

**SUBMITTAL TO THE FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

107B



**FROM:** General Manager-Chief Engineer

**SUBMITTAL DATE:**  
June 2, 2015

**SUBJECT:** Approve and Adopt Resolution No. F2015-29, Zone 4 2015 Negotiable Promissory Notes, District 1, 3 and 5 [\$5.3M Total Interest] 100% District Zone 4 Special Revenue Fund (Vote on Separately)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution No. F2015-29 authorizing and approving the issuance and sale of Zone 4 2015 Negotiable Promissory Notes;
2. Authorize the General Manager-Chief Engineer to sign the Note Purchase Agreement on behalf of the District; and
3. Direct the Auditor-Controller to create and establish the Riverside County Flood Control and Water Conservation District "2015 Negotiable Promissory Notes Zone 4 Debt Service Fund".

**BACKGROUND:**  
continued to Page 2

JR:bjp  
P8/170007

*Warren D. Williams*  
**WARREN D. WILLIAMS**  
General Manager-Chief Engineer

| FINANCIAL DATA  | Current Fiscal Year: | Next Fiscal Year: | Total Cost:  | Ongoing Cost:                            | POLICY/CONSENT<br>(per Exec. Office)                             |
|---|----------------------|-------------------|--------------|--|--|
| COST  | \$ 0.00              | \$ 609,453        | \$ 5,323,578 | \$ 0.00                                  | Consent <input type="checkbox"/> Policy <input type="checkbox"/> |
| NET DISTRICT COST   | \$ 0.00              | \$ 609,453        | \$ 5,323,578 | \$ 0.00                                  |  |
| <b>SOURCE OF FUNDS:</b> 100% District Zone 4<br>Special Revenue Fund (25140 947480) |                      |                   |              | <b>Budget Adjustment:</b> No             |  |
|   |                      |                   |              | <b>For Fiscal Year:</b> 15/16 thru 23/24 |  |

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Steven C. Horn*  
**Steven C. Horn**

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

FORM APPROVED COUNTY COUNSEL  
BY: *GREGORY P. PRIAMOS*  
DATE: 5/27/15  
Departmental Concurrence

FISCAL PROCEDURES APPROVED  
BY: *Jeanine J. Rey*  
JEANINE J. REY, FINANCE DIRECTOR  
DATE: 5/20/15

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

Prev. Agn. Ref.:

District: 1, 3, 5

Agenda Number:

**11-7**

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

170007

**FORM 11:** Approve and Adopt Resolution No. F2015-29, Zone 4 2015 Negotiable Promissory Notes,  
District 1, 3 and 5 [\$5.3M Total Interest] 100% District Zone 4 Special Revenue Fund  
(Vote on Separately)

**DATE:** June 2, 2015

**PAGE:** Page 2 of 3

**BACKGROUND:**

**Summary (continued)**

The Romoland MDP Line A, Stage 4 project entails almost eight miles of flood control facilities beginning at the upstream terminus of the Romoland Line A, Stage 3 project near the I-215 and ending at Juniper Flats Road. This project consists of concrete lined open channels, Reinforced Concrete Boxes (RCBs), Reinforced Concrete Pipes (RCPs), and two detention basins. This system will serve as a backbone drainage system that will convey storm runoff from Juniper Flats, Homeland and Romoland areas.

The project runs through and will benefit unincorporated parts of Riverside County, the city of Menifee and the city of Perris.

This major infrastructure was originally slated to be constructed in 2007 by a Community Facilities District (CFD) formed by a consortium of developers. Ultimately, the developer-formed corporation elected not to award the construction contracts and the District has since added the project in its Capital Improvement Plan (CIP) to construct the entire drainage system in three (3) phases as follows: Phase I construction began in March 2015 and is scheduled to be completed in late 2016; Phase II construction is tentatively scheduled to begin in late 2015 and be completed in mid-2017; and Phase III construction is tentatively scheduled to begin in mid-2016 and be completed in late 2017.

The estimated cost of the project is approximately \$60.7 million. Funding for the project will come from the proceeds of the Notes, from Zone 4 revenues and from Zone 4 funds on hand.

Staff recommends issuing up to \$21 million in fixed interest rate notes. The Notes mature in the years 2015 through 2024. The principal of, premium, if any, and interest on the Notes are payable from the revenues of Zone 4. The District estimates that the current level of Zone 4 Revenues will be sufficient to meet the payments on the Notes. The average annual debt service is anticipated to be approximately \$2.87 million.

The Debt Advisory Committee has recommended the issuance of the Riverside County Flood Control and Water Conservation District, Zone 4 2015 Negotiable Promissory Notes to finance a portion of the Romoland MDP Line A, Stages 4, 5, 6, Line A-2, Line A-3 and Homeland Line 1, Stage 1 project, collectively named Romoland MDP Line A, Stage 4.

**Impact on Residents and Businesses**

This drainage system will benefit the citizens in the unincorporated areas of Riverside County, the City of Menifee and the City of Perris by increasing protection from flooding and facilitating new development for economic growth.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

All debt service and interest payments are preliminary estimates and are subject to change based on actual pricing results and market conditions.

Sufficient funding will be provided to pay for the debt service and interest payments of the Zone 4 2015 Negotiable Promissory Notes in the District's FY2015-16 through FY2023-2024 budgets.

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

170007

**FORM 11:** Approve and Adopt Resolution No. F2015-29, Zone 4 2015 Negotiable Promissory Notes,  
District 1, 3 and 5 [\$5.3M Total Interest] 100% District Zone 4 Special Revenue Fund  
(Vote on Separately)

**DATE:** June 2, 2015

**PAGE:** Page 3 of 3

**ATTACHMENTS (if needed, in this order):**

1. Resolution No. F2015-29
2. Preliminary Official Statement
3. Bond Purchase Agreement

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RESOLUTION NO. F2015-29

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NEGOTIABLE PROMISSORY NOTES OF THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (ZONE 4), PRESCRIBING THE TERMS OF SALE OF SAID NOTES AND AUTHORIZING EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND BOND PURCHASE AGREEMENT, NECESSARY CERTIFICATES, APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING DISTRIBUTION OF OTHER MATTERS RELATING THERETO

WHEREAS, the Board of Supervisors ("the Board of Supervisors") of the Riverside County Flood Control and Water Conservation District, County of Riverside, California (the "District") intends to authorize the issuance and sale of negotiable promissory notes in an aggregate principal amount not to exceed \$21,000,000 for the purpose of paying for construction of certain flood control facilities including, but not limited to, the Homeland MDP Line A, for Zone 4 (the "Project") and certain expenses incidental thereto (the "Notes"); and

WHEREAS, Section 48-14.2 of the Water Code-Appendix of the State of California authorizes the Board of Supervisors of the District to issue the Notes for the purpose of acquiring funds to finance construction of facilities including the Project; and

WHEREAS, this Board of Supervisors has determined, and does hereby declare, that it is necessary and desirable that the Notes be issued and sold for the purpose for which authorized and on the terms and conditions set forth in this resolution; and

WHEREAS, the Board of Supervisors wishes to approve the form of the Note Purchase Agreement and provide the General Manager-Chief Engineer of the District, District Counsel and Special Counsel the ability to make such additions, deletions or amendments as necessary; NOW THEREFORE BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF SUPERVISORS OF THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, IN REGULAR SESSION ASSEMBLED ON JUNE 2, 2015, AS FOLLOWS:

Section 1. Findings. All of the recitals hereto are true and correct.

FORM APPROVED COUNTY COUNSEL  
BY: *Dale A. Gardner* 5/20/15  
DALE A. GARDNER DATE

1           Section 2. Authorization. This Board of Supervisors hereby authorizes the sale of not  
2 to exceed \$21,000,000 principal amount of Notes of the Riverside County Flood Control and  
3 Water Conservation District and designates the not to exceed \$21,000,000 principal amount of  
4 Notes to be sold as the "Riverside County Flood Control and Water Conservation District Zone 4  
5 2015 Negotiable Promissory Notes." In that regard, the form of the Note Purchase Agreement  
6 between Stifel, Nicolaus & Company, Incorporated (the "Purchaser") and the District presented to  
7 the Board of Supervisors is hereby approved, with such additions, deletions and/or amendments  
8 as the Chief Engineer of the District, District Counsel and/or Special Counsel may request. The  
9 Chief Engineer of the District is hereby authorized to sign the Note Purchase Agreement with  
10 such amendments, if any; provided, however, that the amount of Notes sold pursuant to the Note  
11 Purchase Agreement shall not exceed \$21,000,000, the term of the Notes shall not exceed 10  
12 years, the true interest cost of the Notes shall not exceed 5.00% and the Underwriter's discount  
13 shall not exceed 0.40%. The General Manager-Chief Engineer is hereby authorized to sign the  
14 Note Purchase Agreement on behalf of the District.

15           Section 3. Fiscal Agent. U.S. Bank National Association is hereby appointed as  
16 Fiscal Agent, Registrar and Transfer Agent (the "Fiscal Agent").

17           Section 4. Payment of Principal of and Interest on the Notes. The Notes shall be  
18 dated as of their date of delivery and shall mature no later than 10 years from such date. The true  
19 interest cost of the Notes shall not exceed five percent (5.00%) (the exact rate or rates to be  
20 determined upon sale of the Notes), payable on September 1, 2015, and semiannually thereafter  
21 on September 1 and March 1 of each year. The Notes shall be in fully registered form without  
22 coupons and in denominations of \$5,000 or any integral multiple thereof, provided that no Note  
23 shall have principal maturing on more than one principal maturity date, and shall mature on  
24 September 1 of each of the years from and including September 1, 2015 to September 1, 2024,  
25 both inclusive, in amounts to be determined by the Treasurer of the District and as set forth on the  
26 cover page of the Official Statement.

27           The principal of the Notes shall be payable in lawful money of the United States of  
28 America to the owner thereof, upon the surrender thereof at the corporate trust office of the Fiscal

1 Agent, in Los Angeles, California. The interest on the Notes shall be payable in like lawful  
2 money to the person whose name appears on the registration books of the Fiscal Agent as the  
3 owner thereof as of the close of business on the 15th day of the month immediately preceding an  
4 interest payment date (the "Record Date"), whether or not such day is a business day. Interest  
5 shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

6 Each Note shall bear interest from the interest payment date next preceding the date of  
7 authentication thereof unless it is authenticated as of a day during the period from the Record  
8 Date to the interest payment date, inclusive, in which event it shall bear interest from such interest  
9 payment date, or unless it is authenticated on or before August 15, 2015, in which event it shall  
10 bear interest from its date of delivery; provided, however, that if, at the time of authentication of  
11 any Note, interest is in default on outstanding Notes, such Note shall bear interest from the  
12 interest payment date to which interest has previously been paid or made available for payment  
13 on the outstanding Notes. Payment of the interest on any Note shall be made by check or draft of  
14 the Fiscal Agent to the person appearing on the registration books of the Fiscal Agent as the  
15 owner thereof and mailed to such owner at such owner's address as it appears on such registration  
16 books or at such address as the owner may have filed with the Fiscal Agent for that purpose;  
17 provided, however, that at the written request of any owner of Notes of an aggregate principal  
18 amount of at least \$1,000,000, which written request shall be on file with the Fiscal Agent on or  
19 before the Record Date immediately preceding any Interest Payment Date, interest with respect to  
20 such Notes shall be payable on such Interest Payment Date by wire transfer to such account in the  
21 continental United States as shall be specified in such written request.

22 Section 5. Execution and Authentication. The Notes shall be signed on behalf of the  
23 District by the manual or facsimile signatures of the Chairman of the Board of Supervisors and of  
24 the Treasurer of the District, and attested by the manual or facsimile signature of the Clerk of the  
25 Board of Supervisors, which Clerk shall cause the official seal of this Board of Supervisors to be  
26 printed or otherwise reproduced upon each of the Notes. In case any of the officers who shall  
27 have signed or attested any of the Notes shall cease to be such officer or officers of the District  
28 before the Notes so signed or attested shall have been authenticated or delivered by the Fiscal

1 Agent, or issued by the District, such Notes may nevertheless be authenticated, delivered and  
2 issued and, upon such authentication, delivery and issue, shall be as binding upon the District as  
3 though those who signed and attested the same had continued to be such officers of the District,  
4 and also any Notes may be signed and attested on behalf of the District by such persons as at the  
5 actual date of execution of such Notes shall be the proper officers of the District although at the  
6 nominal date of such Notes any such person shall not have been such officer of the District.

7 Only such of the Notes as shall bear thereon a certificate of authentication and registration  
8 in the form hereinafter recited, executed by the Fiscal Agent, shall be valid or obligatory for any  
9 purpose or entitled to the benefits of this Resolution, and such certificate of the Fiscal Agent shall  
10 be conclusive evidence that the Notes so authenticated have been duly authenticated and  
11 delivered hereunder and are entitled to the benefits of this Resolution.

12 The Fiscal Agent shall assign each Note authenticated and registered by it a distinctive  
13 letter, or number, or letter and number, and shall maintain a record thereof which shall be  
14 available to the District for inspection.

15 Section 6. Book-Entry System. The District may enter into a custody agreement with  
16 a bank or trust company serving as custodian (which may be the Fiscal Agent serving in the  
17 capacity of custodian) to provide for a book-entry or similar method for the registration of and  
18 transfer of the Notes. As long as Notes are held in book-entry form, the Fiscal Agent shall be  
19 entitled to treat the nominee of the Notes as the Owner for purposes of this Resolution. The  
20 District representative is hereby authorized to take any action necessary to effectuate the  
21 provisions of this Resolution.

22 Section 7. Optional Redemption Prior to Maturity. The Notes are not subject to  
23 optional redemption prior to maturity.

24 The District shall notify the Fiscal Agent in writing if it intends to redeem any outstanding  
25 Notes at least 60 days in advance of the selected redemption date. If there shall be so called for  
26 redemption less than all of a Note, the District shall execute and the Fiscal Agent shall  
27 authenticate and deliver, upon the surrender of such Note to the Fiscal Agent, without charge to  
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1 the owner thereof, for the unredeemed balance of the principal amount of the Note so  
2 surrendered, a Note or Notes of the same maturity and of any authorized denomination.

3 Section 8. Use and Application of Proceeds. (a) Construction Fund. The proceeds  
4 from the sale of the Notes, to the extent of the principal amount thereof, including any premium  
5 paid thereon, shall be transferred to the Fiscal Agent and deposited to the fund hereby created and  
6 established and to be known as the "2015 Riverside County Flood Control and Water  
7 Conservation District Zone 4 Construction Fund" (the "Construction Fund") and shall be kept  
8 separate and distinct from all other funds, and those proceeds shall be used solely for the  
9 construction of certain flood control facilities, including, but not limited to the Homeland MDP  
10 Line A, such uses being authorized purposes set forth in Section 48-14.2 of the Water Code-  
11 Appendix of the State of California. Interest earned on the investment of moneys held in the  
12 Construction Fund shall be retained in the Construction Fund. Disbursements from the  
13 Construction Fund shall be made by the Fiscal Agent upon receipt of a written Certificate of the  
14 District which shall:

15 (i) be identified as a payment requisition and be sequentially  
16 numbered, i.e., "Requisition No. \_\_," (except that no numbering shall be required if the certificate  
17 is a requisition for the full amount on deposit in the Construction Fund;)

18 (ii) set forth the amount required to be disbursed, the purpose for which  
19 the disbursement is to be made and the person to which the disbursement is to be paid; and

20 (iii) certify that no portion of the amount then being requested to be  
21 disbursed was set forth in any other certificate previously filed with the Fiscal Agent requesting  
22 disbursement, and that the amount being requested is an appropriate disbursement from the  
23 Construction Fund.

24 (b) Debt Service Fund. The accrued interest received by the District from the sale of  
25 the Notes shall be kept separate and apart in the fund hereby created and established and to be  
26 designated as the Riverside County Flood Control and Water Conservation District "2015  
27 Negotiable Promissory Notes Zone 4 Debt Service Fund" (the "Debt Service Fund") for the Notes  
28 and used only for payments of principal of, interest on and premium, if any, on the Notes.



1 Interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the  
2 Debt Service Fund and used by the District to pay principal of and interest on the Notes when  
3 due. Five days prior to each Interest Payment Date, the District shall deposit moneys in the Debt  
4 Service Fund sufficient to pay principal of, interest on and premium, if any, on the Notes. The  
5 District shall then transfer such amounts to the Fiscal Agent for payment of principal of,  
6 premium, if any, and interest on the Notes.

7 Any excess proceeds of the Notes not needed for the authorized purposes set forth herein  
8 for which the Notes are being issued shall be transferred to the Debt Service Fund and applied to  
9 the payment of principal of and interest on the Notes or used for the partial redemption of the  
10 Notes as set forth in Section 7 of this Resolution at the request of the District. If, after payment in  
11 full of the Notes, there remain excess proceeds, any such excess amounts shall be transferred to  
12 the general fund of the District. Any money held in any fund created pursuant to this Resolution,  
13 or by the Fiscal Agent, for the payment of the principal of or interest on the Notes and remaining  
14 unclaimed for two years after the principal of all of the Notes has become due and payable shall,  
15 upon request of the District, be returned to the District for deposit in the District's general fund  
16 and be used for any lawful purpose of the District.

17 Section 9. Transfer. Any Note may, in accordance with its terms, be transferred, upon  
18 the books required to be kept pursuant to the provisions of Section 10 hereof, by the person in  
19 whose name it is registered, in person or by the duly authorized attorney of such person, upon  
20 surrender of such Note to the Fiscal Agent for cancellation, accompanied by delivery of a duly  
21 executed written instrument of transfer in a form approved by the Fiscal Agent.

22 Whenever any Note or Notes shall be surrendered for transfer, the designated District  
23 officials shall execute (as provided in Section 5) and the Fiscal Agent shall authenticate and  
24 deliver a new Note or Notes of the same maturity, for a like aggregate principal amount. The  
25 Fiscal Agent shall require the payment by any Owner of such Note or Notes requesting any such  
26 transfer of any tax or other governmental charge required to be paid with respect to such transfer.

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1 No transfer of Notes shall be required to be made by the Fiscal Agent during the period  
2 from the fifteenth day of the month next preceding each interest payment date to and including  
3 such interest payment date.

4 Section 10. Exchange. Notes may be exchanged at the office of the Fiscal Agent in  
5 Los Angeles, California, for a like aggregate principal amount of Notes of other authorized  
6 denominations of the same maturity. The Fiscal Agent shall require the payment by the Owner of  
7 the Note or Notes requesting such exchange of any tax or other governmental charge required to  
8 be paid with respect to such exchange.

9 No exchange of Notes shall be required to be made by the Fiscal Agent during the period  
10 from the sixteenth day of the month next preceding each interest payment date to and including  
11 such interest payment date.

12 Section 11. Registration. The Fiscal Agent will keep or cause to be kept, at its  
13 corporate trust office in Los Angeles, California, sufficient books for the registration and transfer  
14 of the Notes, which shall at all times be open to inspection by the District, and, upon presentation  
15 for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe,  
16 register or transfer or cause to be registered or transferred, on said books, Notes as hereinbefore  
17 provided.

18 Section 12. Mutilated, Lost, Destroyed or Stolen Notes. If any Note shall become  
19 mutilated, the District shall execute, and the Fiscal Agent shall authenticate and deliver, a new  
20 Note of like tenor, date, maturity and principal amount in exchange and substitution for the Note  
21 so mutilated, but only upon surrender to the Fiscal Agent of the Note so mutilated. Every Note so  
22 surrendered to the Fiscal Agent shall be handled in accordance with this Resolution. If any Note  
23 shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to  
24 the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if indemnity  
25 satisfactory to the District and the Fiscal Agent shall be given, the District, at the expense of the  
26 Note Owner, shall execute and deliver a new Note of like tenor and maturity, numbered and dated  
27 as the Fiscal Agent shall determine in lieu of and in substitution for the Note so lost, destroyed or  
28 stolen. Any Note issued in lieu of any Note alleged to be lost, destroyed or stolen, shall be

1 equally and proportionately entitled to the benefits hereof with all other Notes issued hereunder.  
2 The Fiscal Agent shall not treat both the original Note and any replacement Note as being  
3 outstanding Notes for the purpose of determining the principal amount of Notes which may be  
4 executed, authenticated and delivered or for the purpose of determining any percentage of Notes  
5 outstanding hereunder, but both the original Note and the replacement Note shall be treated as  
6 one and the same.

7 Section 13. Form of Note. The Notes and the Fiscal Agent's certificate of  
8 authentication and registration and the form of assignment to appear thereon shall be in  
9 substantially the forms, respectively, attached hereto as Exhibit A, with necessary or appropriate  
10 variations, omissions and insertions as permitted or required by this Resolution.

11 Section 14. Source of Repayment. Principal and interest on the Notes shall be payable  
12 from revenues and taxes relating to Zone 4 of the District (the "Zone 4 Revenues"), unless paid  
13 from other available funds of the District, and provision shall be made for the levy and collection  
14 of such Zone 4 Revenues in the manner provided by Section 48-9(11), 48-14, 48-14.1 and 48-  
15 14.2 of the Water Code-Appendix of the State of California and all other applicable law and for  
16 payment out of the Debt Service Fund of the District.

17 Section 15. Tax Covenants. The District has covenanted that the District will not make  
18 any use of the proceeds of the Notes or any other funds of the District which would cause the  
19 Notes to be: "arbitrage bonds," the interest on which would be subject to inclusion in gross  
20 income for purposes of federal income taxation by reason of Section 148 of the Code; "private  
21 activity bonds," the interest on which would be subject to inclusion in gross income for purposes  
22 of federal income taxation by reason of Section 141(a) of the Code; or obligations the interest on  
23 which would be subject to inclusion in gross income for purposes of federal income taxation  
24 because they are "federally guaranteed" as provided in Section 149(b) of the Code. To that end  
25 the District, with respect to the proceeds of the Notes, will comply with all requirements of such  
26 sections of the Code and all regulations of the United States Department of the Treasury issued  
27 thereunder to the extent that such requirements are, at the time, applicable and in effect, and will  
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1 comply with the provisions of the Rebate Certificate to be executed by the District dated the date  
2 of issuance of the Notes, as originally executed and as it may be amended from time to time.

3 The District shall assure that not in excess of ten percent (10%) of the proceeds of the  
4 Notes are to be used for a private business use if such use would cause any of the Notes to  
5 become "private activity bonds" within the meaning of Section 141(a) of the Tax Code.

6 The District shall assure that not in excess of five percent (5%) of the net proceeds of the  
7 Notes is used, directly or indirectly, to make or finance a loan to persons other than state or local  
8 government units.

9 Section 16. Additional Covenants. The District will punctually pay, or cause to be  
10 paid, the principal of and interest on the Notes, in strict conformity with the terms of the Notes  
11 and this Resolution, and it will faithfully observe and perform all of the conditions, covenants and  
12 requirements contained herein.

13 To prevent any accumulation of claims for interest after maturity, the District will not,  
14 directly or indirectly, extend or consent to the extension of the time for the payment of any claim  
15 for interest on any of the Notes and will not, directly or indirectly, approve any such arrangement  
16 by purchasing or funding said claims for interest or in any other manner.

17 The District will keep, or cause to be kept, proper books, records and accounts, separate  
18 from all other records and accounts of the District in which complete and correct entries shall be  
19 made of all transactions relating to the financial affairs of the District. Such books, records and  
20 accounts with respect to Zone 4 of the District shall, upon reasonable written request, be made  
21 available during business hours for inspection by the Fiscal Agent and the owners of not less than  
22 ten percent (10%) of the principal amount of the Notes then outstanding, or their representatives  
23 authorized in writing.

24 The District will preserve and protect the security of the Notes and the rights of the Note  
25 owners, and will warrant and defend their rights against all claims and demands of all persons.  
26 From and after the sale and delivery of any of the Notes by the District, the Notes shall be  
27 incontestable by the District.

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1           The District covenants that (1) the aggregate amount of the assessed valuation of the  
2 taxable property in Zone 4 of the District, as evidenced by the official records maintained by the  
3 County of Riverside, equals at least \$1,050,000,000, and (2) the aggregate principal amount of the  
4 Notes, together with the outstanding principal balance of all other obligations of the District  
5 issued under Section 48-14.2 of the Water Code-Appendix does not exceed the lesser of  
6 \$21,000,000 or 2% of the aggregate amount of assessed valuation of the taxable property within  
7 Zone 4.

8           The District will adopt, make, execute and deliver any and all such further resolutions,  
9 instruments and assurances as may be reasonably necessary or proper to carry out the intention or  
10 to facilitate the performance of this Resolution, and for the better assuring and confirming unto  
11 the owners of the Notes of the rights and benefits provided herein.

12           Section 17. Permitted Investments. The District shall invest the Debt Service Fund  
13 with the County Treasurer's Investment Pool. Moneys on deposit with the Fiscal Agent in the  
14 Construction Fund shall be invested at the written direction of the District in investments  
15 permitted under California Government Code Section 53601. Such investments shall not mature  
16 later than the date on which funds are needed. All interest earnings on such funds shall be used as  
17 directed in Sections 8(a) and 8(b) of this Resolution.

18           Section 18. Amendment of the Resolution. For any one or more of the following  
19 purposes and at any time or from time to time, the District may modify or amend this Resolution  
20 without the requirement of consent of the owners of the Notes:

21           (a) To add to the covenants and agreements of the District pursuant to the  
22 Resolution, other covenants and agreements to be observed by the District which are not contrary  
23 to or inconsistent with this Resolution.

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

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

4 (d) To cure any ambiguity, supply any omission, or cure or correct any defect  
5 or inconsistent provision in this Resolution, provided that the modification or amendment does  
6 not materially adversely affect the interests of the Note owners.

7 (e) To make such additions, deletions or modifications as may be necessary to  
8 assure exclusion from gross income for purposes of federal income taxation of interest on the  
9 Notes.

10 Any other modification or amendment of this Resolution and of the rights and obligations  
11 of the District and of the owners of the Notes, in any particular, may be made by the District with  
12 the written consent of the owners of a majority in aggregate principal amount of the Notes  
13 outstanding at the time such consent is given. No such modification or amendment shall permit a  
14 change in the terms of maturity of the principal of any outstanding Notes or of any interest  
15 payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or  
16 shall reduce the percentage of Notes the consent of the owners of which is required to effect any  
17 such modification or amendment, or shall reduce the amount of moneys to be applied for the  
18 repayment of the Notes, without the consent of all the owners of the affected Notes, or shall  
19 change or modify any of the rights or obligations of any Fiscal Agent without its written assent  
20 thereto.

21 Section 19. Defeasance. Notes may be paid by the District in any of the following  
22 ways, provided that the District also pays or causes to be paid any other sums payable by the  
23 District pursuant to this Resolution:

24 (i) by paying or causing to be paid the principal of, premium, if any,  
25 and interest on all of the outstanding Notes, as and when the same become due and payable;

26 (ii) by depositing, in trust, at or before maturity, money or non-callable  
27 Federal Securities in the necessary amount to pay all of the outstanding Notes when due; or  
28

1 (iii) by delivering to the Fiscal Agent, for cancellation by it, all of the  
2 outstanding Notes.

3 Notwithstanding any other provisions of this Resolution, any moneys held by the Fiscal  
4 Agent in trust for the payment of the principal of or interest on any Notes and remaining  
5 unclaimed for two (2) years after the principal of all of the Notes has become due and payable, if  
6 such moneys were so held at such date, or two (2) years after the date of deposit of such moneys  
7 if deposited after said date when all of the Notes became due and payable, shall, upon request of  
8 the District, be repaid to the District free from the trusts created by this Resolution, and all  
9 liability of the Fiscal Agent with respect to such moneys shall thereupon cease; provided,  
10 however, that before the repayment of such moneys to the District as aforesaid, the Fiscal Agent  
11 may (at the cost of the District) first mail to the owners of all Notes which have not been paid at  
12 the addresses shown on the registration books maintained by the Fiscal Agent a notice in such  
13 form as may be deemed appropriate by the Fiscal Agent, with respect to the Notes so payable and  
14 not presented and with respect to the provisions relating to the repayment to the District of the  
15 moneys held for the payment thereof.

16 Section 20. Approval of Official Statement. The Board of Supervisors hereby  
17 approves the Preliminary Official Statement relating to the Notes that is hereby deemed to be in  
18 substantially final form, that was presented to the Board of Supervisors at its June 2, 2015, regular  
19 meeting, a copy of which is on file with the Clerk of the Board of Supervisors, and such changes  
20 thereto as shall be agreed upon by the General Manager-Chief Engineer of the Riverside County  
21 Flood and Water Conservation District, District Counsel, Special Counsel and the Underwriter.  
22 The General Manager-Chief Engineer, District Counsel and Special Counsel are hereby  
23 authorized to assist in the preparation and approval on behalf of the District of a Final Official  
24 Statement, consisting of the aforementioned Preliminary Official Statement and such changes as  
25 may be made thereto, with the approval of the Underwriter, prior to the delivery of the Notes.  
26 The Board of Supervisors further hereby authorizes the Underwriter to use and distribute the  
27 Preliminary Official Statement and the Final Official Statement in connection with the offer and  
28 sale of the Notes.

1           Section 21. Continuing Disclosure. The Board approves the form of the Continuing  
2 Disclosure Certificate to be executed and delivered by the District, acting as its own  
3 dissemination agent, presented to the Board at the meeting at which this resolution is adopted.  
4 The Chief Engineer or the Finance Director of the District are authorized to execute and deliver  
5 the final form of the Continuing Disclosure Certificate, which may include such changes or  
6 modifications as are deemed appropriate by the officer executing the same.

7           Section 22. Certification. The General Manager-Chief Engineer or his designee is  
8 hereby authorized to sign on behalf of the District and deliver to the Underwriter at the time of  
9 the delivery of the Notes a certificate certifying to the accuracy of certain of the information  
10 contained in the Preliminary Official Statement and Official Statement.

11           Section 23. Authorization to Execute. The Chairman of the Board of Supervisors, the  
12 Clerk of the Board of Supervisors, the Auditor-Controller of the District, the Treasurer of the  
13 District and the General Manager-Chief Engineer of the District be and they are hereby  
14 authorized and directed to execute and deliver any and all certificates and representations,  
15 including signature certificates, no-litigation certificates, arbitrage bond certificates and  
16 certificates concerning the contents of the official statement proposed to be distributed in  
17 connection with the sale of the Notes, necessary and desirable to accomplish the transactions set  
18 forth above.

19           Section 24. Effect. This resolution shall take effect from and after its adoption.

20                           **ADOPTED** this 2nd day of June, 2015.

21  
22  
23           **ATTEST:** \_\_\_\_\_  
Chairman of the Board of Supervisors  
24  
25           \_\_\_\_\_  
Clerk of the Board of Supervisors  
26  
27  
28



1 EXHIBIT A

2 [FORM OF NOTE]

3 Number Amount

4 UNITED STATES OF AMERICA  
5 STATE OF CALIFORNIA  
6 COUNTY OF RIVERSIDE

7 RIVERSIDE COUNTY FLOOD CONTROL AND  
8 WATER CONSERVATION DISTRICT ZONE 4  
9 2015 NEGOTIABLE PROMISSORY NOTES

10 Interest Rate Maturity Date Dated as of CUSIP No.

11 Registered Owner:

12 Principal Sum: DOLLARS

13 Riverside County Flood Control and Water Conservation District, State of  
14 California (herein called the "District"), acknowledges itself indebted to and promises to pay to  
15 the registered owner identified above or registered assigns, on the maturity date set forth above  
16 the principal sum specified above in lawful money of the United States of America, and to pay  
17 interest thereon in like lawful money from the interest payment date next preceding the date of  
18 authentication of this Note (unless this Note is authenticated as of the day during the period from  
19 the 15th day of the month next preceding any interest payment date to such interest payment date,  
20 inclusive, in which event it shall bear interest from such interest payment date, or unless this Note  
21 is authenticated on or before August 15, 2015, in which event it shall bear interest from its date of  
22 delivery) until payment of such principal sum, at the interest rate per annum stated above, payable  
23 on September 1, 2015 and semiannually thereafter on September 1 and March 1 in each year.  
24 The principal hereof is payable to the registered owner hereof upon the surrender hereof at the  
25 principal corporate trust office of U.S. Bank National Association, the Fiscal Agent/registrar and  
26 transfer agent of the District (herein called the "Fiscal Agent"), in Los Angeles, California. The  
27 interest hereon is payable to the person whose name appears on the registration books of the  
28 Fiscal Agent as the registered owner hereof as of the close of business on the 15th day of the

1 month immediately preceding an interest payment date, whether or not such day is a business day,  
2 such interest to be paid by check or draft mailed to such registered owner at the owner's address  
3 as it appears on such registration books; provided, however, that at the written request of any  
4 owner of any Notes of an aggregate principal amount of at least \$1,000,000, which written  
5 request shall be on file with the Fiscal Agent on or before the Record Date immediately preceding  
6 any Interest Payment Date, interest with respect to such account in the continental United States  
7 as shall be specified in such written request.

8 This Note is an obligation of the District, payable from the Zone 4 Revenues as  
9 defined in the Resolution and funds pledged under the Resolution (as defined herein).

10 This Note is one of a duly authorized issue of Notes of like tenor (except for such  
11 variations, if any, as may be required to designate varying series, numbers, denominations,  
12 interest rates and maturities), amounting in the aggregate to \$\_\_\_\_\_, and is authorized by  
13 Section 48-14.2 of the Water Code-Appendix of the State of California, and is issued and sold by  
14 the Board of Supervisors of the District, State of California, pursuant to and in strict conformity  
15 with the provisions of the Constitution and laws of said State, and of a resolution (herein called  
16 the "Resolution") adopted by said Board of Supervisors on June 2, 2015. All of the terms of the  
17 Resolution are hereby incorporated herein and constitute a contract between the District and the  
18 Owner hereof, and to all of the provisions of which Resolution the owner hereof, by acceptance  
19 hereof, assents and agrees. The Notes are being sold to provide moneys for the construction of  
20 flood control facilities within Zone 4 of the District.

21 Interest on the Notes is payable semiannually on March 1 and September 1 of each  
22 year, commencing September 1, 2015. The Notes are issuable as fully registered Notes without  
23 coupons in the denomination of \$5,000 or any integral multiple thereof, provided that no Note  
24 shall have principal maturing on more than one principal maturity date and shall mature on  
25 September 1 of each of the years from and including September 1, 2015 to and including  
26 September 1, 2024. Subject to the limitations and conditions and upon payment of the charges, if  
27 any, as provided in the Resolution, Notes may be exchanged for a like aggregate principal amount  
28 of Notes of the same series and maturity of other authorized denominations.

1                   This Note is transferable by the registered owner hereof, in person or by attorney  
2                   duly authorized in writing, at said office of the Fiscal Agent, but only in the manner, subject to  
3                   the limitations and upon payment of the charges provided in the Resolution, and upon surrender  
4                   and cancellation of this Note. Upon such transfer, a new Note or Notes of authorized  
5                   denomination or denominations for the same series and same aggregate principal amount will be  
6                   issued to the transferee in exchange herefor.

7                   The District and the Fiscal Agent may treat the registered owner hereof as the  
8                   absolute owner hereof for all purposes, and the District and the Fiscal Agent shall not be affected  
9                   by any notice to the contrary.

10                  The Notes are not subject to optional redemption prior to maturity.

11                  The Resolution and the rights and obligations of the District and of the owners of  
12                  the Notes and of the Fiscal Agent may be modified or amended from time to time and at any time  
13                  in the manner, to the extent, and upon the terms provided in the Resolution; provided that no such  
14                  modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Note  
15                  or otherwise alter or impair the obligation of the District to pay the principal and interest at the  
16                  time and place and at the rate and in the currency provided therein of any Note without the  
17                  express written consent of the owner of such Note, (b) reduce the percentage of Notes required  
18                  for the written consent to any such amendment or modification, or (c) without its written consent  
19                  thereto, modify any of the rights or obligations of the Fiscal Agent, all as more fully set forth in  
20                  the Resolution.

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IN WITNESS WHEREOF, the Board of Supervisors of the District has caused this Note to be signed by its Chairman and the Treasurer of the District, to be countersigned by the Clerk of the Board of Supervisors and the seal of the Board of Supervisors to be placed hereon, as of the day set forth above.

\_\_\_\_\_  
Chairman of the Board of Supervisors

\_\_\_\_\_  
Treasurer of the District

\_\_\_\_\_  
Clerk of the Board of Supervisors

1 **\$21,000,000**  
 2 **RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION**  
 3 **DISTRICT**  
 4 **2015 NEGOTIABLE PROMISSORY NOTES (ZONE 4)**

5 **NOTE PURCHASE AGREEMENT**

6 June \_\_, 2015

7 Riverside County Flood Control and Water Conservation District  
 8 1995 Market Street  
 9 Riverside, California 92501

10 Ladies and Gentlemen:

11 Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), hereby offers to enter  
 12 into this Note Purchase Agreement (the "Agreement") with the Riverside County Flood Control  
 13 and Water Conservation District (the "District") for the purchase by the Underwriter of the  
 14 District's \$\_\_\_\_\_ aggregate principal amount of 2015 Negotiable Promissory Notes  
 15 (Zone 4) (the "Notes"). This offer is made subject to acceptance thereof by the District prior to  
 16 5:00 P.M., California time, on the date hereof, and upon such acceptance, as evidenced by the  
 17 execution hereof by the authorized officers of the District in the space provided below, this  
 18 Agreement shall be in full force and effect in accordance with its terms and shall be binding  
 19 upon the District and the Underwriter.

20 1. Purchase and Sale of Notes. Upon the terms and conditions and upon the basis of  
 21 the representations herein set forth, the Underwriter agrees to purchase from the District, and the  
 22 District agrees to sell to the Underwriter, all (but not less than all) of the Notes. The purchase  
 23 price of the Notes is \$\_\_\_\_\_ (representing the par amount of the Notes, [plus net  
 24 original issue premium of \$\_\_\_\_\_/less net original issue discount of \$\_\_\_\_\_], and  
 25 less an underwriting discount of \$\_\_\_\_\_).

26 The Notes have been authorized and will be issued pursuant to a resolution duly adopted  
 27 by the District on \_\_\_\_\_, 2015 (the "Resolution"), in accordance with the Riverside County  
 28 Flood Control and Water Conservation Act, Appendix Section 48-1 *et seq.* of the Water Code of  
 the State of California (collectively, for purposes of this Agreement, the "Law"), and other  
 applicable laws and the Constitution of the State of California (the "State").

The Underwriter agrees to make a bona fide public offering of the Notes at the initial  
 offering prices or yields set forth in the Official Statement; however, the Underwriter reserves  
 the right to change such initial offering prices or yields as the Underwriter shall deem necessary  
 following the initial public offering period in connection with the marketing of the Notes. Terms  
 defined in the Official Statement are used herein as so defined.

The District acknowledges and agrees that (i) the purchase and sale of the Notes  
 pursuant to this Agreement is an arm's length, commercial transaction between the District and  
 the Underwriter in which the Underwriter is acting solely as a principal and is not a municipal  
 advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended  
 (the "1934 Act")), financial advisor or fiduciary to the District, (ii) the Underwriter has not

1 assumed any advisory or fiduciary responsibility to the District with respect to this Agreement,  
2 the offering of the Notes and the discussions, undertakings and procedures leading thereto  
3 (irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other  
4 services or is currently providing other services to the District on other matters), (iii) the only  
5 obligations the Underwriter has to the District with respect to the transactions contemplated  
6 hereby are set forth in this Agreement, (iv) the Underwriter has financial and other interests that  
7 differ from those of the District, and (v) the District has consulted with its own legal,  
8 accounting, tax, financial and other advisors as applicable, to the extent it has deemed  
9 appropriate in connection with the transactions contemplated by this Agreement.

10  
11 2. Official Statement. The District hereby ratifies, approves and confirms the  
12 distribution of the Preliminary Official Statement of the District with respect to the Notes, dated  
13 June \_\_, 2015 (together with the Appendices thereto, any documents incorporated therein by  
14 reference, and any supplements or amendments thereto, the "Preliminary Official Statement"),  
15 in connection with the public offering and sale of the Notes by the Underwriter. The District  
16 shall deliver, or cause to be delivered, to the Underwriter within seven business days from the  
17 date hereof, two copies of the final Official Statement prepared in connection with the Notes  
18 (together with the Appendices thereto, any documents incorporated therein by reference, and  
19 any supplements or amendments thereto on or prior to the Closing, the "Official Statement") to  
20 be dated as of the date hereof and to be in such form as shall be approved by the District and the  
21 Underwriter and such additional conformed copies thereof as the Underwriter may reasonably  
22 request in sufficient quantities to comply with applicable Municipal Securities Rulemaking  
23 Board ("MSRB") rules, to comply with Rule 15c2-12(b)(5) adopted by the Securities and  
24 Exchange Commission under the 1934 Act, as the same may be amended from time to time  
25 ("Rule 15c2-12") and to meet potential customers' requests for copies of the Official Statement.  
26 By acceptance of this Agreement, the District hereby authorizes the use of copies of the Official  
27 Statement in connection with the public offering and sale of the Notes.

28  
29 3. Delivery of Notes. At 10:00 a.m., California time, on June \_\_, 2015, or at such  
30 earlier or later time or date as shall be agreed upon by the District and the Underwriter (such  
31 time and date herein referred to as the "Closing Date"), the District will deliver (i) through the  
32 facilities of The Depository Trust Company in New York, New York, the Notes in definitive  
33 form (all Notes being in book-entry form registered in the name of Cede & Co. and having the  
34 CUSIP numbers assigned to them printed thereon), duly executed by the officers of the District  
35 as provided in the Resolution, and (ii) to the Underwriter, at the law offices of Best Best &  
36 Krieger, LLP, in Riverside, California, or at such other place as shall be mutually agreed upon  
37 by the District and the Underwriter, the other documents mentioned in Section 7(c) below; and  
38 the Underwriter shall accept such delivery and pay the purchase price of the Notes in federal  
39 funds (such delivery and payment being herein referred to as the "Closing"). Notwithstanding  
40 the foregoing, the Underwriter may, in its discretion, accept delivery of the Notes in temporary  
41 form upon making arrangements with the District which are satisfactory to the Underwriter  
42 relating to the delivery of the Notes in definitive form.

43 4. Representations of the District. The District represents that:

44 (a) The District is a public body, corporate and politic, duly organized and existing,  
45 and authorized to transact business and exercise powers under and pursuant to the provisions of  
46 the Law and has, and as of the Closing Date will have, full legal right, power and authority (i) to  
47 enter into this Agreement, (ii) to adopt the Resolution, (iii) to issue, sell and deliver the Notes to  
48 the Underwriter as provided herein, and (iv) to carry out and to consummate the transactions on

1 its part contemplated by the Resolution, the Continuing Disclosure Certificate for the Notes (the  
2 "Continuing Disclosure Certificate") to be executed and delivered by the District on or prior to  
3 the Closing Date, this Agreement and the Official Statement;

4 (b) The Preliminary Official Statement, as of its date, was correct in all material  
5 respects and did not contain any untrue statement of a material fact or omit to state any material  
6 fact required to be stated therein or necessary in order to make the statements contained therein,  
7 in the light of the circumstances under which they were made, not misleading;

8 (c) The Official Statement (except for the information included therein relating to  
9 DTC and the book-entry system), as of its date, is correct in all material respects and does not  
10 contain any untrue statement of a material fact or omit to state any material fact required to be  
11 stated therein or necessary in order to make the statements contained therein, in the light of the  
12 circumstances under which they were made, not misleading;

13 (d) The District covenants with the Underwriter that prior to the earlier of (i) receipt  
14 of notice from the Underwriter that Official Statements are no longer required under Rule 15c2-  
15 12 or (ii) 25 days after the end of the underwriting period (defined below) (the "Delivery  
16 Period"), if an event occurs, of which the District has knowledge, which might or would cause  
17 the information contained in the Official Statement, as then supplemented or amended, to  
18 contain an untrue statement of a material fact or to omit to state a material fact required to be  
19 stated therein or necessary to make the statements therein, in the light of the circumstances  
20 under which they were made, not misleading, the District shall notify the Underwriter, and if, in  
21 the opinion of the Underwriter, such event requires the preparation and publication of a  
22 supplement or amendment to the Official Statement, the District shall cooperate with the  
23 Underwriter in the preparation of an amendment or supplement to the Official Statement in a  
24 form and in a manner approved by the Underwriter, and all printing expenses thereby incurred  
25 shall be paid for by the District. The term "end of the underwriting period" means the later of (i)  
26 the date the District delivers the Notes to the Underwriter or (ii) the date the Underwriter does  
27 not retain an unsold balance of the Notes for sale to the public. Unless the Underwriter gives  
28 notice to the contrary, the end of the underwriting period shall be deemed to be the Closing  
Date;

(e) 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 end of the  
Delivery Period, the portions of the Official Statement so supplemented or amended (except for  
the information included therein relating to DTC and the book-entry system) 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 the statements therein, in light of the circumstances under which  
they were made, not misleading;

(f) Except as otherwise disclosed in the Official Statement, the District has  
complied, and will at the Closing be in compliance, in all respects, with the Law and any other  
applicable laws of the State;

(g) By official action of the District prior to or concurrently with the acceptance  
hereof, the District has duly authorized and approved the Preliminary Official Statement and the

1 Official Statement, and has duly authorized and approved the execution and delivery of, and the  
2 performance by the District of the obligations on its part contained, in the Resolution, the  
Continuing Disclosure Certificate, the Notes, and this Agreement;

3 (h) The adoption of the Resolution and the execution and delivery of the Notes, the  
4 Continuing Disclosure Certificate, and this Agreement, and compliance with the provisions of  
5 each thereof, will not conflict with or constitute a breach of or default under any law,  
6 administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or  
7 other instrument to which the District is a party or is otherwise subject; and, except as described  
in the Official Statement, the District has not entered into any contract or arrangement of any  
kind which might give rise to any lien or encumbrance on the tax revenues pledged to pay debt  
service on the Notes pursuant to, and subject to the lien under, the Resolution;

8 (i) All approvals, consents and orders of any governmental authority, board, agency  
9 or commission having jurisdiction which would constitute a condition precedent to adoption of  
10 the Resolution, the execution and delivery by the District of this Agreement, the Continuing  
Disclosure Certificate, and the issuance, sale and delivery of the Notes have been obtained or  
11 will be obtained prior to the Closing (provided the District shall not be responsible for state blue  
sky filings);

12 (j) The Notes when issued, authenticated and delivered in accordance with the  
13 Resolution will be validly issued, and will be legal, valid and binding obligations of the District;

14 (k) The terms and provisions of the Resolution comply in all respects with the  
15 requirements of the Law, the Resolution has been duly adopted by the District, and the  
Resolution, this Agreement, and the Continuing Disclosure Certificate are valid, legal and  
16 binding upon the District enforceable in accordance with their respective terms subject to  
17 bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and  
18 general rules of equity (regardless of whether such enforceability is considered in a proceeding  
at law or in equity);

19 (l) Except as disclosed in the Official Statement, there is no action, suit, proceeding,  
20 inquiry or investigation, at law or in equity, before or by any court, public board or body,  
pending with respect to which the District has been served with process or, to the knowledge of  
21 the officer of the District executing this Purchase Contract or the general counsel of the District,  
in each case after due investigation, threatened against the District, affecting the existence of the  
22 District or the titles of its members or officers, or seeking to enjoin the sale, issuance or delivery  
of the Notes or the tax revenues of the District pledged to pay the principal of, redemption  
23 premium, if any, and interest on the Notes under the Resolution, or the pledge thereof, or in any  
way contesting or affecting the validity or enforceability of the Notes, the Resolution, the  
24 Continuing Disclosure Certificate, or this Agreement or contesting in any way the completeness  
or accuracy of the Preliminary Official Statement or the Official Statement or contesting the  
25 power or authority of the District to issue the Notes, to adopt the Resolution or to execute and  
26 deliver this Agreement, or the Continuing Disclosure Certificate nor is there any basis therefor,  
wherein an unfavorable decision, ruling or finding would materially adversely affect the validity  
27 or enforceability of the Notes, the Resolution, the Continuing Disclosure Certificate or this  
28 Agreement;



1 (m) Any certificate signed by an authorized officer of the District and delivered to the  
2 Underwriter shall be deemed a representation and warranty of the District to the Underwriter as  
to the statements made therein;

3 (n) Each of the Notes shall be secured in the manner and to the extent set forth in the  
4 Resolution;

5 (o) The District has not been notified of any listing or proposed listing by the  
6 Internal Revenue Service to the effect that the District is an issuer whose arbitrage certificates  
may not be relied upon;

7 (p) At the time of the Closing, there shall not have been any material adverse change  
8 in the financial condition of the District or any material adverse change in the valuation of  
9 taxable property in the District, as described in the Official Statement, since the date of the  
Official Statement;

10 (q) Between the date of this Agreement and the Closing Date, the District will not,  
11 without the prior written consent of the Underwriter, and except as disclosed in the Official  
12 Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any  
13 material liabilities, direct or contingent, secured by the tax revenues pledged to pay debt service  
on the Notes pursuant to, and subject to the lien under, the Resolution;

14 (r) Except as described in the Official Statement, the District has not failed to  
15 comply in all material respects with any continuing disclosure undertakings by the District  
16 under Rule 15(c)2-12, and the District has made any and all remedial filings [and has  
17 established policies and procedures], as described in the Official Statement[, that the District  
believes will be sufficient to ensure timely future compliance with its continuing disclosure  
undertakings];

18 (s) There are no liens on the tax revenues pledged to pay debt service on the Notes  
19 under the Resolution on a parity with or senior to the lien created on such tax revenues by the  
Resolution, except as described in the Official Statement; and

20 (t) As of the time of acceptance hereof and as of the Closing Date, except as  
21 otherwise disclosed in the Official Statement, the District has complied with all material  
provisions of the Law.

22 5. Representations of the Underwriter. The Underwriter represents that it has full  
23 right, power, and authority to enter into this Agreement.

24 6. Rule 15c2-12 Covenant. The District will undertake, pursuant to the Continuing  
25 Disclosure Certificate, to provide certain annual financial information and notices of the  
26 occurrence of certain events. A description of these undertakings is set forth in the Preliminary  
27 Official Statement and will also be set forth in the final Official Statement. The Continuing  
28 Disclosure Certificate is being executed and delivered by the District in order to assist the  
Underwriter in complying with paragraph (b)(5) of Rule 15c2-12. The District represents that, in  
the past five years, it has always filed its annual reports on a timely basis as required by its  
continuing disclosure undertakings and has complied with its undertakings to report on certain  
events, except as described in the Preliminary Official Statement and the Official Statement.

1  
2 7. Conditions to Obligations of Underwriter. The Underwriter has entered into this  
3 Agreement in reliance upon the representations, warranties and agreements of the District  
4 contained herein and upon the accuracy of the statements to be contained in the documents,  
5 opinions and instruments to be delivered at the Closing. Accordingly, the Underwriter's  
6 obligations under this Agreement to purchase, accept delivery of, and pay for the Notes on the  
Closing Date is subject to the performance by the District of its obligations hereunder at or prior  
to the Closing. The parties hereto expressly understand that the obligations to purchase the  
Notes are and shall be subject to the following further conditions:

7 (a) At the time of the Closing, (i) the representations and warranties of the District  
8 contained herein shall be true and correct; (ii) each of the documents and certificates required to  
9 be delivered at Closing shall have been duly executed, acknowledged and delivered by the  
10 appropriate parties thereto, shall be in full force and effect and shall not have been amended,  
11 modified or supplemented, except as therein permitted or as may have been agreed to in writing  
by the Underwriter; and (iii) the Resolution shall be in full force and effect and shall not have  
been amended, modified or supplemented, except as may have been agreed to in writing by the  
Underwriter;

12 (b) The Underwriter shall have the right to cancel its obligations to purchase the  
13 Notes if between the date hereof and the Closing:

14 (1) legislation shall have been enacted (or resolution passed) by or introduced  
15 or pending legislation amended in the Congress of the United States or the State or shall  
16 have been reported out of committee or be pending in committee (specifically including,  
17 but not limited to, legislation which if enacted would adversely affect the District's  
18 receipt of tax revenues), or a decision shall have been rendered by a court of the United  
19 States or the State or the Tax Court of the United States, or a ruling shall have been  
20 made or a resolution shall have been proposed or made or any other release or  
21 announcement shall have been made by the Treasury Department of the United States or  
the Internal Revenue Service, or other federal or State authority, with respect to federal  
or State taxation upon interest on obligations of the general character of the Notes or  
with respect to the security pledged to pay debt service on the Notes, that, in the  
Underwriter's reasonable judgment, materially adversely affects the market for the  
Notes, or the market price generally of obligations of the general character of the Notes;

22 (2) there shall exist any event that, in the Underwriter's reasonable judgment,  
23 either (A) makes untrue or incorrect in any material respect any statement or information  
24 in the Official Statement or (B) 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;

25 (3) there shall have occurred any outbreak or escalation of hostilities or other  
26 local, national or international calamity or crisis, or a default with respect to the debt  
27 obligations of, or the institution of proceedings under the federal bankruptcy laws by or  
28 against, any state of the United States or agency thereof, or any city in the United States  
having a population of over one million, the effect of which on the financial markets of  
the United States will be such as in the Underwriter's reasonable judgment, makes it

1 impracticable for the Underwriter to market the Notes or enforce contracts for the sale of  
2 the Notes;

3 (4) there shall be in force a general suspension of trading on the New York  
4 Stock Exchange, or minimum or maximum prices for trading shall have been fixed and  
5 be in force, or maximum ranges for prices for securities shall have been required and be  
6 in force on the New York Stock Exchange, whether by virtue of determination by that  
7 Exchange or by order of the Securities and Exchange Commission of the United States  
8 or any other governmental authority having jurisdiction that, in the Underwriter's  
9 reasonable judgment, makes it impracticable for the Underwriter to market the Notes or  
10 enforce contracts for the sale of the Notes;

11 (5) a general banking moratorium shall have been declared by federal, New  
12 York or State authorities having jurisdiction and be in force that, in the Underwriter's  
13 reasonable judgment, makes it impracticable for the Underwriter to market the Notes or  
14 enforce contracts for the sale of the Notes;

15 (6) legislation shall be enacted or be proposed or actively considered for  
16 enactment, or a decision by a court of the United States shall be rendered, or a ruling,  
17 regulation, proposed regulation or statement by or on behalf of the Securities and  
18 Exchange Commission of the United States or other governmental agency having  
19 jurisdiction of the subject matter shall be made, to the effect that the Notes, any  
20 obligations of the general character of the Notes or the Resolution are not exempt from  
21 the registration, qualification or other requirements of the Securities Act of 1933, as  
22 amended and as then in effect, or otherwise are or would be in violation of any provision  
23 of the federal securities laws;

24 (7) the New York Stock Exchange or other national securities exchange, or  
25 any governmental authority, shall impose any material restrictions not now in force with  
26 respect to the Notes or obligations of the general character of the Notes or securities  
27 generally, or materially increase any such restrictions now in force, including those  
28 relating to the extension of credit by, or the charge to the net capital requirements of,  
underwriters;

(8) any rating or credit outlook of the Notes or other obligations of the  
District by a national rating agency shall have been withdrawn or downgraded; or

(9) there shall have been any materially adverse change in the affairs of the  
District which in the Underwriter's reasonable judgment materially adversely affects the  
market for the Notes.

(c) At or prior to the Closing the Underwriter shall receive the following:

(1) The approving opinion of Best Best & Krieger LLP, Riverside, California  
("Special Counsel") with respect to the Notes, addressed to the District, with a reliance  
letter to the Underwriter, dated the Closing Date, in substantially the form attached to the  
Official Statement as APPENDIX D;

1 (2) A supplemental opinion or opinions of Special Counsel with respect to  
2 the Notes, addressed to the Underwriter, dated the Closing Date, in substantially the  
3 form attached hereto as Exhibit A;

4 (3) The opinion of counsel to the District with respect to the Notes, addressed  
5 to the Underwriter and the District, dated the Closing Date, in substantially the form  
6 attached hereto as Exhibit B;

7 (4) A certificate dated the Closing Date, signed by an authorized  
8 representative of the District to the effect that: (i) the representations, warranties and  
9 covenants of the District contained herein are true and correct in all material respects on  
10 and as of the Closing Date with the same effect as if made on the Closing Date; (ii) the  
11 District has complied with all the agreements and satisfied all of the conditions on its  
12 part to be performed or satisfied under this Agreement and the Resolution at or prior to  
13 Closing; (iii) no event has occurred since the date of the Official Statement which either  
14 makes untrue or incorrect in any material respect as of the Closing Date any statement of  
15 information contained in the Official Statement or is not reflected in the Official  
16 Statement but should be reflected therein in order to make the statements and  
17 information therein not misleading in any material respect; (iv) the Resolution is in full  
18 force and effect and has not been amended in any respect; and (v) no consent is required  
19 for the inclusion of the District's Annual Financial Report, including the accompanying  
20 accountant's letter, for Fiscal Year ending June 30, 2014, in the Official Statement;

21 (5) The negative assurance letter, dated the Closing Date and addressed to the  
22 District and the Underwriter, of Best Best & Krieger LLP, as Disclosure Counsel to the  
23 District, to the effect that, based upon their participation in the preparation of the Official  
24 Statement as Disclosure Counsel to the District and without having undertaken to  
25 determine independently the accuracy, completeness or fairness of the statements  
26 contained or referred to in the Official Statement, such counsel has no reason to believe  
27 that the Official Statement, as of its date and as of the Closing Date (except for the  
28 financial statements and the other financial, statistical and economic data and forecasts,  
and related numbers, charts, estimates, projections, assumptions and expressions of  
opinion included therein and the information included therein relating to The Depository  
Trust Company 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 required to be stated therein necessary to make the  
statements therein, in light of the circumstances under which they were made, not  
misleading;

29 (6) A certificate of U.S. Bank National Association, as fiscal agent, registrar  
30 and transfer agent for the Notes (the "Fiscal Agent"), dated the Closing Date and  
31 addressed to the District and the Underwriter, to the effect that: (i) the Fiscal Agent is a  
32 national banking association organized and existing under and by virtue of the laws of  
33 the United States of America, having full power and being qualified and duly authorized  
34 to perform the duties and obligation of the Fiscal Agent under and pursuant to the  
35 Resolution; (ii) the Fiscal Agent has agreed to perform the duties and obligations of the  
36 Fiscal Agent as set forth in the Resolution; (iii) compliance with the provisions on the  
37 Fiscal Agent's part contained in the Resolution will not conflict with or constitute a

1 breach of or default under any judgment, decree, loan agreement, indenture, bond, note,  
2 resolution, agreement or other instrument to which the Fiscal Agent is a party or is  
3 otherwise subject, or, to the best knowledge of the Fiscal Agent, any material law or  
4 administrative regulation to which the Fiscal Agent is subject, as a result of which the  
5 Fiscal Agent's ability to perform its obligations under the Resolution would be impaired;  
6 and (iv) the Fiscal Agent has not been served in any action, suit, proceeding, inquiry or  
7 investigation, at law or in equity, before or by any court, governmental agency, public  
8 board or body, pending nor, to the best of the knowledge of the Fiscal Agent, is any such  
9 action, suit, proceeding, inquiry or investigation threatened against the Fiscal Agent,  
10 affecting the existence of the Fiscal Agent, or the titles of its officers to their respective  
11 offices or seeking to prohibit, restrain or enjoin the issuance, sale and delivery of the  
12 Notes or the collection of tax revenues pledged to pay the principal of, premium, if any,  
13 and interest on the Notes under the Resolution, or in any way contesting the powers of  
14 the Fiscal Agent or its authority to perform its obligations under the Resolution, wherein  
15 an unfavorable decision, ruling or finding would materially adversely affect the validity  
16 or enforceability of the Resolution or the Notes;

17 (7) A copy of this Agreement, duly executed and delivered by the parties  
18 hereto;

19 (8) A copy of the Official Statement, executed on behalf of the District by an  
20 authorized officer of the District;

21 (9) A copy of the Continuing Disclosure Certificate, executed on behalf of  
22 the District by an authorized officer of the District;

23 (10) A certified copy of the Resolution;

24 [(11) An opinion of counsel to the Fiscal Agent, in form and substance  
25 acceptable to the Underwriter;]

26 (12) An executed copy of the Tax Certificate in form and substance acceptable  
27 to Special Counsel;

28 (13) Evidence that Standard & Poor's Financial Services, LLC has issued and  
not withdrawn its rating of "\_\_\_" on the Notes, and the documents delivered on the  
Closing shall satisfy any conditions or assumptions related to such ratings, and no action  
shall have been taken or threatened with a view to the suspension, downgrade or  
withdrawal of such ratings as of the Closing;

(14) An opinion of Jones Hall, A Professional Law Corporation, Underwriter's  
Counsel, dated the Closing Date and addressed to the Underwriter, in form and  
substance satisfactory to the Underwriter;

(15) A copy of the Notice of Sale required to be delivered to the California  
Debt and Investment Advisory Commission pursuant to Section 8855 of the Government  
Code; and

(16) Such additional legal opinions, certificates, proceedings, instruments and  
other documents as the Underwriter or Special Counsel may reasonably request to

1 evidence compliance by the District with this Agreement, legal requirements (including  
2 tax exemption), and the performance or satisfaction by the District at or prior to such  
3 time of all agreements then to be performed and all conditions then to be satisfied by the  
4 District. The District will furnish the Underwriter with such conformed copies of such  
5 opinions, certificates, letters and documents as the Underwriter may reasonably request.  
6 If the District shall be unable to satisfy the conditions to the obligations of the  
7 Underwriter contained in this Agreement, or if the obligations of the Underwriter shall  
8 be terminated for any reason permitted by this Agreement, this Agreement shall  
9 terminate and neither the Underwriter nor the District shall have any further obligations  
10 hereunder, except as provided in Section 8 hereof. However, the Underwriter may in its  
11 discretion waive one or more of the conditions imposed by this Agreement for the  
12 protection of the Underwriter and proceed with the Closing.

8  
9 8. Expenses. The Underwriter shall be under no obligation to pay, and the District  
10 shall pay from its available funds or from the proceeds of the Notes, the following expenses: (i)  
11 all expenses in connection with the preparation, distribution and delivery of the Preliminary  
12 Official Statement, the Official Statement, and any amendment or supplement thereto, and this  
13 Agreement; (ii) all expenses in connection with the printing, issuance and delivery of the Notes;  
14 (iii) the fees and disbursements of Special Counsel and Disclosure Counsel; (iv) the fees and  
15 disbursements of counsel and consultants, including pricing and redevelopment advisors, to the  
16 District in connection with the Notes; (v) the disbursements of the District in connection with  
17 the Notes; (vi) the fees and disbursements of the Fiscal Agent, including but not limited to, fees  
18 and disbursements of its counsel, travel and other expenses; (vii) any and all fees incurred in  
19 connection with obtaining a rating on the Notes or in obtaining any form of credit enhancement  
20 or bond insurance; and (viii) all expenses in connection with the preparation, execution and  
21 delivery of the Notes and the Continuing Disclosure Certificate and the preparation and  
22 adoption of the Resolution.

17 9. Qualification under Securities Laws. The District agrees to cooperate with the  
18 Underwriter in any endeavor to qualify the Notes for offering and sale under the securities or  
19 "blue sky" laws of such jurisdictions of the United States as the Underwriter may request;  
20 provided that the District shall not be required to qualify in, or submit to the general jurisdiction  
21 of, any state in which it is not now so qualified or of which it has not submitted to the general  
22 jurisdiction. The District consents to the use of the Preliminary Official Statement and Official  
23 Statement by the Underwriter in obtaining such qualifications.

22 10. Notice. Any notice or other communication to be given to the District or the  
23 Underwriter under this Agreement may be given by delivering the same in writing to:

24 Riverside County Flood Control and Water Conservation District  
25 1995 Market Street  
26 Riverside, California 92501  
27 Attention: \_\_\_\_\_

26 Stifel, Nicolaus & Company, Incorporated  
27 One Montgomery Street, Suite 3700  
28 San Francisco California 94104  
Attention: Holly Vocal



## SCHEDULE I

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\$ \_\_\_\_\_  
RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
2015 NEGOTIABLE PROMISSORY NOTES (ZONE 4)

| <u>Maturity Date</u><br>(September 1) | <u>Original Par</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> |
|---------------------------------------|--------------------------------------|--------------------------------|--------------|--------------|
|---------------------------------------|--------------------------------------|--------------------------------|--------------|--------------|

<sup>c</sup> \_\_\_\_\_  
Priced to the optional redemption date on September 1, 202\_ at [par].



EXHIBIT A

FORM OF SUPPLEMENTAL OPINION OF SPECIAL COUNSEL

§ \_\_\_\_\_  
**RIVERSIDE COUNTY FLOOD CONTROL DISTRICT  
2015 NEGOTIABLE PROMISSORY NOTES (ZONE 4)**

We have acted as Special Counsel to the Riverside County Flood Control District (the "District") in connection with its sale of the District's \$ \_\_\_\_\_ aggregate principal amount of 2015 Negotiable Promissory Notes (Zone 4) (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the District (the "Resolution") on \_\_\_\_\_, 2015.

In that connection we have examined originals or copies certified or otherwise identified to my satisfaction of the Resolution, the Tax Certificate dated as of the date hereof (the "Tax Certificate"), the Continuing Disclosure Certificate of the District for the Notes, dated as of \_\_\_\_\_, 2015 (the "Continuing Disclosure Certificate"), the Note Purchase Agreement, dated June \_\_, 2015 (the "Note Purchase Agreement"), between the District and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), and the Official Statement of the District, dated June \_\_, 2015 (the "Official Statement") relating to the Notes. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

Based upon our examination of the foregoing and the pertinent laws of the United States of America and the State of California, we are of the opinion that:

(1) The District has duly authorized, executed and delivered the Note Purchase Agreement, the Continuing Disclosure Certificate, and each of the Note Purchase Agreement, the Continuing Disclosure Certificate and the Resolution constitutes the legal, valid and binding obligation of the District, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles when equitable remedies are sought and to the exercise of judicial discretion in appropriate cases.

(2) The statements and information contained or summarized in the Official Statement on the cover page and under the headings ["THE NOTES" and "TAX MATTERS," and in "APPENDIX D --- PROPOSED FORM OF SPECIAL COUNSEL OPINION" ] thereto (but not including any statistical or financial information set forth under such headings, as to which we express no opinion) insofar as such statements expressly summarize certain provisions of the Law, the Notes, and Special Counsel's final approving opinion relating to the Notes, are accurate in all material respects.

(3) The Notes are exempt from registration under the Securities Act of 1933, as amended.

Very truly yours,

EXHIBIT B

FORM OF OPINION OF COUNSEL TO THE DISTRICT

[Closing Date]

§ \_\_\_\_\_  
**RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
2015 NEGOTIABLE PROMISSORY NOTES (ZONE 4)**

Ladies and Gentlemen:

This letter is addressed to you pursuant to paragraph 7(c)(3) of the Note Purchase Agreement, dated June \_ 2015 (the "Note Purchase Agreement"), between the Riverside County Flood Control and Water Conservation District (the "District") and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), providing for the purchase by the Underwriter from the District of \$ \_\_\_\_\_ aggregate principal amount of the District's 2015 Negotiable Promissory Notes (Zone 4) (the "Notes"). The Notes are being issued pursuant to the provisions of the Riverside County Flood Control and Water Conservation Act, Appendix Section 48-1 *et seq.* of the Water Code of the State of California (collectively, for purposes of this opinion, the "Law") and the District Resolution (as defined herein). All capitalized terms used in this letter and not otherwise defined shall have the meaning ascribed to them in the Note Purchase Agreement.

I have acted as general counsel to the District in connection with its issuance of the Notes. In such connection, I have reviewed (a) the resolution adopted by the District (the "District Resolution"), authorizing the execution and delivery of the Financing Documents (as hereinafter defined) and approving the Official Statement, (b) certificates of the District and others as to certain factual matters, and (c) such other documents and matters to the extent I deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date of this letter. I have not undertaken to determine the legal consequences of any such actions, omissions or events occurring after the date of this letter. With the delivery of this letter, my engagement with respect to the Notes has concluded, and I disclaim any obligation to update this letter. Except for the genuineness of signatures of persons representing the District (which I affirmatively believe to be genuine), I have assumed, without undertaking to verify independently, the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, all parties thereto other than the District. I have assumed, without undertaking to verify independently, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph of this letter. I express no opinion as to the tax status of interest payable on the Notes. I also undertake no responsibility of any kind for the Official Statement or other offering material relating to the Notes and express no opinion relating thereto except as expressly set forth in numbered paragraph (vi) below.

Based on and subject to the foregoing, and in reliance thereon, as of the date of this letter, I am of the following opinions:

(i) The District is a public body corporate and politic duly organized and validly existing under the laws of the State, including but not limited to the Law.

(ii) The Note Purchase Agreement and the Continuing Disclosure Certificate (the "Financing Documents") have been duly authorized, executed and delivered by the District and constitute the valid, legal and binding agreements of the District 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.

(iii) The District Resolution has been duly adopted, is in full force and effect and has not been modified, amended or rescinded.

(iv) The execution and delivery of the Financing Documents and compliance with the provisions of the District Resolution and the Financing Documents, under the circumstances contemplated thereby, (a) to the best of my knowledge based on inquiry deemed sufficient by me for the purpose of this opinion, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound, and (b) do not and will not in any material respect constitute on the part of the District a violation, breach of or default under any existing law, regulation, court order or consent decree to which the District is subject.

(v) Except as otherwise disclosed in the Official Statement and to the best of my knowledge after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or threatened against the District, challenging the creation, organization or existence of the District or the validity of the District Resolution or the Financing Documents or seeking to restrain or enjoin the repayment of the Notes or in any way contesting or affecting the validity of the District Resolution or the Financing Documents or contesting the authority of the District to enter into or perform its obligations under the District Resolution or any of the Financing Documents, or which, in any manner, questions the right of the District to use the tax revenues pledged to pay debt service on the Notes under the District Resolution for repayment of the Notes, or affecting in any manner the right or ability of the District to pledge, collect or use such revenues under and pursuant to the District Resolution.

(vi) With respect to the Official Statement, without having undertaken to determine independently the accuracy, completeness or fairness of such discussion, nothing has come to our attention which would lead us to believe that the statements contained in the Official Statement (excluding therefrom the financial and statistical data and forecasts included therein, and information included therein relating to The Depository Trust Company and the book-entry system, as to which no opinion is expressed) contains any 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.

Very truly yours,