

FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRIAMOS DATE: 1/21/15

Departmental Concurrence

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

926A



FROM: Don Kent, Treasurer-Tax Collector

SUBMITTAL DATE:
 January 22, 2015

SUBJECT: Resolution No. 2015-043 – Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Notes, Series B; 1st District; [\$0] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:
 1. Approve and adopt Resolution No. 2015-043 providing for the issuance and sale of Tax and Revenue Anticipation Notes for the Lake Elsinore Unified School District (the "District") in a principal amount not to exceed \$12,000,000.

BACKGROUND:
Summary

Government Code Section 53853 provides that a school district's tax and revenue anticipation notes are to be issued by the Board of Supervisors of Riverside County when the Riverside County Superintendent of Schools has jurisdiction over that district. The Riverside County Superintendent of Schools has jurisdiction over the District, therefore the District has requested, by resolution, that the Board of Supervisors issue Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Notes, Series B (the "Notes") on behalf of the District. (Continued on Page 2.)

Don Kent
 Don Kent
 Treasurer-Tax Collector

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: N/a

Budget Adjustment: No
 For Fiscal Year: 2014-2015

C.E.O. RECOMMENDATION: APPROVE
 BY: Samuel Wong 1/26/15
 Samuel Wong
 County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: | District: 1 | Agenda Number:

3-18

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Resolution No. 2015-043 – Lake Elsinore Unified School District 2014-2015 Tax and
Revenue Anticipation Notes, Series B; 1st District; [\$0] (Vote on Separately)**

DATE: January 22, 2015

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

The District requests the issuance of the Notes to fund its short-term operating cash requirements during the 2014-2015 fiscal year.

Resolution No. 2015-043 authorizes the issuance and sale of Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Notes, Series B in a principal amount not to exceed \$12,000,000. Issuance of the Notes will provide funds for the District to meet Fiscal Year 2014-2015 general fund expenditures. While expenditures generally occur evenly throughout the fiscal year, cash receipts occur unevenly. As a result, the general fund cash balance, absent Note proceeds, tends to show a deficit during parts of the fiscal year. The Notes are being issued to solve that cash flow problem.

The District has pledged certain of its unrestricted revenues to be received or accrued during the 2014-2015 fiscal year for the repayment of the Notes. When issued, the notes will represent a general obligation of the District. The Notes will not constitute an obligation of the County. No funds of the County are pledged to the repayment of the Notes.

The Office of County Counsel has reviewed Resolution No. 2015-043 and has approved it as to form.

Impact on Citizens and Businesses

Issuance of the Notes will be beneficial to the citizens who reside within the District because the District will have the necessary funds to provide educational services without disruption due to cash flow problems.

ATTACHMENTS (if needed, in this order):

- 1) Resolution No. 2015-043
- 2) District Resolution
- 3) Note Purchase Contract
- 4) Preliminary Official Statement

RESOLUTION NO. 2015-043

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF LAKE ELSINORE UNIFIED SCHOOL DISTRICT 2014-2015 TAX AND REVENUE ANTICIPATION NOTES ON BEHALF OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,000,000, AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE PURCHASE CONTRACT AND APPROVING OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to Sections 53850 and following of the California Government Code (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof), on or after the first day of any fiscal year (being July 1) a school district may borrow money by issuing temporary notes for any purpose for which the school district is authorized to expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the school district; and

WHEREAS, in order to satisfy certain obligations and requirements of the Lake Elsinore Unified School District (the "District"), the District, on July 3, 2014, issued temporary notes in the principal amount of \$29,770,000 (the "Prior Note") pursuant to a resolution (the "Prior District Resolution") of the Board of Education of the District (the "Board of Education"), adopted on April 17, 2014, and the Act, which mature on February 27, 2015 and are secured by a pledge of certain unrestricted revenues as set forth in the Prior District Resolution (the "Prior Pledged Revenues"); and

WHEREAS, the Board of Education has determined that an amount not to exceed \$12,000,000 is needed to satisfy additional obligations payable or accruing during Fiscal Year 2014-2015 from the General Fund of the District, and that it is necessary that said amount be borrowed for such purpose at this time by the issuance of temporary notes in an aggregate principal amount not exceeding such amount in anticipation of the receipt by or accrual to the District during Fiscal Year 2014-2015 of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for such fiscal year for the General Fund of the District; and

WHEREAS, said notes are to be denominated "Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Notes, Series B" (the "Notes"); and

WHEREAS, the District has not been accorded fiscal accountability status under Section 42647 or Section 42650 of the California Education Code; and

WHEREAS, Section 53853 of the California Government Code provides that notes of a school district that has not been so accorded fiscal accountability status must be issued in the name of the school district by the board of supervisors of the county, the county superintendent

FORM APPROVED COUNTY COUNSEL
BY: *Dale A. Gardner* 1/23/15
DATE
DALE A. GARDNER

of which has jurisdiction over the district, as soon as possible following the receipt of a resolution of the governing board of the school district requesting the borrowing; and

WHEREAS, the Superintendent of Schools of the County of Riverside (the "County") has jurisdiction over the District and, therefore, the Notes are to be issued in the name of the District by the Board of Supervisors (the "Board of Supervisors") of the County; and

WHEREAS, the Board of Education has filed with the Board of Supervisors a resolution adopted by the Board of Education on January 22, 2015 (the "District Resolution"), effectively requesting that the Board of Supervisors authorize, issue and sell, in the name of the District, not to exceed \$12,000,000 principal amount of Notes; and

WHEREAS, the Board of Education has found and determined that said aggregate principal amount of the Notes, when added to the interest payable thereon, does not exceed 85% of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2014-2015 which will be received by or which will accrue to the District during such fiscal year for the General Fund of the District and which will be available for the payment of the principal of and interest on the Notes; and

WHEREAS, the Board of Education has found and determined that, other than the Prior Notes, no money has heretofore been borrowed by or on behalf of the District through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2014-2015 which will be received by or will accrue to the District during such fiscal year for the General Fund of the District, and that the Board does not contemplate such a financing through the issuance of any temporary notes, other than the Prior Notes and the Notes; and

WHEREAS, Section 42133 of the California Education Code provides that a school district that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, tax anticipation notes, unless the county superintendent of schools determines, pursuant to criteria established by the Superintendent of Public Instruction of the State of California, that such school district's repayment of that indebtedness is probable; and

WHEREAS, the District received a negative certification in connection with its first interim report for Fiscal Year 2014-2015 and, therefore, the Superintendent of Schools of the County must make such determination in order for the Notes to be issued in the name of the District by the Board of Supervisors of the County; and

WHEREAS, pursuant to Section 53856 of the California Government Code, the District has, pursuant to the District Resolution, pledged to the payment of the Notes and the interest thereon certain taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which will be received by or accrue to the District during Fiscal Year 2014-2015 for the General Fund of the District; and

WHEREAS, Piper Jaffray & Co. (the “Underwriter”) has made a proposal to purchase the Notes, which proposal is in the form of a Note Purchase Contract to be entered into by the Underwriter, the District and the County (such Note Purchase Contract, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Purchase Contract”); and

WHEREAS, the Board of Education has requested that the Board of Supervisors cause the Purchase Contract to be executed and delivered on behalf of the County, with such changes, insertions and omissions therein as may be acceptable to the County and the District; and

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (a) the Notes; and
- (b) the Purchase Contract;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Riverside, as follows:

Section 1. Recitals. The above recitals are true and correct, and the Board of Supervisors so finds and determines. Notwithstanding the foregoing, the County assumes no liability or responsibility for the findings, determinations, representations or warranties of the District, on behalf of itself, as set forth in the District Resolution and has assumed all such findings, determinations, representations and warranties of the District to be true and correct without independent verification or examination.

Section 2. Approval of Request. As required by law, for the purpose of satisfying obligations payable from the General Fund of the District, and in anticipation of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2014-2015 to be received by or which will accrue to the District during such fiscal year for the General Fund of the District, the County hereby approves the District’s request that the County issue in the name of the District, subject to the determination by the Superintendent of Schools of the County that the repayment thereof is probable pursuant to California Education Code Section 42133, temporary notes pursuant to Sections 53850 and following of the California Government Code.

Section 3. Authorization of Notes. The issuance of the Notes, in the aggregate principal amount of not to exceed \$12,000,000, is hereby authorized and approved. The Notes shall be denominated the “Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Notes, Series B.” The Notes shall be dated the date of their delivery and shall be issued in fully registered form in denominations of \$5,000 principal amount or any integral multiple thereof. The Notes shall bear interest commencing on the date thereof, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Notes shall be payable only at the maturity thereof, without option of prior redemption. Interest on the Notes shall be payable at the maturity thereof. The Notes shall be issued in the aggregate principal amount, shall bear interest at the rate and shall mature on the date specified in the Purchase Contract, as the same shall be completed as provided in this Resolution; provided however, that (a) the aggregate principal amount of the Notes shall not exceed \$12,000,000, (b) the Notes shall

mature on a date which is no more than 366 days subsequent to the date of their delivery, and (c) the interest rate to be borne by the Notes shall be such that the true interest cost of the Notes shall not exceed 5.0%.

Section 4. Pledge; Lien and Charge; Repayment Account. (a) *Pledge.* The term “Unrestricted Revenues” shall mean the taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2014-2015 which will be received by or will accrue to the District during such fiscal year for the General Fund of the District and which are lawfully available for the payment of current expenses and other obligations of the District. Pursuant to the District Resolution, subject to the first lien and charge against the Prior Pledged Revenues securing the Prior Note pursuant to the Prior District Resolution, the District has pledged to the payment of the Notes and the interest thereon the first Unrestricted Revenues to be received by the District in each period specified in the Purchase Contract, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Purchase Contract, as the Purchase Contract shall be completed as provided in this Resolution (the “Pledged Revenues”).

(b) *Lien and Charge.* As provided in Section 53856 of the California Government Code, the Notes and the interest thereon, subject to the first lien and charge against the Prior Pledged Revenues securing the Prior Note pursuant to the Prior District Resolution, shall be a first lien and charge against, and shall be payable from the first moneys received by the District from, the Pledged Revenues.

(c) *General Obligation.* As provided in Section 53857 of the California Government Code, notwithstanding the provisions of Section 53856 of the California Government Code and of subsection (b) of this Section, the Notes shall be general obligations of the District and, to the extent not paid from the Pledged Revenues, shall be paid with interest thereon from any other Unrestricted Revenues.

(d) *Repayment Account.* Pursuant to the District Resolution, the Board of Education of the District has requested the Auditor-Controller of the County (the “County Auditor”) and the Riverside County Office of Education (the “County Office”) to establish and hold in the funds or accounts of the District in the County treasury a special account denominated the “Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Note Repayment Account” (the “Repayment Account”), and to maintain the Repayment Account until the Notes and the interest thereon have been paid in full. The Board of Supervisors hereby directs the County Auditor in conjunction with the County Office to so create and to so maintain the Repayment Account upon proper application by the District. Pursuant to the District Resolution, as security for the payment of the Notes and the interest thereon, the District covenants to deposit or cause to be deposited in the Repayment Account, in trust for the registered owners of the Notes, no later than the end of each period specified in the Purchase Contract, the amount of Unrestricted Revenues specified in the Purchase Contract to be so deposited, as the Purchase Contract shall be completed as provided in this Resolution; provided, however, that no deposit shall be made in the Repayment Account for the Notes until all required amounts shall have been deposited into the repayment account for the Prior Note pursuant to the Prior District Resolution. The District Resolution provides that, in the event that there have been insufficient Unrestricted Revenues received by the District by the end of any such period, then the amount of any deficiency in the

Repayment Account shall be satisfied and made up from the first Unrestricted Revenues thereafter received by the District. Pursuant to the District Resolution, the amounts on deposit in the Repayment Account are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for.

The District shall direct the County Auditor to deposit in the Repayment Account, as and when received, all Pledged Revenues and any other Unrestricted Revenues identified as such by the District and required to be deposited therein pursuant to the District Resolution and this Resolution. Any money deposited in the Repayment Account shall be for the benefit of the registered owners of the Notes, and until the Notes and the interest thereon are paid or until provision has been made for the payment of the Notes at maturity and interest thereon to maturity, the money in the Repayment Account shall be applied only for the purposes for which the Repayment Account is established. None of the County, the Treasurer-Tax Collector of the County (the "County Treasurer") or the County Auditor shall be liable or responsible for the sufficiency of the Repayment Account. On the date of maturity of the Notes and upon direction by the District given at least five business days in advance, the County Auditor shall transfer from the Repayment Account, to the extent available therein, to the Paying Agent an amount equal to the principal of and interest on the Notes due and payable on such date. Any money remaining in or accruing to the Repayment Account after the Notes and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the General Fund of the District.

(e) *No County Liability.* No monies or any part of any fund of the County is pledged or obligated to repayment of the Notes, and the Notes do not constitute a debt of the County. The Notes are payable only from the Pledged Revenues and other lawfully available monies of the District, as provided herein.

Section 5. Paying Agent. (a) *Appointment.* The District has requested the County to appoint, and the County hereby appoints U.S. Bank National Association to act as the initial paying agent and registrar for the Notes (the "Paying Agent"). All fees and expenses of the Paying Agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of the sale of the Notes, such fees and expenses shall be paid by the District.

(b) *Resignation, Removal and Replacement of Paying Agent.* The Paying Agent initially appointed or any successor Paying Agent may resign from service as Paying Agent and may be removed at any time by the County at the request of the District. If at any time the Paying Agent shall resign or be removed, the County shall, at the request of the District, appoint a successor Paying Agent, which shall be any bank, trust company, national banking association or other financial institution doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least \$100,000,000 in net assets.

(c) *Principal Office.* Unless otherwise specifically noted, any reference herein to the Paying Agent shall initially mean U.S. Bank National Association, and any reference herein to the "principal office" of the Paying Agent for all purposes shall initially mean the corporate trust office of U.S. Bank National Association in Los Angeles, California; provided, however, that in any case "Paying Agent" shall refer to any successor paying agent/registrar or transfer agent for

the Notes, "principal office" shall include the principal corporate trust office or other office of such successor Paying Agent designated thereby for a particular purpose.

(d) *Registration Books.* The Paying Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the District and the County. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Notes as herein provided. The Paying Agent shall keep accurate records of all funds administered by it and of all Notes paid and discharged by it. Such records shall be provided, upon reasonable request, to the County or the District in a format mutually agreeable to the Paying Agent, the County and the District.

Section 6. Note Proceeds. The County Treasurer shall, immediately upon receiving the net proceeds of the sale of the Notes, deposit in the General Fund of the District all amounts received from such sale on behalf of the District, including any premium. Amounts in the General Fund of the District and attributable to cash flow borrowing may be withdrawn and expended by the District for any purpose for which the District is authorized to expend funds from such fund, but only after exhausting funds otherwise available for such purposes (which are not restricted funds) and only to the extent that on any given day such other funds are not then available. For purposes of this paragraph, funds otherwise available excludes amounts that are held or set aside in a reasonable working capital reserve (as set forth in the Tax Certificate of the District described in Section 7 hereof), which shall be no greater than 5% of the District's working capital expenditures from its available funds in Fiscal Year 2013-2014. The District has covenanted that, if on the date that is six months from the date of issuance of the Notes, all amounts in the General Fund of the District attributable to cash flow borrowing and treated for federal tax purposes as proceeds of the Note (including investment earnings thereon) shall not have been so withdrawn and spent, it will promptly notify Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), and, to the extent of its power and authority, comply with the instructions from Bond Counsel as to the means of satisfying the rebate requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code"). For purposes of this Section, the "proceeds" of the Notes are equal to the initial offering price of the Notes to the public, as certified by the Underwriter. The District acknowledges that none of the County, the County Treasurer or the County Auditor shall be responsible for the proper expenditure of proceeds of the Notes. The County makes no assurance regarding the use or application of the proceeds of the Notes.

Section 7. Tax Covenants. (a) *General.* The County acknowledges and relies upon the fact that the District has covenanted and represented that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Notes under Section 103 of the Code, and that the District will comply with the requirements of the Tax Certificate with respect to the Notes, to be entered into by the District as of the date of issuance of the Notes (the "Tax Certificate"), and that the District further stipulates that such representation and covenant shall survive payment in full or defeasance of the Notes.

(b) *Rebate Exception.* The County acknowledges and relies upon the fact that the District has covenanted and represented that in the event the Notes shall be subject to the rebate requirements of Section 148 of the Code, the District shall be responsible for making all

calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Notes due to the United States Treasury. If so directed by the District, the County Auditor in conjunction with the County Office shall segregate and set aside from the lawfully available sources held in the County treasury on behalf of the District, the amount such calculations indicate may be required to be paid to the United States Treasury, and shall otherwise at all times, upon the direction of the District, do and perform all acts and things necessary and within its power and authority, including complying with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and complying with the instructions of Bond Counsel to ensure that interest paid on the Notes shall, for the purposes of federal income taxes and California personal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation. If so directed by the District, the County Auditor will immediately set aside from District revenues received or accrued during Fiscal Year 2014-2015 or, to the extent not available from such revenues, from any other money lawfully available, the amount of any such rebate in a separate account which the County Auditor in conjunction with the County Office shall establish and maintain on behalf of the District and designate as the "Lake Elsinore Unified School District 2014-2015 Tax and Revenue Anticipation Note Rebate Account."

(c) *Remedies Limited to Note Owners.* Notwithstanding any other provision of this Resolution to the contrary, upon the District's or County's failure to observe, or refusal to comply with, the covenants contained and described in this Section, no one other than the owners or former owners of the Notes shall be entitled to exercise any right or remedy under this Resolution on the basis of the District's or County's failure to observe, or refusal to comply with, such covenants.

(d) *Reliance on Opinion of Bond Counsel.* Notwithstanding any provision of this Section, if the District shall provide to the County Auditor an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County Auditor may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

(e) *Survival of Covenants.* The County's covenants contained in this Section shall survive the payment of the Notes.

Section 8. Investment of Funds. All money held by the County Treasurer in the Repayment Account shall be invested to the greatest extent possible by the Office of the County Treasurer in the County's Pooled Investment Fund and as otherwise permitted by the California Government Code and the investment policy of the County, and the proceeds of such investments shall be retained in each such respective Fund; provided, however, that no portion of such money shall be invested for a term that exceeds the term of the Notes and, provided, further, that, at the written request of the District and approval from the County Treasurer, all or any portion of such money may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Notes necessary in order to maintain the then-current rating on the Notes.

Section 9. Use of Depository; Registration, Transfer and Exchange of Notes. (a) The Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("The Depository Trust Company") and shall be evidenced by a single note certificate, in accordance with procedures of The Depository Trust Company.

(b) Registered ownership of the Notes, or any portions thereof, may not be transferred after initial registration except:

(i) to any successor of The Depository Trust Company, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (b) ("Substitute Depository"); provided, that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository not objected to by the County or the District, upon (A) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (B) a determination by the County or the District to substitute another depository for The Depository Trust Company (or its successor) because it is no longer able to carry out its functions as depository; provided, that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (B) a determination by the County or the District to discontinue using a depository.

(c) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (b) of this Section, upon receipt of all outstanding Notes by the Paying Agent, a single new Note shall be executed and delivered and registered in the name of such successor or such Substitute Depository, or its nominee, as the case may be. In the case of any transfer pursuant to clause (iii) of subsection (b) of this Section, upon receipt of all outstanding Notes by the Paying Agent, new Notes shall be executed and delivered in such denominations and registered in the names of such persons as are determined by the Paying Agent pursuant to a written request of the County or the District.

(d) Following the resignation or the removal of the depository pursuant to clause (iii) of subsection (b) of this Section, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount of Notes in authorized denominations, upon the books required to be kept by the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the Paying Agent shall deliver a new Note or Notes of authorized denominations and the same interest rate and a like

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

(e) The District, the County, and the Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of this Resolution and for purposes of payment of principal and interest on such Note, notwithstanding any notice to the contrary received by the District, the County or the Paying Agent; and the District, the County, and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Notes. None of the District, the County or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successors (or any Substitute Depository or its successor), except to the registered owner of any Notes, and the Paying Agent may rely conclusively on its records as to the identity of the registered owners of the Notes.

(f) Notwithstanding any other provisions of this Resolution and so long as all outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co. or its registered assigns as sole registered owner, in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due; all in accordance with the letter of representations from the District to The Depository Trust Company, the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

(g) If any Note shall become mutilated, the Paying Agent, at the expense of the owner of such Note, shall deliver a new Note of like tenor bearing a different number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. If any Note shall be lost, destroyed or stolen, evidence of the ownership thereof, and of such loss, destruction or theft, may be submitted to the County and the Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Paying Agent, at the expense of the owner of such Note, shall deliver a new Note of like tenor and bearing a different number in lieu of and in substitution for the Note so lost, destroyed or stolen (or, if any such Note shall have matured, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Paying Agent may require payment by the registered owner of a Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the County and the Paying Agent. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall be entitled to the benefits of this Resolution.

(h) All Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly cancelled by it.

Section 10. Purchase Contract. The Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is

hereby approved. The County Treasurer or any duly appointed deputy of the County Treasurer (the "Authorized Officers"), is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Purchase Contract in substantially said form, with such changes, insertions and omissions as the Authorized Officer executing the Purchase Contract shall approve, such approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the Purchase Contract with such changes, insertions and omissions; provided however, that (a) the Purchase Contract shall specify the aggregate principal amount of the Notes, which amount shall not be in excess of \$12,000,000, (b) the Purchase Contract shall specify the maturity date of the Notes, which date shall be no later than 366 days subsequent to the date of delivery of the Notes, (c) the Purchase Contract shall specify the interest rate to be borne by the Notes, which rate shall be such that the true interest cost of the Notes shall not exceed 5.0% per annum, (d) the Purchase Contract shall specify the dates of deposit and amounts or proportions of Pledged Revenues to be deposited in the Repayment Account on each such date, provided that there shall be no more than five such dates of deposit, the last such deposit shall be made no later than the maturity date of the Notes, and the last such deposit shall be in an amount sufficient (when all previous deposits and earnings on the Repayment Account are taken into account) to pay in full the principal of and interest on the Notes due and payable at maturity, and (e) the aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Notes shall not be in excess of 0.35% of the aggregate principal amount of the Notes.

Section 11. Form of Notes; Execution and Authentication. The Notes shall be in substantially the form set forth in Exhibit A hereto, with such changes, insertions and omissions as may necessary to incorporate therein the terms thereof specified in the Purchase Contract, as the same shall be completed as provided in this Resolution, and as may otherwise be approved by an Authorized Officer. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute the Notes by manual or facsimile signature, and the Clerk of the Board of Supervisors or a duly appointed deputy is hereby authorized to attest to the signature of such Authorized Officer by manual or facsimile signature. The Notes shall be authenticated by the manual signature of a duly authorized officer of the Paying Agent.

Section 12. Limited Responsibility for Official Statement. Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the District describing the Notes (the "Official Statement"), and the County, the Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy and current portfolio holdings, as they may relate to funds of the District held by the County Treasurer, the County Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the Official Statement and in a preliminary Official Statement, and to certify to the District prior to or upon the issuance of the Notes that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 13. Continuing Disclosure Certificate. The County acknowledges and relies upon the fact that the District has represented that it will execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12, and that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The County assumes no responsibility for continuing disclosure requirements with respect to the Notes.

Section 14. Further Assurances. The County, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them in accordance with law for carrying out the provisions of this Resolution and the Notes.

Section 15. Approval of Actions. The officers and employees of the County are, and each of them hereby is, authorized and directed to execute and deliver, for and on behalf of the County, any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the issuance and sale of the Notes and the transactions contemplated by this Resolution.

Section 16. Prior Actions. All actions heretofore taken by the officers and employees of the County with respect to the issuance and sale of the Notes, or in connection with or related to any of the agreements or documents referred to herein, are hereby approved, confirmed and ratified.

Section 17. Effective Date. This Resolution shall take effect immediately upon its adoption.

THIS RESOLUTION WAS PASSED by the Board of Supervisors of the County of Riverside at a regular meeting thereof on February 3, 2015 by the following vote:

AYES:

NOES:

ABSENT:

Chairman of the Board Supervisors

ATTEST:

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: _____
Deputy