplemented by imported water. At the present time, imported water is provided by Metropolitan Water District from the Colorado River via the Colorado River Aqueduct and the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, 80% of the water supply is imported.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Gorgonio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California. The governor and the state legislature are currently engaged in discussions with respect to a comprehensive state-wide plan with respect to water supply, storage and conveyance, but no assurance can be made that a sustainable solution will be achieved.

Due to the water supply concerns in the County, the Board of Supervisors adopted Ordinance 859.2 -Water Efficient Landscaping Ordinance, which conforms to AB 1881. AB 1881 requires that measures be taken to assure the maintenance and protection of natural resources (water) by requiring that the resources be conserved through the implementation of water efficient landscape practices. As an added measure, the Board of Supervisors amended Policy H-25 requiring the retrofit of public buildings to conform to the requirements of Ordinance 859.2.

Flood Control. Primary responsibility for planning and construction of flood control and drainage systems within the County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District, Storm Water Unit.

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal.

FINANCIAL INFORMATION

Budgetary Process and Budget

The County operates on an annual budget cycle. Under the Government Code, the County must approve a recommended budget by June 30 of each year as the legal authorization to spend until the approval of the adopted budget. A final budget that reflects any revisions to the recommended budget must be adopted by the Board of Supervisors no later than October 2. The recommended and adopted budgets must be balanced.

Subsequent to the approval of the adopted budget, the County may make adjustments to reflect revenue, as realized, and to record changes in expenditure requirements. For example, in recent years, the County, like many other counties, has adopted a budget in advance of the adoption of the State budget and has been required to make adjustments in certain circumstances upon the passage of the State budget. The County conducts quarterly reviews, with major adjustments generally addressed at the end of the first, second and third quarters.

[Fiscal Year 2012-13 Budget] [TO BE UPDATED]

In June 2012, the Board of Supervisors approved the Fiscal Year 2012-13 Recommended Budget. The Recommended Budget includes total general fund appropriations of approximately $2.4 billion. For Fiscal Year 2012-13, the County projects that approximately 42.1% of its General Fund budget revenues will consist of payments from the State and 20.7% will consist of payments from the Federal government. Discretionary revenue is budgeted to decline to approximately $572 million for fiscal year 2012-13, a reduction of approximately 2% from the fiscal year 2011-12 adjusted budget estimates. The adopted budget includes a reduction in discretionary spending of approximately $39 million from the prior fiscal year.

Property tax revenue is budgeted at approximately $266 million for Fiscal Year 2012-13, and represents approximately 46% of the County's discretionary revenue. Preliminary indications from the County Assessor assume a potential decrease in assessed valuation in Fiscal Year 2012-13 of approximately 2% to 2.5% from Fiscal Year 2011-12. Such potential decrease is primarily a result of the completion of the appeals process with respect to declining commercial property values in prior fiscal years. Because projections of assessed valuations are volatile, for budgetary purposes assessed valuation is assumed to remain consistent with Fiscal Year 2011-12. In July 2012, the County Assessor will finalize the Fiscal Year 2012-13 assessment roll. If such assessment roll reflects a decrease in assessed valuation, the resulting reduction in discretionary revenue will require additional budget cuts to be included in the final budget in an estimated total of up to approximately $10 million.

During the Fiscal Year 2012-13 mid-year budget meeting, the County made a presentation outlining the needs and the resources for Fiscal Years 2012-13 and 2013-14. To fund the needs of the various departments, at the mid-year meeting, the County elected to create a budget stabilization fund. The fund contains additional resources received in Fiscal Year 2012-13 from one-time revenues and additional fund balance from prior years. At the end of Fiscal Year 2012-13, the County expects to have an additional $25.6 million available as one time resources for Fiscal Year 2013-14.

Fiscal Year 2013-14 Proposed Budget

The County has started its budget process for Fiscal Year 2013-14 and held its budget impact hearings. At the budget impact hearings, all general fund departments were asked to present balanced budgets. The sheriff and fire departments presented budgets that needed additional resources and all other departments presented balanced budgets. These balanced budgets absorbed all additional costs that include salaries and benefit increases. Property tax revenue is expected to grow by 3.5% in Fiscal Year 2013-14, and growth is also expected in sales tax receipts. Using these additional revenues and the set aside in the budget stabilization fund created in Fiscal Year 2012-13, the County expects to present a balanced general fund budget for Fiscal Year 2013-14 without using its reserves.

As part of its efforts to commitment to Public Safety, on March 26, 2013 the Board adopted "Doctrine 1.2 – a Roadmap for Public Safety." This doctrine outlines a direction to the sheriff department to increase the deputy to population ratio from. 0.75/1000 to 1.2/1000 in the unincorporated area of the County. The sheriff department has already initiated this process and expects to reach this goal within the next five years. This initiative is expected to add additional costs to the

Sheriff's budget, and as part of the budget impact hearings, the sheriff department requested additional resources. The County expects to provide sufficient resources as the sheriff department adds additional deputies in accordance with the doctrine. In addition to this initiative, the County is in the process of building the East County Detention Center in Indio to give it further capacity to jail inmates. This jail is expected to be built with a grant from the State and issuance of bonds by the County. To prepare for the operations and maintenance of this facility, expected to be completed in 2017, the County has adopted a policy of setting aside the expected increases in Prop 172 revenue. The County expects Prop 172 revenue increases to total $30-$40 million over the next three years. In addition, the fire department has requested additional resources to purchase equipment and offset costs related to coverage of newly incorporated cities which are still served by the County's fire department. The County intends to provide funding to meet these needs.

Property tax revenue is budgeted at approximately $268 million for Fiscal Year 2013-14, and represents approximately 46% of the County's discretionary revenue. Preliminary indications from the County Assessor assume an increase in assessed valuation in Fiscal Year 2013-14 of approximately 3% to 3.5% from Fiscal Year 2012-13. Such potential increase is primarily a result of increasing property values resulting in increased assessed valuation. For budgetary purposes assessed valuation is assumed to increase from the 2% decrease in Fiscal Year 2012-13. In July 2013, the County Assessor will finalize the Fiscal Year 2013-14 assessment roll.

Impacts of State Budget

Changes in payments to the County from the State, whether temporary or permanent, may require adjustments to the County's 2012-13 and 2013-14 budgets. Deferrals in State payments may jeopardize the County's ability to maintain core discretionary programs that could require suspension of such programs. Permanent cuts in State funding will require the County to reduce programs reliant on State funds, unless the County chooses to make corresponding reductions to discretionary funding for core County services.

The County is continuously monitoring developments at the State and local level, and may be required to make adjustments to its budget from time to time. See "STATE OF CALIFORNIA BUDGET INFORMATION" herein.

Realignment of Certain Services to Local Governments

As part of the State's 2011 Budget Act, the California Legislature enacted a major shift, or "realignment," of certain State program responsibilities and related revenues to local governments ("Realignment"). Beginning in Fiscal Year 2011-12, the realignment provides funds to local governments (primarily counties) to fund various criminal justice, mental health, and social services programs. Realignment funding is derived from three sources: 1) the dedication of 1.0625 cents of the existing sales tax rate; 2) the redirection of the revenue generated by Proposition 63 (the "millionaire tax" which supports mental health programs statewide); and 3) the redirection of a portion of vehicle license fee revenues.

Realignment is comprised of two distinct components: Health and Human Services and Public Safety. With respect to the former, the State has replaced the funding previously provided to counties as State reimbursement or direct payment with local appropriations equivalent to prior year funding levels. To date, the only significant programmatic change has resulted from the Health and Human Services component of Realignment related to the transfer of responsibility for funding education-related mental health services from counties to local school districts.

With respect to Public Safety, however, county governments have taken on a host of new responsibilities related to released inmates, newly convicted offenders, and parole violators. In Fiscal Year 2012-13, the County has received a $43 million appropriation from the State to address the needs of the realigned criminal justice population. In the current fiscal year, the County anticipates that this funding will be sufficient to support its achievement of the complementary goals of increasing public safety and reducing recidivism. In Fiscal Year 2013-14, the County anticipates an appropriation of $58 million from the State for realignment, which is anticipated to be sufficient to pay for the County's realignment-related operations. In addition, the County is expecting to receive a grant of $25 million in Fiscal Year 2013-14 from the State for an expansion of the Van Horn Youth Center in the City of Riverside, and a grant of $100 million in Fiscal Year 2014-15 for the construction of a new jail facility in the City of Indio.

Final Budget Comparison

The following table compares the general fund budgets for each of the last five fiscal years as initially adopted by the Board of Supervisors. During the course of each fiscal year, a budget may be amended to reflect adjustments to receipts and expenditures that have been approved by the Board of Supervisors.

COUNTY OF RIVERSIDE
ADOPTED GENERAL FUND BUDGETS[1]
FISCAL YEARS 2008-09, 2009-10, 2010-11, 2011-12 AND 2012-13
(IN MILLIONS)

	2008-09 Budget	2009-10 Budget	2010-11 Budget	2011-12 Budget	2012-13 Budget
REQUIREMENTS					
General Government	$ 238.6	$ 239.2	$ 175.3	$ 174.4	$ 180.4
Public Protection	1,132.0	1,055.2	1,062.4	1,060.0	1,072.1
Public Ways and Facilities	2.1	2.2	0.0	0.0	0.0
Health and Sanitation	392.3	395.2	396.0	411.9	430.1
Public Assistance	791.1	815.5	780.0	802.9	762.3
Education	0.6	0.4	0.6	0.6	0.6
Recreation and Cultural	0.3	0.3	0.3	0.4	0.0
Debt Retirement-Capital Leases	22.3	6.8	6.8	5.0	5.0
Contingencies	34.8	30.0	20.0	20.0	7.0
Increase to Reserves	5.0	(12.8)	17.5	2.4	2.3
Total Requirements[3]	$2,619.1	$2,532.0	$2,458.9	$2,477.7	$2,459.8
AVAILABLE FUNDS					
Use of Fund Balance and Reserves	$ 107.1	$ 112.8	$ 107.8	$ 90.1	$ 74.0
Estimated Revenues:					
Property Taxes	287.2	244.9	222.4	214.9	211.5
Other Taxes	49.1	46.1	46.0	35.5	35.0
Licenses, Permits and Franchises	24.9	20.7	19.8	18.1	17.7
Fines, Forfeitures and Penalties	60.6	55.7	58.0	56.2	51.7
Use of Money and Properties	29.7	13.5	11.2	10.0	7.4
Aid from Other Governmental Agencies:					
State	991.8	962.0	921.7	936.3	1,005.5
Federal	465.4	511.1	501.2	506.7	493.9
Charges for Current Services[2]	385.1	452.7	461.0	462.8	442.6
Other Revenues[2]	217.9	112.5	111.9	147.7	120.5
Total Available Funds[3]	$2,619.1	$2,532.0	$2,458.9	$2,477.7	$2,459.8

(1) Prior to fiscal year 2010-11, State Controller identified an "Adopted" budget as a "Final" budget. Data source is the official budget documents submitted to the State Controller's Office. Figures do not reflect quarterly amendments or adjustments.

(2) Due to reporting changes, certain accounts were reclassified from Other Revenues to Charges for Current Services after fiscal year 2008-09.

(3) Column numbers may not add up to totals due to rounding.

Source: County Auditor-Controller

Riverside County Treasurer's Pooled Investment Fund

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of April 30, 2013, the portfolio assets comprising the PIF had a market value of $[__________].

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2011, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. Collectively, these mandatory deposits constituted approximately [___]% of the funds on deposit in the County Treasury, while approximately [___]0% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions, with the prior consent of the Board and the County Treasurer, to participate in the County's PIF, none have been authorized entry, nor are any pending consideration. The desire of the County is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2011 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the Pooled Investment Fund as of April 30, 2013, was as follows:

	% of Pool
Federal Agency Securities	
Cash Equivalents & Money Market Funds	
Commercial Paper	
Medium Term Notes	
Municipal Notes	
Certificates of Deposit	
Repurchase Agreements	
U.S. Treasury Bonds	
Local Agency Obligations (1)	
Total	100.00%
Book Yield:	%
Weighted Average Maturity:	years

(1) Includes County obligations issued by the Riverside District Court Financing Corporation and the CalTrust Short Term Fund.
Source: County Treasurer-Tax Collector

As of April 30, 2013, the market value of the PIF was [___]% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. This committee was reorganized to conform to new State requirements requiring the County to have a local oversight committee. The committee is utilized by the County to manage, audit, and safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "Aaa/MR1" from Moody's Investors Service and "AAA/V1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Ad Valorem Property Taxes

General. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The "secured roll" is that assessment roll containing locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. A ten dollar cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30th. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, the twenty-eight dollar administrative cost, a fifteen dollar per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the "Redemption Amount"). If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer – Tax Collector.

Property taxes on the unsecured roll are due as of January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The following tables describe the secured property tax roll and the unsecured property tax roll of the County for fiscal year 2001-02 through fiscal year 2012-13.

COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
FISCAL YEARS 2000-01 THROUGH 2011-12

SECURED PROPERTY TAX ROLL[1]

Fiscal Year	Secured Property Tax Levy	Current Levy Delinquent June 30	Percentage of Current Taxes Delinquent June 30[2]	Total Collections [3]	Percentage of Total Collections to Current Levy
2001-02	$1,209,745,112	$42,292,916	3.50%	$1,235,188,224	102.10%
2002-03	1,348,190,139	44,478,022	3.30	1,388,639,880	103.00
2003-04	1,506,949,011	42,164,689	2.80	1,571,572,091	104.29
2004-05	1,747,034,222	55,557,116	3.18	1,797,065,686	102.86
2005-06	2,094,068,686	88,930,195	4.25	2,116,369,838	101.06
2006-07	2,559,448,076	180,175,146	7.04	2,532,293,674	98.94
2007-08	2,964,341,768	255,672,935	8.62	2,928,205,634	98.78
2008-09	3,029,936,136	222,218,035	7.33	3,146,419,870	103.84
2009-10	2,791,941,475	139,427,699	4.99	2,957,072,395	105.91
2010-11	2,698,915,858	95,454,538	3.54	2,826,336,496	104.72
2011-12	2,676,613,483	70,921,563	2.65	2,809,408,918	104.96
2012-13	2,677,034,057	N/A	N/A	N/A	N/A

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.
(2) Under the Teeter Plan, participating agencies receive their full levy of current secured taxes regardless of delinquency rate, subject to roll corrections during the year. Prior year taxes are deposited to the Teeter Plan fund.
(3) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.
Source: County Auditor-Controller

UNSECURED PROPERTY TAX ROLL[1]

Fiscal Year	Unsecured Property Tax Levy	Total Collections [2]	Percentage of Total Collections to Original Levy [2]
2001-02	$47,725,432	$45,099,982	94.50%
2002-03	51,805,548	48,211,472	93.06
2003-04	56,479,231	54,911,981	97.23
2004-05	61,359,545	58,253,834	94.94
2005-06	67,010,790	65,220,783	97.88
2006-07	71,315,299	70,418,974	98.74
2007-08	79,265,231	75,566,558	95.33
2008-09	88,531,578	86,067,900	97.22
2009-10	88,118,784	88,409,527	100.33
2010-11	86,326,418	82,483,361	95.55
2011-12	83,904,478	84,157,603	100.30
2012-13	83,848,832	72,606,443[3]	86.59[3]

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.
(2) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.
(3) Reflects partial year collections, through October 2012.
Source: County Auditor-Controller

State legislation enacted in 1984 established the "supplemental roll," which directs the County Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of new construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the new assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of new construction and the date of the next regular tax roll upon which the assessment is entered.

Supplemental roll billings are made on a monthly basis and are due on the date mailed. If mailed within the months of July through October, the first installment becomes delinquent on December 10 and the second on April 10. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent. These assessments are subject to the same penalties and default procedures as the secured and unsecured rolls.

The following table describes the supplemental tax roll of the County for fiscal year 2002-03 through fiscal year 2012-13.

COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL
AD VALOREM PROPERTY TAXATION
FISCAL YEARS 2002-03 THROUGH 2012-13

Fiscal Year	Tax Levy for Increased Assessments(1),(2),(3)	Refunds for Decreased Assessments(1), (3)	Net Supplemental Tax Levy	Collections(1),(2)
2002-03	$ 81,055,987	$ 2,060,886	$ 78,995,102	$ 72,892,196
2003-04	107,873,487	2,072,831	105,800,656	92,039,986
2004-05	201,364,003	2,048,421	199,315,582	151,778,352
2005-06	334,571,225	1,818,236	332,752,989	248,929,219
2006-07	344,014,168	2,948,680	341,065,488	301,767,959
2007-08	171,506,667	9,019,397	162,487,270	214,671,863
2008-09(4)	60,817,712	46,478,150	14,339,562	74,316,444
2009-10	27,019,730	35,212,651	(8,192,922) (5)	19,632,809
2010-11	34,612,092	27,686,887	6,925,205	16,813,302
2011-12	26,497,836	18,807,091	7,690,745	17,105,095
2012-13(6)	25,542,577	13,890,850	11,651,727	9,393,319

(1) These figures include tax levy, refunds and collections for all districts, including the County, cities, school districts, special districts and redevelopment agencies.
(2) Includes current and prior years' taxes, redemption penalties and interest collected.
(3) Tax levy amounts are shown net of minimum tax less than $10 and refunds are shown net of refunds of negative supplemental taxes less than $10.
(4) Changes from prior years due to decrease in housing values and lower transaction volume. See discussion below, following the table of Assessed Valuation History by Category and Property Type.
(5) The negative tax levy is a result of refunds exceeding the billed amounts.
(6) From July 2012 through March 2013.

Source: County Auditor-Controller/County Treasurer and Tax Collector

The following table sets forth the assessed valuation by category and property type for fiscal year 2008-09 through fiscal year 2012-13.

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE(1)
FISCAL YEARS 2008-09 THROUGH 2012-13
(IN MILLIONS)

Category	2008-09	2009-10	2010-11	2011-12	2012-13
SECURED PROPERTY:					
Land	$ 82,768	$ 69,917	$ 65,877	$ 64,308	$ 63,549
Structures	149,837	137,292	132,431	131,516	132,077
Personal Property	860	906	819	836	887
Utilities	3,154	2,907	3,018	3,614	3,475
Total Secured	$236,529	$211,022	$202,145	$200,274	$199,988
UNSECURED PROPERTY:					
Land	$ 16	$ 2	$ 14	$ 29	$ 17
Improvements	3,866	3,761	3,748	3,778	3,951
Personal Property	4,426	4,154	4,049	3,975	3,895
Total Unsecured(2)	$ 8,308	$ 7,917	$ 7,811	$ 7,782	$ 7,863
Grand Total	$244,837	$218,939	$209,956	$208,059	$207,851

(1) Assessed valuation is reported as of July 1 of each year at 100% of full taxable value. Pursuant to Article XIIIA of the State Constitution (Proposition 13), property is valued for tax purposes at the 1975 fair market value, adjusted annually for inflation (not to exceed 2%). Generally, property is reassessed at fair market value upon change of ownership and for new construction.

(2) Represents total of categories set forth above; does not represent total tax roll values.

Source: County Auditor-Controller/County Assessor

Housing prices in the County declined in 2007 and 2008 and remained at the lower levels since 2009. See "Demographic and Economic Information-Building and Real Estate Activities" herein. These events are related to declines in the real estate market in general and the collapse of the subprime sector of the mortgage market that is impacting certain homeowners nationwide. In the State, the greatest impacts to date are in regions of the Central Valley and the Inland Empire, in which the County is located.

Assessed valuations can be reduced as a result of an assessment appeal or an assessor-initialized reduction. Property owners can appeal their initial valuation at the time of acquisition to establish their Proposition 13 basis. Subsequently, they may appeal the valuation under Proposition 8 to achieve a temporary reduction below the Proposition 13 value, as adjusted. The County Assessor is required under Proposition 8 to make reductions, should declines in marked values call for such reductions.

In response to the decline in the local housing market, for fiscal year 2008-09, the County Assessor proactively reviewed all residential properties and made applicable adjustments to bring the tax roll in line with current (depressed) values, without waiting for tax payers to file an appeal. The fiscal year 2008-09 and 2009-10 budgets incorporated these Proposition 8 reductions. The total fiscal year 2008-09 reductions of $16.2 billion offset a majority of the value increases recorded during the prior year. For fiscal year 2009-10, the County Assessor reviewed the values of approximately 300,000 properties, including those reduced in the prior year, and reduced total valuation by approximately $40 billion. This resulted in a net decline in assessed valuation from the prior year of approximately 10.5%. In fiscal year 2010-11, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which encompassed approximately 400,000 properties. This resulted in a net decline in assessed valuation from the prior fiscal year of approximately 4.25%. In fiscal year 2011-12, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 1.5% decline in assessed valuation from the prior fiscal year. In fiscal year 2012-13, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 0.15% decline in assessed valuation from the prior fiscal year. Cumulatively, assessed valuation in the County has declined 16.36% since fiscal year 2007-08 due to the County Assessor's proactive reviews. No further Proposition 8 reductions are expected for Fiscal Year 2013-14.

Property Tax Appeals. The County has received assessment appeals applicable to fiscal year 2012-13 totaling approximately $20.9 billion of assessed value. Successful appeals result in either a refund of taxes paid or a reduction to an unpaid tax bill. A total of $2.7 billion of assessed value was reduced from the County tax roll in fiscal year 2011-12 and fiscal year 2012-13, representing $2.7 million in general purpose taxes over the two-fiscal year period. 57% of the fiscal year 2011-12 assessment appeals have been completed. The majority of the remaining fiscal year 2011-12 assessment appeals are expected to be completed by November 30, 2013.

The County cannot predict with certainty the outcome of the assessment appeals that have been filed but not resolved. It is expected that the impact of the assessment appeals on the fiscal year 2013-14 budget will be determined primarily by two components: (i) the remainder of the fiscal year 2011-12 assessment appeals still to be completed; and (ii) a portion of the fiscal year 2012-13 and fiscal year 2013-14 assessment appeals being completed during fiscal year 2013-14.

Teeter Plan

In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year end. Under this plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its General Fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's General Fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment. The penalties and interest, net of financing costs, are a substantial source of income for the County.

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies, 95% of the then-accumulated secured roll property tax delinquencies and to place the remaining 5% in the tax losses reserve fund, as described below. Taxing entities that maintain funds in the County Treasury are all 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. In fiscal year 2011-12, approximately 76% of all taxing entities participated in the Teeter Plan.

Pursuant to the Teeter Plan, the County is also required to establish a tax losses reserve fund to cover losses which may occur in the amount of tax liens as a result of special sales of tax defaulted property (i.e., if the sale price of the property is less than the amount owed). The amount required to be on deposit in the tax losses reserve fund is, at the election of the County, one of the following amounts: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The County's tax losses reserve fund will be fully funded, in accordance with the County's election to be governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses. Accordingly, any additional penalties and interest that otherwise would be credited to the tax losses reserve fund are credited to the County's General Fund.

Funding for the County's on-going obligations under the Teeter Plan was completed through the sale, in October 2012, of County of Riverside Teeter Obligation Tax-Exempt Commercial Paper Notes, Series D (the "D Notes") in the amount of approximately $142.8 million. The proceeds of the D Notes refunded the outstanding County of Riverside Teeter Obligation Tax-Exempt Commercial Paper Notes, Series B originally issued in the amount of $171.3 million. The D Notes funded approximately $52.9 million representing fiscal year 2011-12 delinquent property taxes and approximately $92.3 million representing prior years' delinquent property taxes. The D Notes mature on October 16, 2013. The County's General Fund is pledged to the repayment of the D Notes in addition to the pledge of the delinquent taxes in the event that delinquent taxes collected are not sufficient to repay the D Notes.

Largest Taxpayers

The following table shows the 25 largest taxpayers by individual tax levied in the County for fiscal year 2012-13.

COUNTY OF RIVERSIDE
TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2012-13
COMBINED TAX ROLLS†

TAXPAYER	TOTAL TAXES LEVIED	PERCENTAGE OF TOTAL TAX CHARGE
Southern California Edison Company	$23,532,327.64	0.83%
Verizon California Inc.	9,205,279.60	0.33
Southern California Gas Company	6,789,190.40	0.24
Inland Empire Energy Center, LLC	5,993,563.64	0.21
Federal National Mortgage Association	3,416,198.58	0.12
Tyler Mall Ltd. Partnership	2,898,956.08	0.10
Abbott Vascular Inc.	2,898,956.08	0.10
Blythe Energy, LLC	2,739,241.06	0.10
Bank of New York Mellon	2,726,205.98	0.10
Chelsea GCA Realty Partnership	2,524,875.10	0.09
Roripaugh Valley Restoration	2,507,852.12	0.09
Standard Pacific Corp.	2,458,978.88	0.09
Wal Mart Real Estate Business Trust	2,443,706.96	0.09
Lowes HIW Inc.	2,402,339.86	0.09
Costco Wholesale Corp.	2,389,170.50	0.08
Target Corp.	2,375,335.00	0.08
Wells Fargo Bank	2,042,528.46	0.07
Health Care REIT	2,034,665.18	0.07
Palm Desert Funding Co.	2,033,212.92	0.07
Richmond American Homes of Maryland Inc.	2,027,563.68	0.07
KB Home Coastal Inc.	1,961,845.42	0.07
Pacific Bell Telephone Co. DBA AT&T California	1,933,850.04	0.07
Bank of America	1,887,533.60	0.07
KSL Desert Resort	1,881,481.98	0.07
Walgreen Co.	1,712,418.54	0.06
Total	**$94,815,766.07**	**3.36%**
Total Tax Charge for 2012-13	**$2,821,808,183.51**	

† Includes secured, unsecured and State-assessed property.
Source: County Treasurer and Tax Collector

The 10 largest property owners in the County by assessed value for all properties, for the fiscal year 2012-13 are shown below.

COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2012-13
BY ASSESSED VALUE

ASSESSEE	ASSESSED VALUE
Eisenhower Memorial Hospital	$ 355,079,500
Kaiser Foundation Hospital	304,819,262
Walgreen Co.	281,697,471
Abbott Vascular Inc.	281,061,795
Target Corp.	224,027,467
Federal National Mortgage Assn.	214,934,309
Costco Wholesale Corp.	211,153,053
Kaiser Foundation Health Plan Inc.	210,980,121
Lowes HIW Inc.	203,474,228
Wal Mart Real Estate Business Trust	191,691,822
Subtotal	$ 2,478,919,028
All Others	202,409,592,440
Total	$204,888,511,468†

† Excludes State assessed property. Does not reflect any applicable exemptions.
Source: County Assessor.

Other Taxing Entities

The County does not retain all of the property taxes it collects for its own purposes. The bulk of the funds collected are disbursed to other agencies. For fiscal year 2011-12, the County retained approximately 12.39% of the total amount collected (and is budgeted to retain 12.24% in fiscal year 2012-13). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law (See "-Redevelopment Agencies" below). Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are passed on in their entirety, less any allowable collection charges.

The County's share of the property tax will vary throughout the County depending upon the presence of other taxing entities, e.g. cities, water districts, sanitation districts, school districts and redevelopment agencies. Legislation enacted as part of the State's 2011 Budget Act eliminates redevelopment agencies, with formal dissolution effective as of February 1, 2012. See "STATE OF CALIFORNIA BUDGET INFORMATION-Redevelopment Agencies" in the forepart of this Official Statement.

Redevelopment Agencies

The California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) authorized the redevelopment agency of any city or county to issue bonds payable from the allocation of tax revenues resulting from increases in assessed valuation of properties within the designated project areas. In effect, local taxing authorities other than the redevelopment agency realize tax revenues on a portion of the taxes generated in a project area including: 1) on the "frozen" tax base; 2) for project areas adopted prior to January 1, 1994, local taxing authorities may receive an additional amount based on any negotiated agreements with redevelopment agencies to receive a share of tax increment proceeds; and, 3) for project areas adopted after January 1, 1994, local taxing authorities receive a pass-through payment based on statutory rules pursuant to section 33607.5 of the California Health and Safety Code. The net effect of the formation of a redevelopment area is to redistribute tax revenues away from the AB 8 formula. Redevelopment agencies generally receive the majority of the taxes to be allocated. Other taxing entities may receive a portion of the tax revenue pursuant to agreements negotiated with the redevelopment agency.

The following table summarizes the community redevelopment agencies' frozen base value, full cash value increments, and total tax allocations.

COUNTY OF RIVERSIDE
COMMUNITY REDEVELOPMENT AGENCIES'
FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS
AND TOTAL TAX ALLOCATIONS
FISCAL YEARS 2000-01 THROUGH 2011-12

Fiscal Year	Frozen Base Value	Full Cash Value Increments(1)	Total Tax Allocations(2) (3)
2001-02	$11,061,406,310	$23,504,382,046	$236,954,730
2002-03	11,061,415,310	26,977,389,195	271,878,884
2003-04	11,384,632,277	30,660,791,085	308,514,347
2004-05	12,271,092,108	34,974,969,456	352,904,769
2005-06	14,682,893,563	42,414,898,724	427,668,011
2006-07	14,555,513,591	52,411,876,802	529,173,451
2007-08	15,259,109,791	62,845,258,807	634,701,584
2008-09	15,257,041,079	66,803,157,176	673,622,251
2009-10	15,256,883,605	62,342,584,603	630,001,609
2010-11	15,980,487,099	58,188,212,570	586,318,387
2011-12	16,272,503,279	56,687,373,841	598,655,064
2012-13(4)	16,352,697,201	56,178,718,338	594,476,134

(1) Full cash value for all redevelopment projects (including County projects) above the "frozen" base year valuations. This data represents growth in full cash values generating tax revenues for use by the community redevelopment agencies.
(2) Actual cash revenues collected by the County and available to community redevelopment agencies, subject to debt limitation and certain negotiated agreements with taxing entities for a share of the property tax increment.
(3) Includes general purpose and debt; excluded negative increment.
(4) Based on County estimate of increment of assessed value for the community redevelopment agencies for fiscal year 2012-13.

Source: County Auditor-Controller

Legislation enacted as part of the State's 2011 Budget Act ("ABx1 26") eliminated redevelopment agencies, with formal dissolution having taken place on February 1, 2012. The County had previously formed a redevelopment agency with project areas in 45 unincorporated communities. In accordance with ABx1 26, the County redevelopment agency dissolved on February 1, 2012 and the County's Board of Supervisors is acting as the successor agency to the County's redevelopment agency. At the time of its dissolution, the County redevelopment agency had a total land area of 82,334 acres, a base year assessed value, including State-owned land, of $3,971,824,734, and a 2011-12 assessed value of 8,266,787,927. In fiscal year 2011-12, the pass-through payment to the County's general fund from the County's redevelopment agency totaled $1,600,442.73, and was offset in its entirety pursuant to Health and Safety Code Section 33607.5. As a consequence of the dissolution of redevelopment agencies, the County will no longer receive pass-through payments from the County redevelopment agency, but these amounts are relatively modest and will be largely offset by the County's receipt of its tax allocation under the AB 8 formula. In fiscal year 2012-13, as the result of the dissolution, the County is receiving a share of residual, unencumbered low and moderate housing and other asset funding. As of April 2013, the County has received that amount is approximately $19.1 million.

In fiscal year 2012-13, the County estimates that it will receive approximately $78 million in pass-through payments pursuant to agreements with various city redevelopment agencies, and is projecting that it will receive $79.6 million in pass-through payments in fiscal year 2013-14. Pursuant to ABx1 26 and its following clarifying legislation, the County's negotiated pass-through agreements with these redevelopment agencies remain in full force and effect as enforceable obligations of the successor entity to each such redevelopment agency.

Financial Statements and Related Issues

The County's accounting policies used in preparation of its audited financial statements conform to generally accepted accounting principles applicable to counties. The County's governmental funds and fiduciary funds use the modified accrual basis of accounting. This system recognizes revenues in the accounting period in which they become available and measurable. Expenditures, with the exception of unmatured interest on general long-term debt, are recognized in the accounting period in which the fund liability is incurred. Proprietary funds use the accrual basis of accounting, and revenues are recognized in the accounting period in which they are earned and become measurable, while expenses are recognized in the period during which they are incurred.

The State Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the "Annual Financial Report of the County of Riverside." Under the U.S. Single Audit Act of 1984 and State law, independent audits are required on all operating funds under the control of the Board of Supervisors and must be conducted annually. The County's financial statements for fiscal year 2010-11 were audited by Brown Armstrong Certified Public Accountants. See APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

The County adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* during fiscal year 2001-02. This statement affects the manner in which the County records transactions and presents financial information. GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County's financial activities in the form of "management's discussion and analysis" (MD&A). In addition, the reporting model established by GASB Statement No. 34 includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. The reporting model features a statement of net assets and a statement of activities. The statement of net assets is designed to display the financial position of the government. The County reports all capital assets, including infrastructure assets, in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the County's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the County has recorded other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. For further information on GASB Statement No. 34 and other changes in significant accounting policies, see Note 1 of the Notes to Basic Financial Statements, June 30, 2012, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES – GENERAL FUND FISCAL YEARS 2007-08 THROUGH 2011-12

(In Thousands)

	2007-08	2008-09	2009-10	2010-11	2011-12
BEGINNING FUND BALANCE	$ 570,964	$ 481,776[1]	$ 372,121	$ 386,486	$ 343,562
REVENUES					
Taxes	309,295	274,480	229,631	221,807	216,746
Licenses, permits and franchises	24,525	19,840	16,724	18,187	17,648
Fines, forfeitures and penalties	90,788	107,147	112,813	93,528	88,979
Use of money and property – Interest	61,623	33,414	12,197	8,196	4,740
Use of money and property – Rents and concessions	2,578	3,157	3,936	3,669	3,798
Government Aid – State	905,998	908,334	820,432	856,327	931,652
Government Aid – Federal	473,731	472,210	504,605	490,088	475,221
Governmental Aid-Other	95,808	95,812	89,312	82,147	80,332
Charges for current services	358,767	364,649	367,249	369,780	354,451
Other revenues	29,308	36,149	30,670	37,654	40,852
TOTAL REVENUES	$2,352,421	$2,315,192	$2,187,569	$2,181,383	$2,214,419
EXPENDITURES					
General government	$ 145,290	$ 146,816	$ 130,516	$ 109,146	$ 127,195
Public protection	1,032,582	1,062,437	1,005,679	1,025,584	1,010,999
Public ways and facilities	4,717	4,378	-	-	-
Health and sanitation	368,753	382,588	333,068	345,649	369,165
Public assistance	704,404	719,328	712,353	731,017	719,670
Education	464	675	551	548	579
Recreation and cultural	206	230	312	364	324
Capital Outlay	8,670	22,746	31,018	8,321	2,671
Debt service	26,132	22,501	21,876	24,829	21,426
TOTAL EXPENDITURES	$2,291,218	$2,361,699	$2,234,373	$2,245,458	$2,252,029
Excess (deficit) of revenues over (under) expenditures	61,203	(46,507)	(47,804)	(64,075)	(37,610)
OTHER FINANCING SOURCES (USES)					
Transfer from other reserves	$ 104,892	$ 99,825	$ 168,833	$ 106,047	$ 123,587
Transfer to other funds	(269,961)	(185,719)	(132,682)	(93,217)	(98,045)
Capital Leases	8,670	22,746	31,018	8,321	2,671
Total other Financing Sources (Uses)	$ (153,399)	$ (63,148)	$ 62,169	$ 21,151	$ 28,213
NET CHANGE IN FUND BALANCES	$ (92,196)	$ (109,655)	$ 14,365	$ (42,924)	$ (9,397)
FUND BALANCE, END OF YEAR[2]	$ 478,768	$ 372,121	$ 386,486	$ 343,562	$ 336,598

(1) Beginning fund balance 2008-09 does not equal prior year ending fund balance due adjustments to prior year revenue accrual and expenditures.

(2) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Source: County Auditor-Controller.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2008 THROUGH JUNE 30, 2012
(In Thousands)

	2008	2009	2010	2011	2012
ASSETS:					
Cash & Marketable Securities	$216,816	$150,728	$122,902	$160,887	$151,845
Taxes Receivable	58,256	46,813	27,714	17,790	14,046
Accounts Receivable	48,196	31,150	8,468	12,771	9,196
Interest Receivable	9,384	3,315	2,091	1,119	643
Advances to Other Funds	0	0	0	3,692	3,342
Due from Other Funds	24,716	19,110	25,353	18,787	14,227
Due from Other Governments	239,844	250,144	263,240	276,656	328,817
Inventories	2,105	2,132	1,941	1,564	1,187
Prepaid items	0	3,720	888	277	298
Restricted Assets	263,566	252,084	296,543	283,095	299,673
Total Assets	$866,259	$759,196	$749,140	$777,638	$823,274
LIABILITIES:					
Accounts Payable	$ 94,061	$ 68,560	$ 57,236	$ 84,116	75,996
Salaries & Benefits Payable	83,753	88,184	46,376	50,374	57,391
Due To Other Funds	283	0	2,155	2,639	1,466
Due to Other Governments	40,991	47,579	35,161	34,550	40,804
Deferred Revenue	168,282	180,777	218,676	260,343	311,003
Deposits Payable	121	1,975	3,050	2,054	16
Total Liabilities	$387,491	$387,075	$362,654	$434,076	$486,676
FUND BALANCE: (1)					
Nonspendable				$ 2,214	$ 1,834
Restricted				98,552	101,651
Committed				50,097	52,439
Assigned				3,463	8,674
Unassigned				189,236	171,910
Reserved	$ 84,466	$ 91,196	$ 90,374		
Unreserved	394,302	280,925	296,112		
Fund Balance	$478,768	$372,121	$386,486	$343,562	$336,598
Total Liabilities and Fund Balance	$866,259	$759,196	$749,140	$777,638	$823,274

(1) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Source: County Auditor-Controller.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2005 THROUGH JUNE 30, 2012
(In Thousands)

	Reserved	Unreserved				Total
2005	$121,249	$231,205				$352,454
2006	100,436	346,482				446,918
2007	88,233	482,731				570,964
2008	84,466	394,302				478,768
2009	91,196	280,925				372,121
2010	90,374	296,112				386,486
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2011(1)	$2,214	$98,552	$50,097	$3,463	$189,236	$343,562
2012	1,834	101,651	52,439	8,764	171,910	336,598

(1) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Source: County Auditor-Controller

Short-Term Obligations of County

In June 2012, the County issued its 2012-13 Tax and Revenue Anticipation Note (the "2012-13 TRAN") in the principal amount of $250,000,000 to provide funds to meet the County's fiscal year 2012-13 general fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. $125,000,000 of the 2012-13 TRAN remains outstanding and is due on June 30, 2013. The TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2012-13 fiscal year which are legally available for the payment thereof. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment. The County expects to issue a tax and revenue anticipation note in June 2013 to provide funds to meet the County's fiscal year 2013-14 general fund expenditures.

Long-Term Obligations of County

Since its formation in 1893, to the best knowledge of County officials, the County has never failed to pay the principal of or interest on any of its bonded indebtedness. As of [_______], 2013, the County had $[_____] in direct general fund obligations and $[__________] in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt. Set forth below is an estimated direct and overlapping debt report as of [________], 2013.

COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF [_______], 2013)

2012-13 Assessed Valuation: $205,136,768,340 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/13	
Metropolitan Water District	6.160%	$ 10,169,236	
Community College Districts	1.176-99.999	551,599,044	
Unified School Districts	1.284-100.	2,116,789,204	
Perris Union High School District	100.	51,087,260	
Union School Districts	100.	56,358,493	
City of Riverside	100.	15,135,000	
Eastern Municipal Water District Improvement Districts	100.	40,435,000	
Riverside County Flood Control, Zone 3-B Benefit Assessment District	100.	2,055,000	
San Gorgonio Memorial Hospital District	100.	108,170,000	
Community Facilities Districts	94.268-100.	2,796,648,860	
Riverside County 1915 Act Bonds	100.	3,435,000	
City and Special District 1915 Act Bonds (Estimated)	100.	232,420,398	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$5,984,302,495	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	**100. %**	**$ 650,309,993**	(1)
Riverside County Pension Obligations	**100.**	**346,790,000**	
Riverside County Board of Education Obligations	100.	3,900,000	
School Districts General Fund and Lease Tax Obligations	1.284-100.	484,303,062	
City of Corona General Fund Obligations	100.	58,940,000	
City of Moreno Valley General Fund Obligations	100.	72,729,000	
City of Indio General Fund Obligations	100.	40,165,000	
City of Palm Springs Certificates of Participation and Pension Obligations	100.	162,418,438	
City of Riverside Certificates of Participation	100.	204,082,442	
City of Riverside Pension Obligations	100.	127,480,000	
Other City General Fund Obligations	100.	84,322,800	
Other Water District Certificates of Participation	100.	1,006,854	
Other Special District Certificates of Participation	100.	2,880,000	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,239,327,589	
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**11,657,720**	
City of Corona Certificates of Participation supported by waste water revenues		1,965,000	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,225,704,869	
OVERLAPPING TAX INCREMENT DEBT:		$2,849,114,411	
GROSS COMBINED TOTAL DEBT		$11,072,744,495	(2)
NET COMBINED TOTAL DEBT		$11,059,121,775	

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:
Overlapping Tax and Assessment Debt 2.92%
Combined Gross Direct Debt ($1,038,668,180)....................0.49%
Combined Net Direct Debt ($1,026,272,273)....................0.48%
Gross Combined Total Debt....................5.40%
Net Combined Total Debt....................5.39%

Ratios to Redevelopment Incremental Valuation ($56,178,718,338):
Total Overlapping Tax Increment Debt 5.07%

KD:($600)

Source: California Municipal Statistics, Inc. The County has not verified the accuracy of the information provided.

Lease Obligations

The County has used nonprofit corporations and joint powers authorities to finance certain public facilities through the issuance of lease obligations. Pursuant to these arrangements, a nonprofit corporation or joint powers authority constructs or acquires facilities with the proceeds of lease revenue obligations which are then leased to the County. Upon expiration of the lease, title to the facilities vests in the County.

As of May 1, 2013, the County's current outstanding lease obligations total $647,832,793. The County's annual lease obligation is approximately $81,734,575 and the maximum annual lease payment is $87,175,427.

The following table summarizes the County's outstanding lease obligations and the respective annual lease requirements as of May 1, 2013.

COUNTY OF RIVERSIDE
SUMMARY OF LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY'S GENERAL FUND)
(As of May 1, 2013)

	Final Maturity Year	*Original Lease Amount*	*Obligations Outstanding*	*Annual Base Rental*[1]
Riverside County Public Facilities Project 1985 Certificates of Participation – Type I	2015	$ 148,500,000	$ 39,800,000	$ 13,417,318[2]
Riverside County Hospital Project, Leasehold Revenue Bonds:				
1993 Series A and B	2014	149,060,000	14,525,000	
1997 Series A	2026	41,170,073	41,170,073	
1997 Series C	2019	3,265,000	3,265,000	
2012 Series A and B[3]	2019	90,530,000	90,530,000	19,880,794[3]
County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue)	2020	8,800,000	4,800,000	814,000[4]
Riverside County Palm Desert Financing Authority Lease Revenue Bonds 2008 Series A	2022	72,445,000	61,480,000	8,263,100
County of Riverside Certificates of Participation (Historic Courthouse Project):				
2003 Series A	2033	13,190,000	11,220,000	868,495
2005 Series B[5]	2027	22,610,000	18,720,000	1,575,575
County of Riverside Court Financing Corporation (Bankruptcy Courthouse Acquisition Property)	2027	18,000,000	8,300,000	1,448,247
County of Riverside Certificates of Participation[6] (2009 Larson Justice Center Refunding)	2021	36,100,000	20,475,000	2,562,425
Riverside District Court Financing Corporation (United States District Court Project):				
Series 1999	2020	24,835,000	11,147,720	
Series 2002	2020	925,000	510,000	1,821,748[7]
County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project)				
2000 Series A	2032	17,945,000	2,240,000	2,300,480
2008 Series A[8]	2032	78,895,000	78,895,000	4,067,037
County of Riverside Refunding Certificates of Participation (Capital Facilities Project) 2003 Series B[9]	2018	8,685,000	2,155,000	404,703
County of Riverside Certificates of Participation (2005 Series A Capital Improv and Family Law Court Refunding Project) [10]	2036	51,655,000	44,575,000	3,392,425
County of Riverside Certificates of Participation (2006 Series A Capital Improvement Projects)	2037	34,675,000	31,495,000	2,163,069
County of Riverside Certificates of Participation (2007A Public Safety Commission Project)	2022	111,125,000	49,280,000	11,108,125
County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A	2038	15,105,000	14,340,000	1,153,555
County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects) [11]	2040	45,685,000	45,440,000	1,910,700
County of Riverside Monroe Park Building 2011 Lease Financing	2020	5,535,000	4,675,000	681,866
County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project) [12]	2031	33,360,000	31,800,000	2,513,438
County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds)[13]	2033	17,640,000	16,995,000	1,387,475
TOTAL		$ 1,049,735,073	$ 647,832,793	$ 81,734,575

(1) Annual base rental for fiscal year 2013-2014 unless otherwise noted.

(2) Annual base rental estimated at assumed interest rate of 5% per annum. The average interest rate for the twelve-month period ending April, 22, 2013 was approximately 0.14%.

(3) Total annual base rental for Riverside County Hospital Project, Leasehold Revenue Bonds. The 2012 Series A and B Bonds refunded the 1997 B Bonds. A portion of the proceeds of the 2012 Bonds was used to redeem the 1997 B Bonds and the remaining proceeds will be used to pay for improvements of the Medical Center Campus.

(4) Annual base rental estimated at assumed interest rate of 9%. The average interest rate for the twelve-month period ending April 20, 2013 was approximately 0.21%.

(5) The 2005 Series B Historic Courthouse Refunding Project refunded the 1997 Historic Courthouse Project.

(6) The 2009 Larson Justice Center Refunding Project Refunded the 1998 Larson Center Refunding Project.

(7) Total annual base rental for Riverside District Court Financing Corporation (United States District Court Project).

(8) The 2008 Series A refunded the 2000 Series B SWJC Project.

(9) The 2003 Series B refunded the 1993 Master Refunding Project.

(10) A portion of the proceeds of the 2005 Series A Certificates was used to prepay all of the County of Riverside Certificates of Participation (Family Law Court Project).

(11) The 2009 Public Safety Communication and Woodcrest Library Refunding Project refunded the 2007B Public Safety Communication Refunding Project and the 2006 Capital Appreciation Notes.

(12) The 2012 County Administrative Refunding Project refunded the 2001 County Administrative Annex Project.

(13) The 2012 Public Financing Authority Lease Revenue Refunding Bonds refunded the 2003A Palm Desert Financing Authority Lease Revenue Bonds.

Source: County Executive Office.

Interest Rate Swap Agreements

The County adopted a written interest rate swap policy (the "Swap Policy") establishing the guidelines for the use of management of interest rate swaps as a method of lowering financing costs and reducing the risks associated with fluctuations in interest rates. The Swap Policy is reviewed annually to provide the appropriate internal framework to ensure that consistent objectives, practices, controls and authorizations are maintained to minimize the County's risk related to its debt portfolio.

Simultaneously with the issuance of the County's Leasehold Obligation Bonds (Southwest Justice Center Refunding) 2008 Series A, the County entered into an amended and restated interest rate swap agreement with a notional amount of $76,300,000. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty (the "Counterparty"). Under the swap agreement the County has an obligation to pay the Counterparty a fixed rate of 5.155 percent and the County receives 64 percent of one month LIBOR from the Counterparty. The bonds and the related swap agreement mature on November 1, 2032. The Counterparty was rated Aa3 by Moody's, AA- by Standard & Poor's and AA- by Fitch as of February 2013. Downgrade provisions specify that if the long-term senior unsecured debt rating of the Counterparty is withdrawn, suspended or falls below BBB (in the case of S&P) or Baa2 (in the case of Moody's), the County may opt, in its sole discretion, to post collateral in lieu of terminating the swap agreement. If the swap agreement is terminated and, at the time of such termination, the fair market value of the swap agreement was negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of December 30, 2012, the swap agreement had a negative fair market value of approximately $35.2 million (based on the quoted market price from the Counterparty at such date).

The County's regularly scheduled swap payments are insured by Assured Guaranty Corp. The swap agreement provides that if an "Insurer Event" occurs, whereby the insurer fails at any time to have one out of two of the following ratings: (i) a claims-paying ability rating of "A-" or higher from S&P, or (ii) a financial strength rating of "A3" or higher from Moody's, and only in the event that the County's ratings have also been downgraded to below the threshold level of Baa2 from Moody's and BBB from S&P, the County would be required, within one business day of receiving a notice from the Counterparty, to either (A) provide an alternate credit support document acceptable to the Counterparty from a credit support provider with a claims paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from Moody's or an unenhanced rating on its unsecured unsubordinated long-term debt of at least "Aa-" from S&P and at least "Aa3" from Moody's, or (B) give notice to the Counterparty that it will thereafter be subject to the ISDA Credit Support Annex as both a Secured Party and a pledgor in accordance with the terms of such ISDA Credit Support Annex. As of February, 2013, Assured Guaranty Corp. had a rating of "AA-" by S&P and "A3" from Moody's. An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

Employees

A summary of the County's employment levels are reflected for the past ten years.

COUNTY OF RIVERSIDE
REGULAR EMPLOYEES
2003 THROUGH 2012

Year	Regular Employees[1]
2003	14,889
2004	14,862
2005	14,852
2006	15,832
2007	17,584
2008	18,912
2009	18,013
2010	17,671
2011	17,759
2012	19,150

(1) As of December 31st of each year. Excludes temporary and per diem employees.
Source: County Human Resources Department

County employees comprise 12 bargaining units, plus another 7 unrepresented employee groups. The bargaining units are represented by six labor organizations. The two largest of these organizations are Service Employees International Union, Local 721 ("SEIU") and the Laborers International Union of North America ("LIUNA"), which represent approximately 74% of all County employees in a variety of job classifications. Salary, benefits and personnel items for management, confidential and other unrepresented employees which are exempt from collective bargaining, are governed by a County Resolution and Ordinance for personnel matters.

The County's law enforcement employees (non-management), are represented by the Riverside Sheriffs' Association ("RSA"). Management employees of the law enforcement group are represented by the Riverside County Law Enforcement Management Unit ("LEMU"). The public defenders, County Counsel and prosecuting attorneys of the District Attorney's Office are represented by the Deputy District Attorneys Association ("DDAA").

The County is currently subject to long-term agreements with all of its bargaining labor units. Most of the agreements cover a four to five year period, with the longest agreement ending in June 2017.

Retirement Program

General. The County provides retirement benefits to all regular County employees through its contract with California Public Employees' Retirement System ("PERS"), a multiple-employer public sector employee defined benefit pension plan. The retirement plan, as amended, provides coverage for eligible employees in the Miscellaneous Plan (herein defined) with PERS and Social Security, and coverage in lieu of Social Security for Safety members. PERS provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. The retirement benefits are based on years of service, age and the average monthly qualifying wages during the highest single year of employment. The benefit for members is the product of the benefit factor (based on age), years of service, and final compensation. Due to recent changes to the plans, the County's retirement plans currently includes three tiers of benefits. For Miscellaneous members who qualify based on their date of hire for Tier I benefits, the benefit factor ranges from 2% at age 50 to 3% at age 60 and beyond. For Safety members who qualify based on their date of hire for Tier I benefits, the benefit factor is 3% at age 50 and beyond. The plan also provides for cost-of-living adjustments of up to 2% per year after retirement. For further information on the County's pension obligations, see Note 18 of the Notes to Basic Financial Statements, June 30, 2012, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

In 2010, the County established a Pension Reform Advisory Committee ("PRAC") to review pension reform options for the County. PRAC delivered its conclusions and recommendations to the Board of Supervisors in September 2010. The PRAC committee's conclusions and recommendations included: (i) that current unfunded liability in the County's pension resulted in part from the "pension contribution holidays" and County should avoid future pension funding holidays or deferral of regular pension payments, (ii) the County will seek pension reform in upcoming bargaining negotiations, (iii) pension reform for new hires will be limited to benefit options provided by PERS, (iv) pension reform for existing County employees should be viewed in terms of changes within total compensation, and (v) analyze legal limitations on pension reform.

In April 2011, the Board of Supervisors approved a second tier ("Tier II) level of benefits for new Miscellaneous and Safety employees. The County implemented Tier II on August 23, 2012 for employees first employed by the County after that date. The retirement benefit calculation is based on years of service, age, and the average monthly qualifying wages during the highest three consecutive years of employment. The Tier II benefits for Miscellaneous Plan members ranges from 1.092% at age 50 to 2.418% at age 63 and beyond. For Safety Plan members, the Tier II benefits range from 2% at age 50 to 2.7% at 55 and beyond.

On September 12, 2012, Governor Brown signed Assembly Bill 340, creating the Public Employees' Pension Reform Act ("PEPRA") and amending certain sections of the County Employees Retirement Act of 1937 (the "1937 Act"). Among other things, PEPRA creates a new benefit tier for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013. The new tier ("Tier III") has a single general member benefit formula and three safety member benefit formulas that must be implemented by all public agency employers unless the formula in existence on December 31, 2012 has both a lower normal cost and lower benefit factor at normal retirement age. PEPRA requires that all new employees/member, hires on or after January 1, 2013, pay at least 50% of the normal cost contribution. Tier III benefits are set 2% at 57 for Miscellaneous members and at 2.7% at 57 for Safety members. The normal cost contribution is the contribution set by the retirement system's actuary to cover the cost of current year of service. The County believes that the provisions of PEPRA will help to control its pension benefit liabilities in the future.

The County's PERS Contract. The following information concerning PERS is excerpted from publicly available sources that the County believes to be reliable; however, the County takes no responsibility as to the accuracy of such information and has not independently verified such information. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. PERS maintains two pension plans for the County, a Safety Plan (the "Safety Plan") and a Miscellaneous Plan (the "Miscellaneous Plan" and, together with the Safety Plan, the "PERS Plans"). The County contributes to PERS amounts equal to the recommended rates for the PERS Plans multiplied by the payroll of those employees of the County who are eligible under PERS.

The staff actuaries at PERS prepare an annual actuarial valuation which covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the County in October 2012 covered PERS' fiscal year 2010-11). The actuarial valuation expresses the County's required contribution rates in percentages of payroll, which is the percentage the County must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (e.g., the County's contribution rates derived from the actuarial valuation as of June 30, 2011, which was prepared in October 2012, is effective for the County's fiscal year 2013-14). PERS rules require the County to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions regarding the actuarial present value of benefits that PERS will pay under the PERS Plans, which includes two components, the Normal Cost and the Unfunded Accrued Actuarial Liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age at retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that PERS will distribute under the PERS Plans to retirees and active employees upon their retirement. It is not a fixed or hard expression of the liability the County owes to PERS under the PERS Plans. The County's actual liability under the PERS Plans could be materially higher or lower.

In April 2005, the PERS Board approved an employer rate stabilization policy with the following features: (i) in the calculation of the actuarial value of assets, market value asset gains and losses will be spread over 15 years instead of 3 years; (ii) the corridor limits for the actuarial value of assets will be changed from 90%-110% of market value to 80%-120% of market value; (iii) gains and losses will be amortized over a rolling 30-year period (amortization payment on gains and losses had been 10% of the base); and (iv) the minimum employer contribution rate will be a percentage equal to the employer normal cost minus a 30-year amortization of surplus (but not less than 0%).

In calculating the UAAL in an actuarial valuation, the PERS actuary spreads gains and losses over a number of years (the exact number of which is adjusted as expected values fluctuate) using a "smoothing technique." Under the rate stabilization policy effective as of April 2005, one-fifteenth (1/15) of the market value change will be recognized in a given fiscal year. In each actuarial valuation, the PERS actuary calculates what was the expected actuarial value of the assets (the "Expected Value") of the PERS Plans at the end of the fiscal year, which assumes, among other things, that the actuarial rate of return during that fiscal year equaled the assumed rate of investment return. However, PERS does not allow the Expected Value to be less than 80% or more than 120% of the market value.

In response to the significant asset value declines of fiscal year 2008-09, the PERS Board approved an enhancement to its smoothing methodology in June 2009. The enhanced smoothing methodology incorporates a 3-year phase-in of the fiscal year 2008-09 investment loss by temporarily relaxing the constraints on the smoothed value of assets around the market value. The corridor will be allowed to expand between 60%-140% for the fiscal year 2011-12 contribution rate determination, 70%-130% for the fiscal year 2012-13 contribution rate determination, and then return to the 80%-120% for the fiscal year 2013-14 and beyond contribution rate determination. Asset losses outside the 80%-120% corridor are isolated and paid for with a fixed 30-year amortization schedule.

In March 2012, the PERS Board approved a change in the inflation assumption used in the actuarial valuations that set employer contribution rates. The inflation assumption was changed from 3% to 2.75%. The change impacted the inflation component of the annual investment return assumption, the long term payroll growth assumption and the individual salary increase assumptions as follows: (i) the annual assumed investment return has decreased from 7.75% to 7.50%; and (ii) reducing payroll growth from 3.25% to 3%. The change to the inflation assumption also impacted the cost of living adjustments and purchasing power protection allowances assumed in the actuarial valuations. The PERS Board also approved the amortization of gains and losses from fiscal years 2008-09 through 2010-11 over a fixed and declining 30-year period (rather than a rolling 30-year amortization).

As a result of these changes, according to the County's actuary, Bartel & Associates ("Bartel"), the County's Miscellaneous Plan will incur an increase in the employer contribution rate of 1.0% of payroll for fiscal year 2014-15 and an increase of 0.3% of payroll for fiscal year 2015-16. The Safety Plan is estimated to incur an increase in the employer contribution rate of 1.23% of payroll for fiscal year 2014-15 and an increase of 0.50% of payroll for fiscal year 2015-16. For complete updated inflation and actuarial assumptions, please contact PERS at CalPERS, Lincoln Plaza, 400 P Street, Sacramento, CA 95814, Telephone: (888) 225-7377.

In addition to required County contributions, members are also obligated to make certain payments. The Tier I members' contribution rates are fixed at 9% of salaries for the Safety Plan and 8% of salaries for the Miscellaneous Plan. Tier II and Tier III contribution rates vary based on the terms of the collective bargaining agreements in effect. In addition to making annual contributions to PERS in accordance with the applicable actuarial valuation, the County has historically been obligated pursuant to collective bargaining arrangements to pay a portion of the employees' required contribution to PERS (these payments by the County are referred to herein as the "County Offsets of Employee Contributions").

In fiscal year 2011-12, the County entered into collective bargaining agreements with all of its bargaining units. Most of the agreements cover a four or five year period, with the longest agreement ending in June 2017. As part of these agreements, the parties agreed on a phase out of the County's obligation to pay the employee's required member contributions. The elimination of the County's obligation to pay employee's required member contributions is anticipated to produce significant annual savings. Member contributions, including County Offsets of Employee Contributions, are not included in the required employer contribution rates prepared by PERS.

Funding Status. The actuarial value of assets, the actuarial accrued liability and the funding status with respect to the Safety Plan and the Miscellaneous Plan are set forth under "– Historical Funding Status." In the actuarial valuation for the Miscellaneous Plan as of June 30, 2011, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 15.001% be implemented as the required rate for fiscal year 2013-14, which the County anticipates will result in a contribution to PERS of approximately $133.2 million for that fiscal year. In addition, the County will pay to PERS for the Miscellaneous Plan approximately $[___] million in County Offsets of Employee Contributions for fiscal year 2013-14, which will result in a total contribution by the County to PERS for the Miscellaneous Plan for fiscal year 2013-14 of approximately $[___] million. In the actuarial valuation for the Safety Plan as of June 30, 2011, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 23.368% be implemented as the required rate for fiscal year 2013-14, which the County anticipates will result in a contribution to PERS of approximately $69.7 million for that fiscal year. In addition, the County will pay to PERS for the Safety Plan approximately $[___] million in County Offsets of Employee Contributions for fiscal year 2013-14, which will result in a total contribution by the County to PERS for the Safety Plan for fiscal year 2013-14 of approximately $[___] million.

Absent reforms, some of which have already been initiated by the County, contribution rates under the PERS Plans are expected to increase substantially over the next three years due to the significant investment losses during fiscal year 2008-09. While investment gains experienced in fiscal years 2009-10 through 2011-12 will offset some of the previous losses, an actuarial loss remains, requiring the County to pay the entire normal cost payment plus a portion of the UAAL that has resulted. It is also anticipated that employer contribution rates will increase as a result of the PERS Board approval of a lower discount rate of 7.5% down from 7.75%.

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the "2005 Pension Obligation Bonds"), the proceeds of which were used to fund approximately 90% of the County's estimated actuarial accrued liability as of February 17, 2005. The payment to PERS resulted in a net pension asset of $396.9 million, $311.2 million of which was applied to the County's UAAL for the Miscellaneous Plan and $85.7 million of which was applied to the County's UAAL for the Safety Plan. According to Bartel, due to the fiscal year 2008-09 investment losses, the 2005 Pension Obligation Bonds have resulted in a net gain to the County of $5.0 million as of February 15, 2013. A liability management fund was established in connection with the 2005 pension obligation bonds. From 2006 to 2008, pursuant to recommendations set forth in the annual Pension Advisory Review Committee ("PARC") reports, the Board of Supervisors authorized the transfer of funds to PERS to reduce the County's PERS liability. In 2009, pursuant the PARC recommendations, the Board of Supervisors authorized the use of $6 million from the Liability Management Fund to purchase 2005 Pension Obligation Bonds in the open market for the purpose of retiring such bonds. From that amount, the County purchased $4.5 million worth of the 2005 Pension Obligation Bonds and retired them, achieving a debt service savings of $247,000. In 2010, liability management funds of $8.3 million were transferred to PERS. In 2011, liability management funds of $5.4 million were transferred to balance the fund used to close out the PERS prepayments made in July 2011. In 2012, a payment of $1 million was made to PERS from this fund. The effect of such prepayments on the County's UAAL, if any, will depend on a variety of factors, including but not limited to future investment performance.

Historical Funding Status. The following two tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the UAAL and funded status as of the valuation dates from June 30, 2007 through June 30, 2011 and the total employer contributions made by the County for fiscal year 2009-10 through fiscal year 2013-14. The two tables are based on PERS Actuarial Reports for those years:

HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30,	Unfunded Accrued Actuarial Liability	Funded Status	Affects County Contribution for Fiscal Year	County Contribution Amount(1)	County Offsets of Employee Contributions
2007	$ 78,113,619	94.3%	2009-10	$51,419,807	$19,286,741
2008	55,295,801	96.2	2010-11	53,117,897	21,222,703
2009	131,506,806	92.0	2011-12	[60,423,159](2)	[13,824,570] (2)(3)
2010	184,737,814	89.8	2012-13	[60,423,159](2)	[2,122,700](2)(3)
2011	286,064,497	85.9	2013-14		

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Miscellaneous Plan or otherwise.
(2) Estimated amount; reflects Safety Plan membership, cost of living adjustment and contribution rates as of fiscal year 2010-11.
(3) Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in fiscal year 2011-12.
Source: PERS Actuarial Reports for June 30, 2007 through June 30, 2011 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30,	Unfunded Accrued Actuarial Liability	Funded Status	Affects County Contribution for Fiscal Year	County Contribution Amount(1)	County Offsets of Employee Contributions
2007	$135,212,288	95.5%	2009-10	$89,998,824	$39,731,498
2008	175,248,079	94.8	2010-11	90,944,229	40,041,548
2009	389,195,847	89.7	2011-12	[103,088,391](2)	[38,187,252](2)(3)
2010	444,330,905	89.2	2012-13	[103,088,391] (2)	[4,004,154](2)(3)
2011	538,055,042	87.9	2013-14		

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Safety Plan or otherwise.
(2) Estimated amount; reflects Miscellaneous Plan membership, cost of living adjustment and contribution rates as of fiscal year 2010-11.
(3) Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in fiscal year 2011-12.
Source: PERS Actuarial Reports for June 30, 2007 through June 30, 2011 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

A five-year schedule of the funding progress of the Safety Plan and the Miscellaneous Plan are presented in the following two tables:

SCHEDULE OF FUNDING PROGRESS
(Safety Plan)

Valuation Date June 30,	Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((a-b)/c)
2007	$1,369,534,165	$1,291,420,546	$78,113,619	94.3%	$214,634,238	36.4%
2008	1,469,415,642	1,414,119,841	55,295,861	96.2	240,746,309	23.0
2009	1,642,544,731	1,511,047,925	131,506,806	92.0	265,237,512	49.6
2010	1,809,467,588	1,624,729,774	184,737,814	89.8	265,165,399	69.7
2011	2,032,001,280	1,745,936,783	286,064,497	85.9	273,169,605	104.7

Source: PERS Actuarial Reports for June 30, 2007 through June 30, 2011.

SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)

Valuation Date June 30,	Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((a-b)/c)
2007	$3,029,360,507	$2,894,148,219	$135,212,288	95.5%	$754,117,986	17.9%
2008	3,350,222,866	3,174,974,787	175,248,079	94.8	841,612,805	20.8
2009	3,790,232,824	3,401,036,977	389,195,847	89.7	841,103,683	46.3
2010	4,097,191,707	3,652,860,802	444,330,905	89.2	854,932,117	52.0
2011	4,461,553,672	3,923,498,630	538,055,042	87.9	812,362,628	66.2

Source: PERS Actuarial Reports for June 30, 2007 through June 30, 2011.

The following table shows the percentage of salary which the County was responsible for contributing to PERS from fiscal year 2009-10 through fiscal year 2013-14 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

Valuation Date June 30,	Affects Contribution Rate for Fiscal Year:	Safety Plan	Miscellaneous Plan
2007	2009-10	18.605%	11.999%
2008	2010-11	19.335	12.165
2009	2011-12	21.286	13.112
2010	2012-13	22.459	13.494
2011	2013-14	23.368	15.001

Source: PERS Actuarial Reports for June 30, 2007 through June 30, 2011.

Projected County Contributions and UAAL. **The County's projections with respect to the UAAL below reflect certain significant assumptions concerning future events and circumstances. The financial forecast represents the County's best estimate of projected results based on its judgment of the probable occurrence of future events. The assumptions set forth below are material to the development of the County's projections. Variations in the**

assumptions may produce substantially different results. Actual results during the projection period may vary from those presented in the forecast, and such variations may be material.

The investment losses incurred by CalPERS in 2008 – 2009 impact the County's contribution rates beginning in fiscal year 2011-2012. The PERS actuary, in its June 30, 2010 actuarial valuation, projected that the County's contribution rates under the Safety Plan and the Miscellaneous Plan will increase quickly through fiscal year 2014-15, followed by additional but less severe rate increases for the next 15 years.

The County's projected contribution rates are affected by the market rate of return in the PERS Plans. There currently exists a difference between the actuarial value and the market value of the assets in the PERS Plans. An actuarial valuation of assets differs from a market valuation of assets in that an actuarial valuation reflects so-called smoothing adjustments, which spread the impact of gains and losses over multiple years. When the market asset return in the PERS Plans differs from the actuarial assumed rate of 7.50% in any fiscal year, the actuarial practice of smoothing losses over several years impacts the contribution rate until such differences are fully realized by the actuarial valuation. For example, when the market rate of return is below the assumed rate, the PERS Plans will realize a loss for actuarial purposes. Any such actuarial loss will be smoothed in a manner that the PERS Plans will only be impacted by a pre-determined portion of that loss in one fiscal year, which will act to gradually increase contribution rates in succeeding fiscal years. For further details on the smoothing policy of PERS, see "– The County's PERS Contract" above. According to the PERS actuary, as of June 30, 2011, the funded status of the Miscellaneous Plan based on its market value of $3,525,640,733 was 79.0% and the funded status of the Safety Plan based on its market value of $1,565,799,198 was 77.1%.

Other Retirement Plans. The County also provides a Defined Benefit Pension Plan (the "Plan") to employees who are not eligible for Social Security or CalPERS retirement benefits through the County. This plan is subject to Internal Revenue Code Section 401(a), and is self-funded and self-administered. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. Based on the actuarial valuation of June 30, 2012, the County's current required contribution level is 1.79%. The County elected to contribute 2.60% to achieve a 90% funded ratio by June 30, 2013, so the County's contribution to the Plan was $588,977 for fiscal year 2011-12 and is estimated to be approximately $622,000 for fiscal year 2012-13. The Plan's unfunded liabilities as of June 30, 2012 are approximately $272,000.

Other Post Employment Benefits. The County provides certain post-retirement health insurance benefits to qualifying retired employees and their eligible dependents or survivors. Regular employees with a minimum service of five years and who are at least age 50 at retirement qualify to receive the post-retirement benefits.

The County of Riverside obtained an actuarial valuation of its Post-Employment Health Benefits obligations, calculated in accordance with GASB 45 standards as of July 1, 2012 (the "Health Benefits Valuation"), prepared by Aon Hewitt. Based on the combination of plans and contribution levels that the County offers, assuming an interest rate of 7.61%, the present value of benefits was estimated to be $52.1 million, the accrued actuarial liability was estimated to be $42.9 million and the annual normal cost was $1.3 million. If the accrued actuarial liability of $42.9 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would have been $2.6 million.

The Board of Supervisors took action on October 25, 2006 to set aside $10 million as a contribution to an OPEB Trust. On November 7, 2007 the OPEB Trust was established with CalPERS and a payment of $10.4 million was made to the trust. On June 26, 2009, the County contributed an additional $2.2 million to the trust. The pre-funding of OPEB through the use of an OPEB Trust allows the County to use different actuarial assumptions to determine the actuarial value of assets and liabilities, including assuming a higher rate of return on assets held in the OPEB Trust. According to the Health Benefits Valuation, overall the actions of the Board have reduced the County's OPEB liability from $237 million in 2006 to $20.3 million most recently.

Medical Center

The County has the responsibility for providing health care to all individuals, regardless of their ability to pay or insurance status. In recent years, it has become more and more difficult to meet this obligation as a Riverside County safety net provider. Declining and inadequate federal and State health care reimbursement and non-payment by the growing uninsured, coupled with rising service needs as a result of the recent economic downturn and costs of an older and sicker population, place significant demands on the County's health care system.

The Riverside County Regional Medical Center ("RCRMC") is a 520,000 square foot state-of-the-art tertiary care and level II trauma facility, licensed for a total of 439 beds. There are 362 licensed beds in the main acute-care hospital and 77 licensed beds in a separate psychiatric facility. RCRMC has 12 operating rooms, a helipad located directly adjacent to the Trauma Center, and state-of-the-art digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT) and all single bed rooms. There are also adult, pediatric and neonatal intensive care units, a birthing center and complete pulmonary services including hyperbaric oxygen treatments. The RCRMC provides services to patients covered by various reimbursement programs, principally Medicare, Medi-Cal and insurance, in addition to the uninsured.

At June 30, 2012, RCRMC reflected unrestricted net assets of approximately $48.2 million. RCRMC had a cash balance of approximately $22 million as of June 30, 2012. In fiscal year 2011-12, RCRMC had an increase in net unrestricted assets of approximately $44.5 million. RCRMC continued to experience a decline in patient collections in fiscal year 2011-12 as the poor economy affected the ability of patients to maintain insurance coverage. Amounts received by RCRMC in fiscal year 2011-12 for Medi-Cal days and Medi-Cal costs and unreimbursed costs are subject to future adjustment as a result of the Federal-State Medi-Cal Waiver (the "Waiver") that became effective in fiscal year 2005-06. Based on the State's reconciliation of the paid Medi-Cal days and Medi-Cal costs and unreimbursed costs for each public hospital in the State, RCRMC may receive additional payments from the State for fiscal year 2011-12 or may be required to reimburse the State for any overpayment received during such fiscal year. Such reconciliation is generally completed following the submission of cost reports by the State's public hospitals around January 1 of the following fiscal year.

For fiscal year 2012-13, the County anticipates contributing approximately $10 million to RCRMC from general fund tobacco settlement revenues and $5 million in redevelopment pass-through funds to support debt service on the main RCRMC facility and to offset operating expenses.

In its fiscal year 2013-14 recommended budget, RCRMC projected an operating deficit of approximately $52 million, primarily attributable to uncompensated services provided to uninsured mental health patients and jail inmates. RCRMC is pursuing various avenues to reduce the operating deficit, including maximizing reimbursement from available sources, implementing cost-saving measures and exploring new revenue opportunities. It is the County's intent that RCRMC's costs of providing services be recovered primarily through fees charged for services with minimal or no general fund support, and the County does not intend to provide general fund support to fund RCRMC's projected fiscal year 2013-14 operating deficit.

Insurance

The County is self-insured for short-term disability, unemployment insurance, general liability, medical malpractice and workers' compensation claims. General liability claims are self-insured to $1 million for each occurrence and the balance (to $25 million for each occurrence) is insured through CSAC Excess Insurance Authority. Medical malpractice is self-insured for the first $1.1 million for each claim and insured for the balance to $20 million for each claim on an occurrence basis, through CSAC Excess Insurance Authority. Workers' compensation claims are self-insured to $2 million for each occurrence and the balance is statutory limits (unlimited) is insured through CSAC Excess Insurance Authority. Long-term disability income claims are fully insured by an independent carrier.

The property insurance program provides insurance coverage for all risks subject to a $50,000 per occurrence deductible; flood coverage is subject to a 2% of total value per unit per occurrence, with a $100,000 minimum per occurrence and $500,000 maximum per occurrence deductible within a 100-year flood zone and a $25,000 deductible outside of a 100-year flood zone. Property in the County is categorized into four "towers" and each tower provides $610 million in limits. Earthquake coverage (covering scheduled locations and buildings equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of $82.5 million with an additional $225 million excess rooftop limit combined for towers I through V. Earthquake is subject to a deductible equal to 5% of total value per building subject to a $100,000 minimum. Boiler and machinery provides up to $100 million in limits, with a $5,000 deductible per event. The limits in each tower are shared with other counties on a per event basis. If a catastrophic event occurs and losses exceed the limits, the County would be responsible for such amounts.

The activities related to such programs are accounted for in internal service funds. Accordingly, estimated liabilities for claims filed or to be filed for incidents which have occurred through June 30, 2012 are reported in these funds. Where these funds have an unfunded liability, or insufficient reserves to cover all incurred but not reported claims, the County has developed a policy to manage the accumulated deficits at a reasonable level. Revenues of the internal service funds are primarily provided by other County funds and are intended to cover self-insured claim liabilities, insurance premiums and operating expenses. The combined cash balance in these funds as of June 30, 2012 was approximately $[___] million.

Litigation

There is no action, suit or proceeding known to the County be pending or threatened, restraining or enjoining the execution or delivery of the Note or in any way contesting or affecting the validity of the foregoing or any proceedings of the County taken with respect to any of the foregoing. Although the County may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the County that any currently-pending or known threatened proceedings will not materially affect the County's finances or impair its ability to meet its obligations.

$[Principal Amount]
County of Riverside Asset Leasing Corporation
Lease Revenue Bonds, Series 2013A
(Public Defender and Information Technology Building Projects)

PURCHASE CONTRACT

[Pricing Date]

County of Riverside Asset Leasing Corporation
c/o County of Riverside
County Administrative Center, 4th Floor
4080 Lemon Street
Riverside, CA 92501

County of Riverside
Board of Supervisors
County Administrative Center, 4th Floor
4080 Lemon Street
Riverside, CA 92501

Ladies and Gentlemen:

E. J. De La Rosa & Co., Inc. (the "Underwriter") hereby offers to enter into this Purchase Contract with you, the County of Riverside (the "County") and the County of Riverside Asset Leasing Corporation (the "Corporation"), for the purchase by the Underwriter and the delivery by you of the $[Principal Amount] aggregate principal amount of County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2013A (Public Defender and Information Technology Building Projects) (the "Bonds"). The Bonds are being issued by the Corporation to provide funds to (i) acquire, construct and improve the buildings that will house the Office of the Public Defender of the County and the County's Information and Technology Department, (ii) fund a reserve fund for the Bonds and (iii) pay the cost of issuance of the Bonds. This offer is made subject to acceptance by you prior to 11:59 p.m., Los Angeles time, on the date hereof. Upon such acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture (defined below).

1. **Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter agrees to purchase from the Corporation, and the Corporation agrees to sell to the Underwriter, all (but not less than all) of the $[Principal Amount] aggregate principal amount of the Bonds at the purchase price of $[Purchase Price] (being the principal amount of the Bonds of $[Aggregate Principal Amount], less an Underwriter's discount in the amount of $[UW Discount], and [plus/minus] net original issue [premium/discount] of $[OIP/OID]).

The Bonds shall be dated their date of delivery and shall mature on the dates and bear interest at the rates and have the prices or yields, all as set forth on Exhibit A attached hereto.

The Bonds will be subject to redemption as set forth in the herein described Official Statement. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing on November 1, 2013. The Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only.

The County and the Corporation acknowledge and agree that (i) the primary role of the Underwriter, as underwriter, is to purchase the Bonds, for re-sale to investors pursuant to this Purchase Contract, which is an arm's-length commercial transaction among the County, the Corporation and the Underwriter, and the Underwriter has financial and other interests that differ from those of the County and Corporation, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, financial advisor, municipal advisor or fiduciary of the County or the Corporation, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the County or the Corporation with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the County or the Corporation on other matters) and the Underwriter has no obligation to the County or the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the County and the Corporation have consulted their own legal, financial, municipal and other advisors to the extent they have deemed appropriate.

2. **Authorizing Instruments and Law.** The Bonds shall be issued pursuant to the provisions of a resolution (the "Corporation Resolution") adopted by the Corporation authorizing the issuance of the Bonds, the provisions of a resolution (the "County Resolution") adopted by the County authorizing the issuance of the Bonds and certain matters relating thereto and an Indenture of Trust, dated as of [June 1, 2013] (the "Indenture"), between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Bonds shall be as described in the Indenture and the Official Statement.

In connection with the issuance of the Bonds, the County will lease the certain real property to the Corporation pursuant to a Ground Lease Agreement, dated as of [June 1, 2013] (the "Ground Lease"), by and between the County, as lessor, and the Corporation, as lessee. The County will lease such real property, together with equipment and improvements to be constructed thereon and in connection therewith (collectively, the "Leased Premises"), under a Lease Agreement, dated as of [June 1, 2013] (the "Lease"), by and between the Corporation, as lessor, and the County, as lessee. The Bonds will be payable and secured solely from Revenues (as defined in the Indenture), consisting primarily of lease payments to be made by the County pursuant to the Lease (the "Lease Payments").

[Payment of principal and interest with respect to the Bonds when due will be insured by a municipal bond insurance policy (the "Municipal Bond Insurance Policy") to be issued by [Bond Insurer] (the "Bond Insurer") concurrently with the issuance of the Bonds.]

3. Offering the Bonds. The Underwriter agrees to offer all the Bonds to the public initially not in excess of the prices (or less than the yields) set forth on the inside cover page of the Official Statement pertaining to the Bonds, dated [Pricing Date] (the Official Statement, together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, are herein called the "Official Statement"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

4. Delivery of Official Statement on the Date Hereof. The County, on behalf of itself and as agent for the Corporation, shall deliver to the Underwriter two (2) copies of the Official Statement manually executed on behalf of the Corporation and the County by authorized representatives. The County shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The Corporation shall deliver these copies to the Underwriter within seven (7) business days after the execution of this Purchase Contract and in sufficient time to accompany or precede any sales confirmation that requests payment from any customer of the Underwriter. The Underwriter shall inform the County in writing of the End Date, and covenants to file the Official Statement with the Municipal Securities Rulemaking Board (the "MSRB") on a timely basis.

"End Date" as used herein is that date which is the earlier of:

(a) ninety (90) days after the end of the underwriting period, as defined in SEC Rule 15c2-12 adopted by the Securities and Exchange Commission on June 28, 1989 (as amended, "Rule 15c2-12"); or

(b) the time when the Official Statement becomes available from the MSRB, but in no event less than twenty-five (25) days after the underwriting period (as defined in Rule 15c2-12) ends.

The Corporation and the County have authorized the use by the Underwriter of the Official Statement, the herein described County Documents and the herein described Corporation Documents in connection with the public offering of the Bonds. The Corporation and the County also have consented to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement dated [POS Date], relating to the Bonds in connection with the public offering of the Bonds (which, together with all appendices thereto, is herein called the "Preliminary Official Statement"). Authorized officers of the County and the Corporation have certified to the Underwriter that such Preliminary Official Statement was deemed to be final as of its date for purposes of Rule 15c2-12, with the exception of certain final pricing and related information referred to in Rule 15c2-12. The Underwriter has distributed a copy of each Preliminary Official Statement to potential customers on request.

5. The Closing. At 9:00 A.M., California time, on [Closing Date], or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Corporation, the County and the Underwriter, the Corporation will deliver (i) the Bonds in book-entry form through the facilities of DTC in New York, New York, and (ii) the closing documents hereinafter mentioned at the offices of Best Best & Krieger LLP, Riverside, California ("Bond Counsel"), or another place to be mutually agreed upon by the Corporation, the County and the Underwriter. Subject to the terms and conditions hereof, the Underwriter will accept such delivery of the Bonds and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer of immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

6. County Representations, Warranties and Covenants. The County represents, warrants and covenants to the Underwriter that:

(a) The County is a political subdivision of the State of California (the "State"), duly organized and validly existing pursuant to the Constitution and laws of the State, and has all necessary power and authority to adopt the County Resolution and enter into and perform its duties under the Ground Lease, the Lease, the Continuing Disclosure Certificate, dated as of the date of Closing (the "Continuing Disclosure Certificate") from the County, the Agency Agreement, dated as of [June 1, 2013] (the "Agency Agreement"), by and between the County and the Corporation, the Official Statement and this Purchase Contract (collectively, the "County Documents").

(b) None of the adoption of the County Resolution, the execution and delivery of the County Documents, the approval and execution of the Official Statement or this Purchase Contract, compliance with the provisions on the County's part contained therein, the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the County Documents.

(c) The County Documents have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against counties in the State of California.

(d) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the County required for the execution and delivery of the Bonds and the County Documents or the consummation by the County of the other transactions contemplated by the Official Statement, the County Resolution and the other County Documents.

(e) To the best of the knowledge of the County, there is, and on the Closing (as hereinafter defined) there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the County to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Lease, or in any way contesting or affecting the validity of the County Documents or the Bonds or the authority of the County to approve or enter into the County Documents or contesting the powers of the County to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the County in connection with any action contemplated by this Purchase Contract or the other County Documents or to restrain or enjoin the execution, sale and delivery of the Bonds or, except as described in the Preliminary Official Statement and the Official Statement, the payment of Lease Payments, nor is there any basis for any such action, suit, proceeding or investigation.

(f) The Preliminary Official Statement provided to the Underwriter has been deemed final by the County, as required by Rule 15c2-12. As of the date thereof and the date hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for information permitted to be omitted therefrom by the Rule 15c2-12. As of the date thereof and at all times subsequent thereto up to and including the End Date, the information contained in the Official Statement was and will be materially complete for its intended purposes. The information contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(g) The County agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the County will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified.

(h) By official action of the County prior to or concurrently with the execution hereof, the County has duly approved the distribution of the Official Statement, has duly adopted the County Resolution and has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in the County Documents and the consummation by it of all other transactions contemplated by the Official Statement, the County Resolution, this Purchase Contract and the other County Documents.

(i) To the best knowledge of the County, it is not in breach of or default under any material applicable law or administrative regulation of the State of California or the United

States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject and in connection with which the County is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument the consequence of which could be the material and adverse effect on the performance of the County under the County Documents.

(j) If between the date of this Purchase Contract and the End Date an event occurs, of which the County has knowledge, which might or would cause the information in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the County will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the County.

(k) If the information contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the End Date, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The County covenants that it will comply with all tax covenants relating to it in the County Documents, the Tax Certificate of the County (the "Tax Certificate") and this Purchase Contract.

(m) The County will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in Lease and the Tax Certificate.

(n) The County will deliver or cause to be delivered all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Contract.

(o) Any certificate of the County delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter as to the statements made therein.

(p) As of the time of acceptance hereof and as of the Closing the County does not and will not have outstanding any indebtedness which is secured by a lien on the County's general fund except as disclosed in the Official Statement.

(q) The financial statements of, and other financial information regarding the County in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(r) Between the date of this Purchase Contract and the date of Closing, the County will not, except as disclosed in the Official Statement, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the County's general fund.

7. Corporation Representations, Warranties and Covenants. The Corporation represents, warrants and covenants to the County and the Underwriter that:

(a) The Corporation is a nonprofit public benefit corporation duly organized and validly existing pursuant to the laws of the State of California, with full right, power and authority to adopt the Corporation Resolution and enter into, execute and deliver the Corporation Documents (defined below) and to perform its obligations hereunder.

(b) By all necessary official action, the Corporation has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in this Purchase Contract, the Bonds, the Indenture, the Ground Lease, the Lease, the Official Statement and the Agency Agreement (collectively, the "Corporation Documents") and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties hereto, the Corporation Documents will constitute the legally valid and binding obligations of the Corporation enforceable upon the Corporation in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors rights generally. The Corporation has complied, and will at the Closing be in compliance in all respects, with the terms of the Corporation Documents.

(c) The Bonds, when issued in accordance with the Indenture, will be legally valid and binding special obligations of the Corporation, entitled to the benefits of the Indenture and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(d) As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Corporation is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on the Corporation's ability to perform its obligations under the Corporation Documents; and, as of such times, except as disclosed in the Official Statement, the adoption of the Corporation Resolution, the authorization and the execution and delivery of the Corporation Documents and compliance by the Corporation with the provisions thereof do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument except as provided in the Corporation Documents.

(e) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, or to the best knowledge of the Corporation threatened against the Corporation:

(i) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices;

(ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Corporation Documents or the consummation of the transactions on the part of the Corporation contemplated thereby, or contesting the exclusion of the interest on the Bonds from federal or state taxation, as applicable, or contesting the powers of the Corporation or its authority to adopt the Corporation Resolution or enter into the Corporation Documents and to pledge the Revenues for repayment of the Bonds;

(iii) which may result in any material adverse change relating to the financial condition of the Corporation; or

(iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of all the circumstances under which they were made, not misleading.

(f) All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Corporation of its obligations in connection with, the Corporation Documents have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(g) Any certificate signed by any authorized officer of the Corporation and delivered to the Underwriter shall be deemed to be a representation and warranty by the Corporation to the Underwriter as to the statements made therein.

(h) As of the time of acceptance hereof and as of the date of Closing, the Corporation has complied with the filing requirements relating to non-profit public benefit corporations.

(i) The Corporation will undertake, or cause the County to undertake, pursuant to the Indenture and the Continuing Disclosure Certificate, to provide or cause to be provided annual financial reports and notices of certain events; a description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth as an appendix to the Official Statement.

(j) The Corporation will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement from the delivery of the Official Statement to the End Date, and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Corporation will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(k) For a period beginning on the date hereof and continuing until the End Date, (a) the Corporation will not adopt any amendment of, or supplement to, the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by the Underwriter's counsel and (b) if any event relating to or affecting the Corporation shall occur as a result of which it is necessary, in the opinion of Underwriter's Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Corporation will forthwith cause the preparation and furnishing to the Underwriter a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriter's Counsel) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Bonds, not misleading.

8. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Corporation and the County of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations hereunder are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Corporation and the County contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing:

(i) the County Documents and the Corporation Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter;

(ii) there shall be in full force and effect the County Resolution, the Corporation Resolution, and any other such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions on the part of the Corporation and the County contemplated by this Purchase Contract, the Official Statement, the County Documents and the Corporation Documents;

(iii) the Corporation shall perform or have performed its obligations required or specified in the Corporation Documents to be performed at or prior to Closing;

(iv) the County shall perform or have performed its obligations required as specified in the County Documents to be performed at or prior to Closing; and

(v) the Official Statement shall not have been supplemented or amended, except pursuant to Section 6(j), 7(j) or 7(k), or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under the Corporation Documents or the County Documents and neither the Corporation nor the County shall be in default in the payment of principal or interest on any of its bonded indebtedness which default shall adversely impact the ability of the Corporation to make payments on the Bonds or the County to make payments pursuant to the Lease.

(d) Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the Corporation and the County if at any time at or prior to the Closing:

(i) any event shall occur which causes the Official Statement to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of the Corporation Documents or the County Documents in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the President or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other Federal or State authority materially adversely affecting the Federal or State tax status of the Corporation or the County, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the United States or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market the Bonds; or

(vi) (vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(viii) the commencement of any action, suit or proceeding described in Sections 6(e) or 7(e) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(x) an event described in Section 6(j) or Section 7(k) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xi) any rating or credit outlook of the Bonds or other obligations of the County by a national rating agency shall have been withdrawn or downgraded; or

(xii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) **Closing Documents.** At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) Bond Opinion. The approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as APPENDIX E to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them.

(2) Supplemental Opinion. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in substantially the form and to the following effect:

(a) The statements and information contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "DESCRIPTION OF THE 2013 BONDS" (except for the information under the captions "The Book Entry System"), "SECURITY AND SOURCES OF PAYMENT FOR THE 2013 BONDS" and "TAX MATTERS," and in APPENDICES C and D, are true and accurate in all material respects; and

(b) The Bonds are exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(3) County Counsel Opinion. An opinion of the County Counsel, dated as of the Closing and addressed to Bond Counsel and the Underwriter, in form and substance acceptable to Bond Counsel and counsel for the Underwriter, to the following effect:

(i) The County is a political subdivision of the State of California duly organized and validly existing under the Constitution and the laws of the State of California.

(ii) The County Resolution approving and authorizing the execution and delivery of the County Documents and approving the Official Statement was duly adopted at a meeting of the Board of Supervisors which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

(iii) Except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the County, which would materially and adversely impact the County's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under the Lease or in any way contesting or affecting the validity of the County Documents, the County Resolution or the Bonds or the transactions relating to the Leased Premises as described and defined in the Official Statement.

(iv) The execution and delivery of the County Documents, the adoption of the County Resolution and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject.

(v) The County Documents have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against counties in the State of California.

(vi) No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the Board of Supervisors, is required for the valid authorization, execution and delivery of the County Documents and the approval of the Official Statement.

(vii) Based upon examinations which he has made and his discussions in conferences with certain officials of the County and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to his attention which would lead him to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference and DTC and its book-entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) Corporation Counsel Opinion. An opinion of Counsel to the Corporation, dated the date of the Closing and addressed to Bond Counsel and the Underwriter, in form and substance acceptable to counsel for the Underwriter substantially to the following effect:

(i) The Corporation is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State;

(ii) The Corporation has full legal power and lawful authority to enter into the Corporation Documents and to lease its properties and to carry on its business as now conducted and as contemplated by the Corporation Documents and the Official Statement;

(iii) The Corporation Resolution has been duly adopted at a meeting of the governing board of the Corporation, which was called and held pursuant to the law and with all public notice required by law and at which a quorum was present and acting throughout and the Corporation Resolution is in full force and effect and has not been modified, amended or rescinded;

(iv) The execution and delivery of the Corporation Documents, the adoption of the Corporation Resolution and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any agreement or other instrument to which the Corporation is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Corporation is subject.

(v) The Corporation Documents have been duly authorized, executed and delivered by the Corporation and constitute the valid, legal and binding obligation of the Corporation enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(vi) The Official Statement has been duly authorized by the governing body of the Corporation and executed on its behalf by an authorized officer of the Corporation;

(vii) The description of the Corporation in the Official Statement is correct and does not omit any statement which should be included or referred to therein in order to make such description not misleading in any material respect;

(viii) Except as otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency or body, pending or threatened against the Corporation, challenging the creation, organization or existence of the Corporation, or the validity of the Corporation Documents or seeking to restrain or enjoin any of the transactions referred to herein or contemplated hereby or contesting the authority of the Corporation to enter into or perform its obligations under the Corporation Documents, or which, in any manner, questions the right of the Corporation to issue and sell the Bonds.

(5) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to Bond Counsel and the Underwriter, in form and substance acceptable to counsel for the Underwriter substantially to the following effect:

(i) The Trustee is a national banking association duly organized and validly existing under the laws of the United States.

(ii) The Trustee has duly authorized the execution and delivery of the Indenture and authenticated the Bonds.

(iii) The Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with its respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity.

(iv) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject.

(v) All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect.

(6) Disclosure Counsel Opinion. An opinion, dated the date of the Closing addressed to the Corporation, the County and the Underwriter, of Kutak Rock LLP, disclosure counsel, to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the Corporation and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date and as of the date of Closing (except for the financial statements and the other financial and statistical data included therein and the information included therein relating to DTC and the book-entry

system (as such terms are defined in the Official Statement), and in the Appendices thereto as to all of which no opinion or belief need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(7) County Certificate. A certificate, dated the date of Closing, signed by a duly authorized official of the County satisfactory in form and substance to the Underwriter, (a) certifying that as of such date the representations and warranties of the County contained in this Purchase Contract are true and correct as of such date; (b) certifying that the County has complied with all agreements, covenants and conditions to be complied with by the County at or prior to the Closing under the County Documents; (c) certifying that no event affecting the County has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and (d) certifying that the County has authorized and consented to the inclusion in the Official Statement of the County's financial report and accountant's opinion for the year ended June 30, 2012, and no further consent of any party is required for such inclusion.

(8) Corporation Certificate. A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by the President or other duly authorized officer of the Corporation to the effect that:

(i) The representations, warranties and covenants of the Corporation contained herein and in the Corporation Documents are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Corporation has complied with all of the terms and conditions of the Corporation Documents required to be complied with by the Corporation at or prior to the date of Closing; and

(ii) No event affecting the Corporation has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(9) Trustee's Certificate. A Certificate of the Trustee, dated the date of Closing, addressed to the Corporation, the County and the Underwriter, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) Subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture; and

(iii) The Trustee has duly authorized and executed the Indenture and authenticated the Bonds.

(10) Title Policy. A copy of an CLTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the County's leasehold interest in the Leased Premises, subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter.

(11) Opinion of Underwriter's Counsel. The opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, counsel for the Underwriter, dated the date of Closing and addressed to the Underwriter, satisfactory in form and substance to the Underwriter.

(12) Transcripts. Two transcripts of all proceedings relating to the authorization and issuance of the Bonds.

(13) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the County and the Corporation by a duly authorized officer of each.

(14) Documents. An original executed copy of each of the Corporation Documents and the County Documents.

(15) County Resolution. Two copies certified by the Clerk or Assistant Clerk of the County, of each resolution of the County relating to the County Documents, the actions contemplated thereby, provided that such resolutions may be contained in the transcripts provided pursuant to Section 8(e)(12) above.

(16) Corporation Resolution. Two copies certified by the Secretary or Assistant Secretary of the Corporation, of each resolution of the Corporation relating to the Corporation Documents, the Bonds and the transactions contemplated thereby, provided that such resolutions may be contained in the transcripts provided pursuant to Section 8(e)(12) above.

(17) Articles and Bylaws of the Corporation. Certified copies of each of the Articles of Incorporation and Bylaws of the Corporation.

(18) Good Standing Certificate of the Corporation. Good standing certificates of the Corporation issued by the Secretary of State of the State of California and the Franchise Tax Board of the State of California.

(19) IRS Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared for filing.

(20) Nonarbitrage Certificate. A tax and nonarbitrage certificate in form satisfactory to Bond Counsel.

(21) Ratings. Evidence as of the Closing satisfactory to the Underwriter that the Bonds have received, at a minimum, a rating of "___" and "___," respectively, from Standard & Poor's Rating Group and Fitch Ratings, and that such ratings have not been revoked or downgraded.

(22) CDIAC Statement. A copy of the Notice of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code.

(23) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the Corporation or the County shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be terminated by the Underwriter, and none of the Underwriter, the Corporation or the County shall be under further obligation hereunder.

9. Expenses. The Corporation shall pay or cause to be paid from the proceeds of the Bonds or other funds available to it the expenses incident to the performance of its obligations hereunder, including but not limited to: (a) the cost of printing and distribution of the Official Statement in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby, including distribution costs and all mailing, including overnight and express delivery, costs; (b) the fees and disbursements of the Trustee in connection with the execution and delivery of the Bonds; (c) the fees and disbursements of Bond Counsel, Disclosure Counsel, financial advisor and any other experts or consultants retained by the Corporation or the County in connection with the transactions contemplated hereby; (d) the costs related to obtaining ratings; (e) the cost of mailing or delivering the definitive Bonds; (f) the Underwriter's disbursements for telephone conference calls and out-of-state travel and lodging undertaken at the request of the Corporation; and (g) any expenses incurred on behalf of the Corporation's employees which are incidental to implementing this Purchase Contract, including, but not limited to meals, transportation, lodging and entertainment of those employees.

The Underwriter shall pay: (a) all advertising expenses in connection with the public offering of the Bonds; (b) the fees and expenses of counsel to the Underwriter, including their fees in connection with the qualification of the Bonds for sale under the Blue Sky or other securities laws and regulations of various jurisdictions; (c) California Debt and Investment Advisory Commission fees; and (d) all other expenses incurred by it in connection with its public offering and distribution of the Bonds. Certain payments may be in the form of inclusion of such expenses in the expense component of the Underwriter's discount.

10. **Notice.** Any notice or other communication to be given to the Underwriter may be given by delivering the same to E. J. De La Rosa & Co., Inc. at 456 Montgomery Street, 19th Floor, San Francisco, CA 94104. Any notice or other communication to be given to the Corporation or the County pursuant to this Purchase Contract may be given by delivering the same in writing to such entity, at the addresses set forth on the cover page hereof.

11. **Entire Agreement.** This Purchase Contract, when accepted by the Corporation and the County, shall constitute the entire agreement among the Corporation, the County and the Underwriter and is made solely for the benefit of the Corporation, the County and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Corporation's and the County's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Purchase Contract.

12. **Counterparts.** This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. **Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

14. **State of California Law Governs.** The validity, interpretation and performance of the Corporation Documents shall be governed by the laws of the State.

15. **No Assignment.** The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter, the Corporation or the County without the prior written consent of the other parties hereto.

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16. **Definitions.** Terms not otherwise defined herein shall have the same meaning an when used in the Indenture.

E. J. DE LA ROSA & CO., INC.,
as the Underwriter

By: ______________________________
Title: ______________________________

Accepted as of the date first stated above:

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

By: ______________________________
Title: ______________________________

COUNTY OF RIVERSIDE

By: ______________________________
Title: ______________________________
Time of Execution: _________

EXHIBIT A

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield