

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

452



FROM: Public Financing Authority

SUBMITTAL DATE:
February 3, 2011

SUBJECT: Resolution Number 2011-02 Authorizing the Purchase and Sale of Redevelopment Agency for the County of Riverside Tax Allocation Housing Bonds

RECOMMENDED MOTION: That the Board of Directors adopt Resolution Number 2011-02 authorizing the Purchase and Sale Redevelopment Agency for the County of Riverside tax allocation housing bonds, Series A, and Redevelopment Agency for the County of Riverside taxable tax allocation housing bonds, Series A-T, approving related documents, and authorizing official actions

BACKGROUND: The Redevelopment Agency for the County of Riverside proposes to issue its not to exceed \$35,000,000 combined initial aggregate principal amount of its 2011 Tax Allocation Housing Bonds, Series A, and its 2011 Taxable Tax Allocation Housing Bonds, Series A-T, for the purpose of financing low- and moderate-income housing of benefit to the Agency's various redevelopment project areas.

RF Field
Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0.00	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0.00	For Fiscal Year:	2011/12

SOURCE OF FUNDS: RDA Low and Moderate Income Housing	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
BY: *Jennifer L. Sargent*
County Executive Office Signature

MINUTES OF THE BOARD OF DIRECTORS OF THE PUBLIC FINANCING AUTHORITY
On motion of Director Benoit, seconded by Director Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: February 15, 2011
xc: Public Finance Authority, EDA, RDA
(Comp. Item 3.41 & 4.5)

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

5.1

Prev. Agn. Ref.: District: ALL Agenda Number:

FORM APPROVED COUNTY COUNSEL BY: *Anita C. Willis* 2-3-11
ANITA C. WILLIS
Departmental Concurrence

Dept't Recomm.: Consent
Per Exec. Ofc.: Consent
Policy Policy

2 RESOLUTION NO. 2011-02

3

4 RESOLUTION OF THE RIVERSIDE COUNTY PUBLIC

5 FINANCING AUTHORITY AUTHORIZING THE PURCHASE AND

6 SALE OF REDEVELOPMENT AGENCY FOR THE COUNTY OF

7 RIVERSIDE 2011 TAX ALLOCATION HOUSING BONDS,

8 SERIES A, AND REDEVELOPMENT AGENCY FOR THE

9 COUNTY OF RIVERSIDE 2011 TAXABLE TAX ALLOCATION

10 HOUSING BONDS, SERIES A-T, APPROVING RELATED

11 DOCUMENTS, AND AUTHORIZING OFFICIAL ACTIONS

12

13 WHEREAS, the County of Riverside (the "County"), and the Redevelopment

14 Agency for the County of Riverside ("the Agency") have entered into a Joint Exercise of

15 Powers Agreement, dated as of March 20, 1990 (the "Agreement"), creating the

16 Riverside County Public Financing Authority (the "Authority");

17 WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the

18 Government Code of the State of California (the "Act") and the Agreement, the

19 Authority is authorized to purchase bonds issued by the Agency;

20 WHEREAS, pursuant to the Act and the Agreement the Authority is further

21 authorized to sell bonds so purchased to public or private purchasers at public or

22 negotiated sale;

23 WHEREAS, under the Community Redevelopment Law of the State of

24 California, twenty percent (20%) of the tax revenues allocated to the Agency are

25 required to be set aside in a Low and Moderate Income Housing Fund for use in

26 increasing the supply of low- and moderate-income housing in the County;

27

28

1 **WHEREAS**, the Agency has determined to issue two series of bonds to fund
2 various housing activities relating to low- and moderate- income housing and of benefit
3 to the Agency's various redevelopment projects;

4 **WHEREAS**, the Authority desires to purchase from the Agency its
5 Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing
6 Bonds, Series A (the "Series A Bonds"), solely from the proceeds received from the
7 Authority's concurrent sale of the Series A Bonds to the Underwriter (as defined
8 below);

9 **WHEREAS**, the Authority also desires to purchase from the Agency its
10 Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation
11 Housing Bonds, Series A-T (the "Series A-T Bonds" and, together with the Series A
12 Bonds, the "Bonds"), solely from the proceeds received from the Authority's concurrent
13 sale of the Series A-T Bonds to the Underwriter;

14 **WHEREAS**, the combined aggregate principal amount of the Series A Bonds
15 and the Series A-T Bonds shall not exceed \$35,000,000;

16 **WHEREAS**, the Agency has caused an Official Statement relating to the Bonds
17 (the "Official Statement") to be submitted to the Authority for approval for distribution to
18 purchasers of the Bonds; and

19 **WHEREAS**, the Board of Directors (the "Board") of the Authority has duly
20 considered such transactions and wishes at this time to authorize proceedings for the
21 purchase and sale of the Bonds in the public interests of the Authority;

22 **NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the
23 Riverside County Public Financing Authority, as follows:

24 **Section 1. Recitals True and Correct.** The foregoing recitals are true and
25 correct and this Authority so finds and determines.

26 **Section 2. Sale of Bonds.** The Authority hereby approves the purchase and
27 sale of the Bonds by negotiation with Stone & Youngberg LLC and E. J. De La Rosa &
28 Co., Inc as underwriters (collectively, the "Underwriter"). The Bond Purchase

1 Agreements (the "Purchase Agreements"), one each for the Series A Bonds and the
2 Series A-T Bonds, each by and among the Authority, the Underwriter and the Agency,
3 pursuant to which the Agency agrees to sell the Bonds to the Authority, for re-sale to
4 the Underwriter, and the Underwriter agrees to purchase the Bonds from the Authority,
5 in the form on file with the Secretary, be and the same are hereby approved, and the
6 Chairman, the Vice Chairman, the Executive Director, the Assistant Executive Director
7 and the Deputy Executive Director of the Agency (who is also an Assistant Secretary of
8 the Authority), are hereby separately authorized and directed to execute said
9 documents, with such changes, insertions and omissions as may be approved by such
10 official, including modifications to provide for the private placement of all or a portion of
11 the Bonds and the payment of placement agent fees, if any, so long as: (A) the
12 combined aggregate principal amount of the Series A Bonds and the Series A-T Bonds
13 does not exceed \$35,000,000, (B) the true interest cost on the Series A Bonds does
14 not exceed 9.00% per annum, (C) the Underwriter's discount (exclusive of original
15 issue discount) on the Series A Bonds does not exceed 1.00%,(D) the true interest
16 cost on the Series A-T Bonds does not exceed 10.25% per annum, and (E) the
17 Underwriter's discount (exclusive of original issue discount) on the Series A-T Bonds
18 does not exceed 1.00%.

19 **Section 3. Official Statement.** The Official Statement relating to the Bonds,
20 together with such amendments and supplements as shall be necessary or convenient
21 to accurately describe the Bonds in accordance with the Purchase Agreements, this
22 Resolution and the other related proceedings and documents, is hereby approved for
23 distribution to the purchasers of the Bonds.

24 **Section 4. Official Action.** The Chairman, the Vice Chairman, the Executive
25 Director, the Assistant Executive Director, the Deputy Executive Director of the
26 Agency, in his capacity as Assistant Secretary of the Authority, and the Secretary and
27 any and all other officers of the Authority are hereby authorized and directed, for and in
28 the name and on behalf of the Authority, to do any and all things and take any and all

1 actions, including execution and delivery of any and all assignments, certificates,
2 notices, consents, instruments of conveyance, warrants and other documents, which
3 they, or any of them, may deem necessary or advisable in order to consummate the
4 sale and delivery of the Bonds to the Authority for resale and delivery to the
5 Underwriter pursuant to the Purchase Agreements approved herein.

6 **Section 5. Effective Date.** This resolution shall take effect from and after the
7 date of approval and adoption thereof.

8 ///

9 ///

10 ///

ROLL CALL:

11 Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
12 Nays: None
13 Absent: None

14 The foregoing is certified to be a true copy of a resolution duly
15 adopted by said Board of Supervisors on the date therein set forth.

16 KECIA HARPER-IHEM, Clerk of said Board

17 By: _____
18 Deputy

19
20
21 FORM APPROVED COUNTY COUNSEL

22 BY: Anita C. Willis 2-3-11
23 ANITA C. WILLIS DATE

24
25
26
27
28 S:\RDACOMRDA_ADMN\Bond Issues\2011 Housing\PFA HOUSING BONDS RESOLUTION 2011-02.doc

CLERK OF THE BOARD

Kecia Harper-Ihem



Memorandum

February 14, 2011

TO: Board of Supervisors

FROM: Kecia Harper-Ihem, Clerk of the Board

RE: Debt Advisory Committee (DAC) Report as it Relates to items 3.41, 4.5, 5.1 of February 15, 2011

On February 8, 2011 the Board of Supervisors approved items 3.50, 4.4 and 5.1. Subsequently, it was noted that those items needed to be reviewed by the Debt Advisory Committee. The meeting of the DAC took place February 10, 2011 and the report is attached herewith

02-15-2011
5.1




MEMORANDUM

EXECUTIVE OFFICE, COUNTY OF RIVERSIDE

Bill Luna
County Executive Officer

Jay E. Orr
Assistant County Executive Officer

TO: Supervisors

FROM: Christopher Hans, DAC Chair 

DATE: February 10, 2011

RE: Split Vote in Favor of RDA Bonds

Before the Board on February 15 for consideration and approval are two separate RDA bond issuances (item 4.5). The items were reviewed at the Debt Advisory Committee (DAC) on Thursday, February 10. Per Board policy, unless the committee unanimously supports a proposal, the Board should be given an explanation of the minority opinion. A brief report from me as the committee's chair follows.

By a split vote (3 for, 2 against, and 1 abstention) the committee narrowly supported approval of the RDA bonds before the Board on 2/14/01.

As financial advisor, C.M. DeCrisis was hired by RDA both to provide logistical support and to identify potential risks. They provided a lengthy list of risks (see attached). The discussion of the risks led to a lengthy debate which ultimately resulted in the split vote mentioned above.

Those in favor agreed:

- the worthy nature of the projects that would be built using proceeds was demonstrated
- the risks were significant
- the cash flow assumptions left enough cushion to make the risks tolerable

One dissenting opinion had the following main concern:

- the rushed process did not allow adequate time for review

The second dissenting opinion had several main concerns:

- excessive expected borrowing costs – in the range of 7-9% are enough to warrant a delay
- there is a reasonable chance (should property values fall more than 2%) that RDA would be unable to make debt service payments
- issuing poorly rated bonds puts the County's reputation and credit rating at risk; though RDA is legally separate, the public and rating agencies might not see the distinction

Risks of Financing Program

- ▶ Legislative Risk and Possible Impact on Agency
- ▶ Subordinated Pass-Through Agreement Risks to Bond Program
- ▶ Rating Downgrades on Existing Bonds.
- ▶ High debt levels and associated Risk for Subordinated Pass Through Payments and Bond Debt Service
- ▶ High Interest Rates – tax allocation credit spreads to other bonds are high
- ▶ Bond Program has risk to future bonding flexibility if State budget proposal on RDAs fails to be enacted
- ▶ Headline Risk of Bond Program – Rushing to Market
- ▶ Risk that Bonds are sold but not closed



MEMORANDUM

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

Robert Field
Assistant County Executive Officer/EDA

TO: Board of Supervisors

FROM: Robert Field
Assistant County Executive Officer / EDA

DATE: February 14, 2011

SUBJECT: Minority Opinion Response (Items 3.40; 4.5 and 5.1)

Response to DAC Dissenting Opinion

1. "The rushed process did not allow for adequate time for review."

The submission to the debt advisory commission was provided 8 days in advance of the meeting, in accordance with DAC policy. No questions were forwarded from the committee members prior to the meeting. It was also offered to hold additional meetings later in the day to provide more time. It is not clear that there were any unanswered questions that could have resulted in a different vote.

2. "The excessive expected borrowing costs – in the range of 7 to 9% are enough to warrant a delay."

The cost of issuing the housing bonds is less than 2% of the amount borrowed and is not appreciably higher than is normally the case. The expected interest cost relative to other types of bonds is higher by approximately 1% due to state budget headline risk and concerns over real estate in California in General. This puts bond interest rates in the 7 to 9% area. There is no assurance that a delay in issuing the bonds would lower interest cost. If the interest rate spread narrowed between tax allocation bonds and other types of bonds the rates might drop to the 6% to 8 % range. However, if interest rates rose in general, future rates for the Housing Bonds may be higher. Also 50% of the proposed issue is taxable which has higher rates. A delay in issuance may preclude any bonds from being issued at all.

3. "There is a reasonable chance (should property values fall more than 2%) that RDA would be unable to make debt service payments."

The issuance before the Board today is for the Housing Bonds. The coverage on debt service is 125%. For the Housing Bonds to have insufficient coverage it would require a drop of 14% in assessed valuation in the RDA's project areas.

4. "Issuing poorly rated bonds puts the County's reputation and credit rating at risk through RDA is legally separate, the public and rating agencies might not see the



MEMORANDUM

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

Robert Field
Assistant County Executive Officer/EDA

distinction.”

The Housing Bonds are expected to be rated in the “A” category. The current ratings are A2/A- which are high by redevelopment standards. Even if the ratings on the Housing bonds were downgraded to BBB+ the rating would still be investment grade and would not impact the ratings on the County General Fund bonds or investor perception. The RDA did issue BBB rated bonds in the Mid County Area in 2010 with no impact on the County GF ratings. In fact, for the entire twenty year history of the RDA, its bond ratings have generally been lower than the County’s.

The dissenting opinions do raise rating issues related to the proposed issuance of the three series of Non Housing Bonds to be discussed at a subsequent (March 1) Board meeting. The concerns raised above may more appropriately apply to these issuances not the Housing issue. The attached risks of the financing program do not all apply to the Housing issue. The Risks applicable to the Housing Issue are:

- i. The State may stop the issuance of the bonds at any time and the County will have incurred costs.
- ii. Bond proceeds, if uncommitted, may have to be used to pay debt service depending on final legislation.
- iii. The rating on prior housing bonds may be downgraded if the 2011 bonds have a lower rating—a risk for investors.
- iv. Interest rates are higher due to concerns about the State Budget as discussed above
- v. The County might be criticized for rushing to bond ahead of State Action or there may be other impacts

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: ROB FIELD

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: _____

Date: _____ **Agenda #** 5.1

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

_____ **Support** _____ **Oppose** _____ **Neutral**

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ **Support** _____ **Oppose** _____ **Neutral**

I give my 3 minutes to: _____

COUNTY BOARD OF SUPERVISORS

ITEM 3.41

RDA BOARD OF DIRECTORS

ITEM 4.5

PFA BOARD OF DIRECTORS

ITEM 5.1

Back-up

February 15, 2011

PRELIMINARY OFFICIAL STATEMENT

**NEW ISSUE
BOOK ENTRY ONLY**

**RATINGS: Moody's: "___"
Standard & Poor's: "___"
See "Rating" herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. However, the interest on the Series A-T Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on both the Series A Bonds and the Series A-T Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____ *
**REDEVELOPMENT AGENCY FOR THE COUNTY OF
RIVERSIDE**
2011 Tax Allocation Housing Bonds, Series A

\$ _____ *
**REDEVELOPMENT AGENCY FOR THE COUNTY OF
RIVERSIDE**
**2011 Taxable Tax Allocation Housing Bonds,
Series A-T**

Dated: Date of Delivery

Due: October 1, as shown below

The Redevelopment Agency For the County of Riverside (the "Agency") is issuing its \$ _____ principal amount of Redevelopment Agency For the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "Series A Bonds") and its \$ _____ Redevelopment Agency For the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "Series A-T Bonds" and, together with the Series A Bonds, the "Bonds"). Proceeds of the Bonds will be used to (i) pay the costs of certain low and moderate income housing projects of the Agency with respect to the Agency's redevelopment projects as herein described (the "Project Areas"), (ii) fund a Reserve Subaccount with the proceeds of the Bonds; and (iii) pay costs of issuance relating to the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of \$5,000 maturity amount or any integral multiple thereof, under the book-entry system maintained by DTC. The Series A Bonds will be issued as Current Interest Bonds, as Capital Appreciation Bonds and as Convertible Capital Appreciation Bonds. The Series A-T Bonds will be issued as Current Interest Bonds.

The principal of, premium if any, and semiannual interest on the Current Interest Bonds is payable on October 1 and April 1 of each year, commencing October 1, 2011). The Capital Appreciation Bonds will not bear current interest but will accrete interest from the date of their delivery, compounded semiannually on October 1 and April 1 of each year, commencing October 1, 2011. On the respective Conversion Dates set forth on the inside cover page, the Convertible Capital Appreciation Bonds will convert to Bonds in principal amounts equal to the Accreted Value (defined herein) thereof that bear interest on a current basis. After the Conversion Date, interest with respect to the Convertible Capital Appreciation Bonds will accrue and be payable semiannually on October 1 and April 1 of each year. Payments of principal, interest or Accreted Value will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), Los Angeles, California, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the applicable series of Bonds. The Accreted Values of the Capital Appreciation Bonds are set forth in Appendix J hereto.

The Bonds are subject to optional redemption and mandatory redemption as further described herein. See "THE SERIES A BONDS" and "THE SERIES A-T BONDS."

The Bonds are payable from Housing Tax Revenues (as defined herein) being a portion of Tax Revenues (as defined herein) to be derived from the Project Areas and from amounts on deposit in certain funds and accounts established for the respective series of the Bonds on a parity with each other and on a parity with the repayment of four series of bonds of the Agency, as described herein. See "SECURITY FOR THE BONDS". The receipt of Housing Tax Revenues is subject to certain risks and limitations. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES" herein.

THE BONDS ARE NOT A DEBT OF THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY, AND NEITHER THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM HOUSING TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREAS AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE RESPECTIVE INDENTURES. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AGENCY OR THE COUNTY, NOR ANY PERSONS EXECUTING THE BONDS, ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

**MATURITY SCHEDULE
(SEE INSIDE FRONT COVER)**

The Bonds are offered when, as and if issued, subject to the approval of their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed upon for the Agency by Riverside County Counsel and for the Underwriters by Stradling Yocca Carlson & Rauth, Newport Beach, California. It is anticipated that the Bonds will be available for delivery in definitive form on or about _____, 2011.

[Stone & Youngberg logo]

[De La Rosa logo]

Dated: _____, 2011

* Preliminary, subject to change.

**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 Tax Allocation Housing Bonds, Series A**

Base CUSIP†: 769123

MATURITY SCHEDULE

\$ _____ Current Interest Bonds

\$ _____ % Term Bonds Maturing October 1, 20__; Yield: _____ %^C; CUSIP†: _____

\$ _____ % Term Bonds Maturing October 1, 20__; Yield: _____ %^C; CUSIP†: _____

\$ _____ Capital Appreciation Bonds

<u>Maturity Date (October 1)</u>	<u>Initial Principal Amount</u>	<u>Yield to Maturity</u>	<u>Value at Maturity</u>	<u>CUSIP†</u>
--	---	------------------------------	------------------------------	---------------

**\$ _____ Denominational Amount (\$ _____ Conversion Value)
Convertible Capital Appreciation Bonds**

<u>Maturity (August 1)</u>	<u>Initial Principal Amount</u>	<u>Accretion Rate to Conversion</u>	<u>Conversion Date</u>	<u>Conversion Value</u>	<u>Interest Rate after Conversion</u>	<u>Yield</u>	<u>CUSIP†</u>
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**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 Taxable Tax Allocation Housing Bonds, Series A-T**

Base CUSIP†: 769123

MATURITY SCHEDULE

\$ _____ % Term Bonds Maturing October 1, 20__; Yield: _____ %^C; CUSIP†: _____

\$ _____ % Term Bonds Maturing October 1, 20__; Yield: _____ %^C; CUSIP†: _____

\$ _____ % Term Bonds Maturing October 1, 20__; Yield: _____ %^C; CUSIP†: _____

† CUSIP® A registered trademark of the of the American Bankers Association. Copyright© 1999-2011 Standard & Poor's, Division of The McGraw-Hill Companies, Inc. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Redevelopment Agency nor the Underwriters takes any responsibility for the accuracy of such numbers.

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

AGENCY/COUNTY BOARD OF SUPERVISORS

Bob A. Buster, District 1
John F. Tavaglione, District 2
Jeff Stone, District 3
John J. Benoit, District 4
Marion Ashley, District 5

AGENCY STAFF

Robert Field, *Executive Director*
Lisa Brandl, *Deputy Executive Director*
Paul Angulo, *Agency Auditor/Controller*
Pamela J. Walls, *County Counsel*

SPECIAL SERVICES

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Bond and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Financial Advisor

C. M. de Crinis & Co. Inc.
Sherman Oaks, California

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

TABLE OF CONTENTS

INTRODUCTION	1
THE FINANCING PLAN	5
The Projects.....	5
Estimated Sources and Uses of Funds.....	6
Debt Service Schedules.....	7
THE BONDS	9
Authority for Issuance	9
Description.....	9
Redemption Provisions	10
SECURITY FOR THE BONDS	13
Allocation of Taxes.....	13
Pledge of Housing Tax Revenues.....	14
No Power to Tax.....	14
Outstanding Parity Debt.....	14
Additional Parity Debt	15
Reserve Subaccount.....	15
Tax Sharing Agreements and Statutory Tax Sharing	17
THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE	18
Authority and Personnel.....	18
Agency Administration	18
Budgetary Policies	18
THE PROJECT AREAS	19
Redevelopment Plans.....	19
Redevelopment Plan Limitations.....	21
Appeals.....	23
Land Use in the Project Areas.....	24
Historic Assessed Valuation	24
Largest Taxpayers in the Project Areas.....	26
PROJECTED COVERAGE ON THE BONDS	27
BOND OWNERS' RISKS	30
Reduction in Taxable Value.....	30
Reduction in Inflationary Rate and Changes in Legislation	30
Levy and Collection.....	30
Impact of Redevelopment Plan Expirations.....	31
Factors Relating to Sub-Prime Loans	31
State of California Fiscal Issues; ERAF; SERAF	31
Hazardous Substances.....	37
Seismic Considerations and Natural Calamities	37
Bankruptcy.....	37
Changes in the Law	38
Secondary Market.....	38
LIMITATIONS ON TAX REVENUES.....	38
Property Tax Limitations - Article XIII A	38
Challenges to Article XIII A	39
Property Taxes; Teeter Plan.....	39
Tax Collection Fees	40
Unitary Taxation of Utility Property.....	40
Future Initiatives	40
OTHER INFORMATION.....	41
Continuing Disclosure	41
Litigation.....	41
Tax Matters.....	41
Legal Opinion	42
Rating.....	42

The Authority	42
Underwriting.....	43
Miscellaneous.....	44

APPENDIX A	DESCRIPTION OF PROPOSED PROJECTS OF THE AGENCY
APPENDIX B	GENERAL INFORMATION ABOUT EACH PROJECT AREA
APPENDIX C	COUNTY OF RIVERSIDE GENERAL INFORMATION
APPENDIX D	AGENCY'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2009-10
APPENDIX E	FORMS OF OPINION OF BOND COUNSEL
APPENDIX F	SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES
APPENDIX G	FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX H	FISCAL CONSULTANT REPORT
APPENDIX I	BOOK-ENTRY ONLY BONDS
APPENDIX J	TABLES OF ACCRETED VALUES

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Agency in any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Agency or any other entity described or referenced herein since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Agency or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriters. The Underwriters have submitted the following statement for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

[placeholder for area map]

OFFICIAL STATEMENT

\$ _____ *
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 Tax Allocation Housing Bonds, Series A

and

\$ _____ *
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 Taxable Tax Allocation Housing Bonds, Series A-T

INTRODUCTION

General

The purpose of this Official Statement of the Redevelopment Agency For the County of Riverside (the "**Agency**") is to set forth information in connection with the sale of its \$ _____ * principal amount of Redevelopment Agency For the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "**Series A Bonds**") and its \$ _____ * principal amount of Redevelopment Agency For the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "**Series A-T Bonds**" and, together with the Series A Bonds, the "**Bonds**"). The Series A Bonds will be issued (i) as current interest bonds ("**Current Interest Bonds**") in the aggregate principal amount of \$ _____, (ii) as capital appreciation bonds ("**Capital Appreciation Bonds**") in the aggregate initial principal amount of \$ _____ and a total aggregate maturity amount of \$ _____, and (iii) as Convertible Capital Appreciation Bonds ("**Convertible Capital Appreciation Bonds**") in the aggregate initial principal amount of \$ _____ and a total aggregate Conversion Value of \$ _____. The Series A-T Bonds will be issued only as Current Interest Bonds.

The Bonds are being issued under the Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "**Redevelopment Law**"). The Series A Bonds are being issued under an Indenture of Trust, dated as of December 1, 2004, as amended and supplemented, including as amended and supplemented by a Third Supplement to Indenture of Trust, dated as of March 1, 2011 (the "**Series A Bonds Indenture**") each between the Agency and The Bank of New York Mellon Trust Company, N.A., or its predecessor, as trustee (the "**Trustee**"). The Series A-T Bonds are being issued under an Indenture of Trust, dated as of December 1, 2004, as amended and supplemented, including as amended and supplemented by a Second Supplement to Indenture of Trust, dated as of March 1, 2011 (the "**Series A-T Bonds Indenture**") each between the Agency and the Trustee (the "**Series A-T Bonds Indenture**" and, together with the Series A Bonds Indenture, the "**Indentures**").

The proceeds of the Bonds will be used to (i) finance low and moderate income housing projects with respect to the Project Areas, (ii) fund a Reserve Subaccount with the proceeds of the Bonds, and (iii) pay costs of issuance relating to the Bonds.

The Bonds are being issued for sale to the Riverside County Public Financing Authority (the "**Authority**") pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "**JPA Law**"). The Bonds purchased by the Authority will be resold concurrently to Stone & Youngberg LLC and De La Rosa & Co., as underwriters (the

* Preliminary, subject to change.

"Underwriters").

The Series A Bonds and the Series A-T Bonds are special obligations of the Agency secured on a parity with each other, and on a parity with the 2004 Bonds, the 2005 Bonds, and the 2010 Bonds (the **"Existing Parity Bonds"**, all as described herein) by a pledge of, security interest in and first lien on a portion of tax increment revenues derived from the Agency's redevelopment projects, as herein described (the **"Redevelopment Projects"** or, sometimes, the **"Project Areas"**) that are required by the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Areas (the **"Housing Tax Revenues"**) as further defined herein; see "SECURITY FOR THE BONDS - Pledge of Housing Tax Revenues" herein).

The County

The County, which encompasses 7,303 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 26 incorporated cities in Riverside County. For certain information regarding the County, see "APPENDIX C - COUNTY OF RIVERSIDE GENERAL INFORMATION."

The Agency and the Project Areas

The Agency was activated on August 6, 1985, by ordinance of the Board of Supervisors (the **"Board"**) of the County of Riverside (the **"County"**) under the Redevelopment Law. The Board at the same time declared itself to be the governing body of the Agency.

There are five separate Project Areas designated as follows and more particularly described under the caption "THE PROJECT AREAS":

- Redevelopment Project Area No. 1 (the **"Redevelopment Project Area No. 1"**),
- Jurupa Valley Redevelopment Project Area (the **"Jurupa Valley Redevelopment Project Area"**),
- Mid-County Redevelopment Project Area (the **"Mid-County Redevelopment Project Area"**),
- Desert Communities Redevelopment Project Area (the **"Desert Communities Redevelopment Project Area"**), and
- Interstate 215 Corridor Redevelopment Project Area (the **"Interstate 215 Corridor Redevelopment Project Area"**).

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation

over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated. Taxes collected upon the increase in assessed valuations in the Project Areas and received on or after the date of issuance of the Bonds are referred to herein as the "Tax Revenues".

Not less than 20% of the Tax Revenues are required by the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund (the "Housing Fund") for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Areas (the "Housing Tax Revenues").

Based on assessment roll data provided by the Riverside County Auditor-Controller and the State Board of Equalization, the 2010-11 aggregate assessed valuation for the five Project Areas is approximately \$11.4 billion. For Fiscal Year 2009-10, aggregate Tax Revenues were approximately \$99.3 million and aggregate Housing Tax Revenues were approximately \$19.9 million. (See "APPENDIX H - FISCAL CONSULTANT REPORT - Table 4-A").

Should there occur any future decrease in the taxable valuation in the Project Areas or in the applicable tax rates, the Tax Revenues (as more particularly described under the caption "SECURITY FOR THE BONDS -- Tax Revenues") allocated to the Agency from the Project Areas would be reduced and, correspondingly, Housing Tax Revenues would be reduced having a possible adverse impact on the ability of the Agency to repay the Bonds. See "BOND OWNERS RISKS" herein.

Outstanding Parity Debt

The Agency currently has outstanding:

- \$38,225,000 2004 Tax Allocation Housing Bonds, Series A (the "**2004 Series A Bonds**"), currently outstanding in the aggregate principal amount of \$38,225,000.
- \$37,000,000 2004 Taxable Tax Allocation Housing Bonds, Series A-T (the "**2004 Series A-T Bonds**"), currently outstanding in the aggregate principal amount of \$30,140,000.
- \$18,245,000 principal amount of Redevelopment Agency for the County of Riverside 2005 Tax Allocation Housing Refunding Bonds, Series A (the "**2005 Bonds**"), currently outstanding in the aggregate principal amount of \$15,955,000.
- \$15,885,000 2010 Tax Allocation Housing Bonds, Series A (the "**2010 Series A Bonds**"), currently outstanding in the aggregate principal amount of \$15,885,000.
- \$50,860,000 2010 Taxable Tax Allocation Housing Bonds, Series A-T (the "**2010 Series A-T Bonds**"), currently outstanding in the aggregate principal amount of \$50,860,000.

The Agency has pledged Housing Tax Revenues to the repayment of the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Bonds, the 2010 Series A Bonds and the 2010 Series A-T Bonds (collectively, the "**Outstanding Parity Bonds**"), which pledge is on a parity with the Agency's pledge of Housing Tax Revenues for the payment of debt service on the Bonds. See "SECURITY FOR THE BONDS – Outstanding Parity Debt."

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as trustee with respect to the Series A Bonds and the Series A-T Bonds under the respective Indentures.

C. M. de Crinis & Co., Inc., Sherman Oaks, California, has acted as Financial Advisor to the Agency in the structuring and presentation of the financing.

Urban Analytics, LLC, San Francisco, California, has acted as Fiscal Consultant to the Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Areas. See "APPENDIX H - FISCAL CONSULTANT'S REPORT" herein.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Jones Hall is also acting as Disclosure Counsel. Certain legal matters will be passed on for the Agency by Riverside County Counsel. Stradling Yocca Carlson & Rauth, Newport Beach, California is serving as counsel to the Underwriters. The fees and expenses of the Financial Advisor, Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Summaries of Documents

There follows in this Official Statement brief descriptions of the Bonds, the security for the Bonds, the Agency, the Project Areas and certain other information relevant to the issuance and sale of the Bonds. All references herein to the Indentures are qualified in their entirety by reference to the definitive form thereof and all references to the Bonds are further qualified by references to the information with respect thereto contained in the respective Indentures. Selected information regarding the County is included in Appendix C. The Agency's audited financial statements for the Fiscal Year ended June 30, 2010, are included in Appendix D. The proposed forms of Bond Counsel's legal opinions for the Bonds are set forth in Appendix E. A summary of certain provisions of the Indentures is contained in Appendix F. The proposed form of Continuing Disclosure Certificate is included in Appendix F. The report of the Fiscal Consultant is contained in Appendix H. All capitalized terms used herein and not normally capitalized have the meanings assigned to them in the Indentures, unless otherwise stated in this Official Statement. Definitions of certain terms used herein are set forth in "APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES - Definitions." Copies of the Indentures are available for inspection during business hours at the office of the Agency, 3403 10th Street, Riverside, California, 92501 and at the corporate trust office of the Trustee in Los Angeles, California.

Other Information; Continuing Disclosure

This Official Statement speaks only of its date, as set forth on the cover hereof, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Agency or the County since the date hereof.

The Agency has covenanted in the Indentures and in a Continuing Disclosure Certificate to prepare and deliver an annual report by means of the Electronic Municipal Market Access website operated by the Municipal Securities Rule Making Board, and to provide certain other information. See the caption "OTHER INFORMATION - Continuing Disclosure" and

"APPENDIX G - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

THE FINANCING PLAN

The Projects

The net proceeds of the Series A Bonds and the Series A-T Bonds will be deposited into separate accounts in the Housing Fund which is held by the Trustee, and will be expended by the Agency to finance low and moderate income housing programs, projects and activities relating to the Project Areas located within such a Project Area or within the County, but outside of a Project Area. Proceeds of the Series A Bonds will primarily be used to make grants or to finance public improvements related to a housing project. The proceeds of the Series A-T Bonds will generally be used to make loans. It is expected that the net proceeds of the Bonds will be used to finance some or all of the following projects:

Project	Estimated Cost	Tax-Exempt Portion (Series A)	Taxable Portion (Series A-T)
Orange Blossom Multi-Family Redevelopment Project	\$4,000,000	\$4,000,000	
Acquisition, Rehabilitation, and Resale Program	\$6,000,000		\$6,000,000
Infill Housing Development Program	\$5,000,000	\$5,000,000	
Tres Lagos Phase II	\$4,000,000		\$4,000,000
North Hemet Specific Plan Development Implementation	\$10,000,000	\$10,000,000	
Highgrove Residential	\$6,000,000		\$6,000,000
Thermal Multi-Family Housing Project	\$5,000,000		\$5,000,000
Glen Avon Subdivision	\$3,000,000		\$3,000,000
Avenue 34 th Residential	\$3,000,000		\$3,000,000

For descriptions of the projects listed above, see "APPENDIX A - DESCRIPTION OF PROPOSED PROJECTS OF THE AGENCY" attached hereto.

In addition, the Agency may use a portion of the proceeds to pay interest on the Bonds during the period ending three years from the date of delivery of the Bonds. The actual timing and scope of the foregoing projects are unknown and cannot be guaranteed. It is possible that one or more of the above may not occur. The Agency may, consistent with the Redevelopment Law and its covenants set forth in the Indentures authorizing the Bonds, substitute other projects for those which are described above.

Finally, reference is hereby made to the heading "Proposed 2011-12 Budget and Redevelopment Agencies" under "BONDOWNERS' RISKS - State of California Fiscal Issues; ERAF; SERAF". Among other things, Governor Brown in his proposed State budget for fiscal year 2011-12 seeks legislation disestablishing redevelopment agencies and providing for the transfer of unspent low and moderate income housing funds to the applicable local housing

authority. Assuming the successful disestablishment of the Agency, it is possible that unspent Bond proceeds could be transferred to the Housing Authority of the County of Riverside and be used to finance low and moderate income housing projects by the Authority.

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds from the sale of the Bonds and amounts to be used to finance costs of the projects described above are estimated to be applied as follows:

TABLE 1

ESTIMATED SOURCES AND USES OF PROCEEDS

The anticipated sources and uses of funds relating to the Bonds are as follows:

<u>SOURCES:</u>	<u>SERIES A BONDS</u>	<u>SERIES A-T BONDS</u>
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Par Amount		
Less: Original Issue Discount		
Less: Underwriters' Discount		
<i>Total Sources:</i>		

USES:

Deposit to Low and Moderate Income Housing Account		
Reserve Subaccount		
Deposit to Costs of Issuance Fund ⁽¹⁾		
<i>Total Uses:</i>		

⁽¹⁾ Includes Trustee fees, Financial Advisor Fees, Fiscal Consultant fees, Bond Counsel and Disclosure Counsel fees, printing costs, rating agency fees and other related costs.

Debt Service Schedules

The following table presents debt service for the Series A Bonds.

**TABLE 2
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 Tax Allocation Housing Bonds, Series A**

Debt Service Schedule

Year Ending October 1	Series A Bonds Principal or Initial Amount	Series A Bonds Interest or Accreted Value	Series A Bonds Debt Service
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
Total			

The following table presents debt service for the Series A-T Bonds.

TABLE 3
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 Taxable Tax Allocation Housing Bonds, Series A-T

Debt Service Schedule

Year Ending October 1	Series A-T Bonds Principal	Series A-T Bonds Interest	Series A-T Bonds Debt Service
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total			

THE BONDS

Authority for Issuance

The Bonds are being issued under the Indentures and the provisions of the Redevelopment Law. On _____, 2011, the Agency adopted resolutions authorizing the execution and delivery of the Indentures and the issuance and sale of the Bonds.

Description

Current Interest Bonds and Convertible Capital Appreciation Bonds. The Current Interest Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on April 1 and October 1 (each, an **"Interest Payment Date"**), commencing October 1, 2011, and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Current Interest Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date.

The Convertible Capital Appreciation Bonds will initially be issued as Capital Appreciation Bonds and will convert to Bonds that pay interest on a current basis on the conversion date set forth on the inside cover page hereof (the **"Conversion Date"**). The Convertible Capital Appreciation Bonds will be dated the Dated Date, and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 Conversion Value (where the **"Conversion Value"** means the accreted value of a Convertible Capital Appreciation Bond on the Conversion Date for such Bond) and any integral multiple thereof. The Conversion Value of each Capital Appreciation Bond is equal to its Accreted Value, being comprised of its Initial Principal Amount and the semi-annually compounded interest between the delivery date and its applicable Conversion Date. See "APPENDIX G – Accreted Value Tables".

Each Current Interest Bond and each Convertible Capital Appreciation Bond after its Conversion Date shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before September 15, 2011, in which event it shall bear interest from the date of delivery of the Current Interest Bonds (the **"Closing Date"**); provided, however, that if, as of the date of authentication of any Current Interest Bond and on each Convertible Capital Appreciation Bond after its Conversion Date, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months).

Interest on the Current Interest Bonds and each Convertible Capital Appreciation Bonds after its Conversion Date (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Current Interest Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

Capital Appreciation Bonds. The Capital Appreciation Bonds will be issued in authorized denominations of \$5,000 maturity amount or integral multiples thereof and will be dated their date of delivery. The Capital Appreciation Bonds mature on the dates and in the

maturity amounts and shall accrete interest at the rates per annum set forth on the inside cover hereof.

Interest on the Capital Appreciation Bonds will not be paid until maturity or prior redemption. The amounts of each Capital Appreciation Bonds is equal to its Accreted Value, which is comprised of its initial principal amount and the compounded interest between the Closing Date and its respective maturity or redemption date.

"Accreted Value" means, with respect to Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds (until the Conversion Date), the initial principal amount of and accrued and compounded interest thereon as of any April 1 or October 1 determined solely by reference to the Table of Accreted Values set forth on the form of the Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable. The Accreted Value for any date not specified in said Table shall be determined by adding to the Accreted Value set forth in said Table for the date next preceding the date in question (the "Preceding Accreted Value") that portion of the difference between the Preceding Accreted Value and the Accreted Value for the date set forth in said Table for the date next succeeding the date in question (the "Succeeding Accreted Value") that the number of days (based on twelve 30-day months) from the Preceding Accreted Value bears to the total number of days from the date of the Preceding Accreted Value to the date of the Succeeding Accreted Value.

General Provisions. The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "Book-Entry System" below. Ownership may be changed only upon the registration books maintained by The Bank of New York Mellon Trust Company, N.A. (the "Trustee") as provided in the Indenture. See "Transfer and Exchange of Bonds" below.

Notwithstanding the foregoing, while the Series A Bonds or the Series A-T Bonds, or both, are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the applicable Bonds, for subsequent disbursement to Participants and beneficial owners. See "APPENDIX I - BOOK-ENTRY ONLY BONDS".

Redemption Provisions*

Optional Redemption of the Series A Bonds. The Series A Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Series A Bonds that are Current Interest Bonds or Convertible Capital Appreciation Bonds maturing on and after October 1, 20__, are subject to redemption, at the option of the Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed in the case of Current Interest Bonds, and the [Accreted Value/]Conversion Value thereof in the case of Convertible Capital Appreciation Bonds, together with accrued interest thereon to the date fixed for redemption, without premium.

The 2011 Series A Bonds that are Capital Appreciation Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The 2011 Series A Bonds that are Capital Appreciation Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any April 1 or October 1 on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot

* Preliminary, subject to change.

within a maturity, from any available source of funds, at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds to be redeemed, without premium.

Optional Redemption of the Capital Appreciation Bonds. The 2011 Series A Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The 2011 Series A Bonds that are Capital Appreciation Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any April 1 or October 1 on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds to be redeemed, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Series A Bonds pursuant to optional redemption and of the maturities selected for redemption at least forty-five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee). The Current Interest Bonds, the Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds may all be separately redeemed.

Optional Redemption of the Series A-T Bonds. The Series A-T Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Series A-T Bonds maturing on and after October 1, 20__, are subject to redemption, at the option of the Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series A-T Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, with no premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Series A-T Bonds pursuant to optional redemption and of the maturities selected for redemption at least forty-five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

Sinking Fund Redemption of Series A Bonds. Series A Bonds maturing October 1, 20__ and October 1, 20__ are subject to mandatory redemption in part by lot, on October 1 in each of the years set forth in the following tables, from deposits made for such purposes under the Indenture authorizing the Series A Bonds, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased under such Indenture, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Series A Term Bonds have been redeemed under the optional redemption provisions described above, the total amount of all future sinking account payments will be reduced by the aggregate principal amount of the Series A Term Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Agency.

\$ _____ Series A Term Current Interest Bonds Maturing October 1, 20

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u> <u>To be Redeemed</u>
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2011 Series A Term Convertible Capital Appreciation Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Conversion ValuePrincipal
Amount To Be
Redeemed or Purchased

(maturity)

Sinking Fund Redemption of Series A-T Bonds. Series A-T Bonds maturing on October 1, 20__, on October 1, 20__, and on October 1, 20__ (the "**Series A-T Term Bonds**") are subject to mandatory redemption in part by lot, on October 1 in each of the years set forth in the following tables, from deposits made for such purposes under the Indenture authorizing the Series A-T Bonds, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased under such Indenture, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Series A-T Term Bonds have been redeemed under the optional redemption provisions described above, the total amount of all future sinking account payments will be reduced by the aggregate principal amount of the Series A-T Term Bonds so redeemed, to be allocated among such sinking account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Agency.

\$ Term Bonds Maturing October 1, 20

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u> <u>To be Redeemed</u>
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\$ Term Bonds Maturing October 1, 20

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u> <u>To be Redeemed</u>
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\$ Term Bonds Maturing October 1, 20

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u> <u>To be Redeemed</u>
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In lieu of redemption of the Series A Term Bonds or Series A-T Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund established for the Series A Bonds or the Series A-T Bonds under the applicable Indenture (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year under the applicable Indenture) may also be used and withdrawn at the direction of the Agency at any time for the purchase of the Series A Term Bonds or the Series A-T Terms Bonds, as applicable, at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Agency in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding October 1.

Notice of Redemption. The Trustee on behalf and at the expense of the Agency is required to mail notice of any redemption to the respective Owners of any Bonds designated for redemption, at their respective addresses appearing on the Registration Books, and to Ambac Indemnity, the Securities Depositories and to one or more Information Services as designated in the Indenture at least 30 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

The Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

SECURITY FOR THE BONDS

Allocation of Taxes

As provided in the respective Redevelopment Plans, and in Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation for fiscal years beginning after the effective date of the ordinance approving the Redevelopment Plan shall be divided as follows:

1. That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the Project Areas as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance approving the Redevelopment Plan shall be allocated to, and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid; and

2. Except for taxes which are attributable to a tax levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the applicable taxing agency, that portion of levied taxes each year in excess of such amount will be allocated to, and when collected, will be paid to the Agency to pay the principal of and interest on loans to, money advanced to, or indebtedness incurred by the Agency to finance redevelopment projects.

Pledge of Housing Tax Revenues

The Bonds, together with the Outstanding Parity Bonds, are secured by a first pledge of and lien on Housing Tax Revenues which consist of a portion of the Tax Revenues. The respective Indentures define "**Tax Revenues**" to mean all taxes pledged and annually allocated within the Plan Limitations, following the Closing Date, and paid to the Agency with respect to the Project Areas pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds or to the payment of Parity Debt, as applicable.

The respective Indentures define "**Housing Tax Revenues**" to mean that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund (referred to herein as the "Housing Fund").

No Power to Tax

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues and, therefore, the amount of Housing Tax Revenues that would otherwise be available to pay the principal of, and interest on, the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS".

The Bonds are not a debt of the County, the State of California or any of its political subdivisions other than the Agency, and neither the County, State, nor any of its political subdivisions other than the Agency is liable. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction on the amount of debt.

Existing Parity Debt

2004 Series A Bonds and 2004 Series A-T Bonds. On December 29, 2004, the Agency issued its \$38,225,000 principal amount of Redevelopment Agency For the County of Riverside 2004 Tax Allocation Housing Bonds, Series A (the "**2004 Series A Bonds**") and its \$37,000,000 principal amount of Redevelopment Agency For the County of Riverside 2004 Taxable Tax Allocation Housing Bonds, Series A-T (the "**2004 Series A-T Bonds**" and, together with the 2004 Series A Bonds, the "**2004 Bonds**"). Proceeds of the 2004 Bonds were used to pay the costs of certain low and moderate income housing projects of the Agency with respect to the Project Areas. The 2004 Series A Bonds are currently outstanding in the aggregate

principal amount of \$38,225,000 and the 2004 Series A-T Bonds are currently outstanding in the aggregate principal amount of \$31, 230,000.

2005 Bonds. On April 21, 2005, the Agency issued its \$18,245,000 principal amount of Redevelopment Agency For the County of Riverside 2005 Tax Allocation Housing Refunding Bonds, Series A (the "**2005 Bonds**"). Proceeds of the 2005 Bonds were be used to prepay the portions of loans of the Agency which were payable from low and moderate income housing funds of the Agency, and consequently refunded the applicable portions of the bonds issued by the Riverside County Public Financing Authority (the "**Authority**") to fund such loans. The 2005 Bonds are currently outstanding in the aggregate principal amount of \$16,360,000.

2010 Series A Bonds and 2010 Series A-T Bonds. On June 3, 2010, the Agency issued its \$15,885,000 principal amount of Redevelopment Agency For the County of Riverside 2010 Tax Allocation Housing Bonds, Series A (the "**2010 Series A Bonds**") and its \$50,860,000 principal amount of Redevelopment Agency For the County of Riverside 2010 Taxable Tax Allocation Housing Bonds, Series A-T (the "**2010 Series A-T Bonds**" and, together with the 2010 Series A Bonds, the "**2010 Bonds**"). Proceeds of the 2010 Bonds were used to pay the costs of certain low and moderate income housing projects of the Agency with respect to the Project Areas. The 2010 Series A Bonds are currently outstanding in the aggregate principal amount of \$15,885,000 and the 2010 Series A-T Bonds are currently outstanding in the aggregate principal amount of \$50,860,000.

The Agency has pledged Housing Tax Revenues to the repayment of the Outstanding Parity Bonds, which pledge is on a parity with the Agency's pledge of Housing Tax Revenues for the payment of debt service on the Bonds. See Table 9 "Projected Debt Service Coverage Schedule" for the debt service schedule of the Outstanding Parity Bonds.

Additional Parity Debt

In addition to the Bonds and the Parity Bonds, the Agency may issue or incur other obligations on a parity with the Bonds and the Parity Bonds. In such event, the Agency must comply with the requirements of the respective Indentures relating to Parity Debt, including the requirement that the Housing Tax Revenues for each succeeding Fiscal Year, based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant, plus any Additional Revenues, shall be at least equal to one hundred and twenty percent (120%) (one hundred twenty five percent (125%) for so long as any of the 2005 Series A Bonds remain outstanding) of Annual Debt Service on the Bonds, Parity Bonds and any Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. For all the requirements that must be met for the issuance of Parity Debt, see "APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES – Issuance of Parity Debt".

Reserve Subaccount

Pursuant to the Indenture, the Trustee will establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2011 Reserve Subaccount", together with a 2011 Series A-T Sub-subaccount and a 2011 Series A Sub-subaccount therein. Amounts on deposit in the 2011 Reserve Subaccount shall be available to pay debt service only on the Series A Bonds, the Series A-T Bonds and any other Parity Debt hereafter issued that the Agency elects to be secured by the 2011 Reserve Subaccount. In the event that the Agency elects to secure additional Parity Debt with the 2011 Reserve Subaccount, the Agency shall establish additional sub-subaccounts within the 2011 Reserve Subaccount as needed. See "APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE

INDENTURES –Deposits of Amounts by Trustee - Reserve Account”.

With respect to the portions of the Reserve Requirement attributable to Outstanding Parity Debt, the Agency has previously deposited with the Trustee Qualified Reserve Account Credit Instruments as follows:

Outstanding Parity Debt	Credit Instrument	Stated Amount	Provider
2004 Bonds	DSR Insurance Policy	\$5,881,750.00	Syncora Guarantee Inc. ⁽¹⁾
2005 Bonds	Surety Bond	1,166,150.00	Ambac Assurance Corporation

⁽¹⁾ Formerly XL Capital Assurance Inc.

The reserve subaccounts for the 2010 Series A Bonds and the 2010 Series A-T Bonds have been funded with cash. The Qualified Reserve Account Credit Instruments or cash deposited with respect to Outstanding Parity Debt are not available to pay the Bonds.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the providers of the Qualified Reserve Account Credit Instruments shown in the table above. Further deterioration in the financial condition of the providers of the Qualified Reserve Account Credit Instruments or a failure to honor a draw by any of these providers under its Qualified Reserve Account Credit Instrument could occur. The Agency is not required under the Indenture to replace a Qualified Reserve Account Credit Instrument with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. The Agency currently has no plans to replace such Qualified Reserve Account Credit Instruments with other instruments or cash.

If circumstances should ever cause a Qualified Reserve Account Credit Instrument to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the portion of Reserve Requirement previously satisfied by such Qualified Reserve Account Credit Instrument. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Requirement. Should the amount of Tax Revenues then available to maintain the Reserve Account at the applicable Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Agency to transfer available Tax Revenues to the Trustee would continue. No assurance can be given that there would ever be available Tax Revenues sufficient for such purpose.

The “Reserve Requirement” is defined in the Indentures to mean the least of (i) ten percent (10%) of the original principal amount of the Bonds or Parity Debt, as applicable, provided that if the original issue discount of the Bonds or Parity Debt exceeds 2% of such original principal amount, then initially ten percent (10%) of the original principal amount of, less original issue discount on, the Bonds or Parity Debt, but excluding from such calculation any proceeds of the Bonds or Parity Debt deposited in an escrow described in the definitions in the Indentures of Annual Debt Service and Maximum Annual Debt Service, (ii) Maximum Annual Debt Service with respect to the Bonds or any Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the Bonds or Parity Debt, as applicable. For purposes of calculating Maximum Annual Debt Service with respect to determining the Reserve Requirement, variable rate Parity Debt shall be deemed to bear interest at the maximum interest rate permitted by the Parity Debt Instrument.

“Maximum Annual Debt Service” is defined in the Indentures to mean, as of the date

of calculation, the largest amount of Annual Debt Service on all Outstanding Bonds for the current or any future Bond Year. For purposes of such calculation, there is excluded a pro rata portion of each installment of principal of any Parity Debt, together with the interest to accrue thereon, in the event and to the extent that the proceeds of such Parity Debt are deposited in an escrow fund from which amounts may not be released to the Agency unless the Housing Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus additional Revenues at least meets the coverage requirement for the issuance of Parity Debt.

In the event that the amount on deposit in the Reserve Account becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee an amount of available Housing Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the Bonds, including any parity Debt, becomes due and payable, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds or any Parity Debt then Outstanding. So long as no Event of Default has occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the respective Interest Accounts on or before the Interest Payment Date.

If the Agency at anytime in the future has cash on deposit in the Reserve Account, the Agency has the right at any time to request the release of funds by the Trustee from the Reserve Account, in whole or in part, by tendering all of the following to the Trustee:

- (i) a Qualified Reserve Account Credit Instrument (as defined in the Indentures), and
- (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series A Bonds to become includable in gross income for purposes of federal income taxation.

See APPENDIX F-"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES – Deposit of Amounts by the Trustee – Reserve Account".

Tax Sharing Agreements and Statutory Tax Sharing

The Agency has entered into uniform tax-sharing agreements with taxing entities and school districts with respect to all of the Project Areas (the "**Tax Sharing Agreements**"). In addition, certain of the Project Areas are subject to the tax sharing provisions of AB 1290. Under Section 33607.5 and Section 33607.7 of the Law (added by AB 1290), any territory added to a project area after 1994 is required to share in tax increment revenues generated by such territory pursuant to a statutory formula ("**Statutory Tax Sharing**"). In addition, Statutory Tax Sharing is applicable upon certain other amendments to the Redevelopment Plans. However, Housing Tax Revenues are not impacted by the Tax Sharing Agreements or the Tax Sharing Statutes.

THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

Authority and Personnel

The Agency was established pursuant to the Redevelopment Law and was activated by the Board of Supervisors of the County (the "Board") on August 6, 1985, by Ordinance No. 612, at which time the Board declared itself to be the governing board (the "Board of Directors") of the Agency. The Agency is charged with the authority and responsibility of redeveloping and upgrading blighted areas of the County. The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. Subject to requirements and certain limitations in the Redevelopment Law, the Agency can build public improvements, facilitate the development of on and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Project Areas.

Members of the Agency and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Bob A. Buster	January, 2013
John F. Tavaglione	January, 2015
Jeff Stone	January, 2013
John J. Benoit	January, 2015
Marion Ashley	January, 2015

Agency Administration

The Agency each year adopts an administrative budget. A portion of salaries and benefits of certain County staff members are budgeted and paid for by the Agency. The Agency funds administrative costs out of available revenues. Such reimbursement is subordinate to any outstanding bonded indebtedness of the Agency.

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. The firm of Teaman, Ramirez & Smith, Certified Public Accountants, Riverside, California, prepared a financial statement for the Agency for the fiscal year ended June 30, 2010. The Agency's audited financial statements are public documents and are included within this official statement without the prior approval of the auditor. Accordingly, the auditor has not conducted any post audit of the financial condition of the Agency. See "APPENDIX D – AGENCY'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2009-10".

Budgetary Policies

The Board of Directors of the Agency each year approves a budget submitted by the Executive Director prior to the beginning of the new Fiscal Year. Public hearings are conducted prior to its adoption. The budget is subsequently adopted through the passage of a resolution. Budgets for all three fund types utilized by the Agency are adopted on a basis consistent with generally accepted accounting principles.

THE PROJECT AREAS

Redevelopment Plans

Under the Redevelopment Law a city or county that activates its redevelopment agency is permitted to adopt, by ordinance, a redevelopment plan for each redevelopment project area to be undertaken by the redevelopment agency. A redevelopment agency may only undertake those activities within a redevelopment project area specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a "plan" in the customary sense of the word.

The Redevelopment Plans for the Project Areas and sub-areas have two principal purposes (i) the removal of blight from the Project Areas and (ii) the provision of low and moderate income housing both within the Project Areas and within any other area of the County of Riverside. In order to accomplish these two purposes the Redevelopment Plans provide for the acquisition of property and the demolition of buildings and improvements, the relocation of any displaced occupants and the construction of streets, parking facilities, utilities and other public improvements. In connection with the provision of low and moderate income housing, the Agency may additionally make housing grants and loans and acquire, rehabilitate and sell residential housing to persons and families of low and moderate income. The Redevelopment Plans also allow for redevelopment of land by private enterprise and participation by owners and tenants of properties in the Project Areas.

There are five Project Areas generating Housing Tax Revenues which secure the Bonds. Each Project Area is comprised of redevelopment project areas established under separate ordinances and subsequently merged, for fiscal reasons, into a Project Area. Key information on each sub-area in the Project Areas is shown in Table 4 below. Additional information about each Project Area is set forth in "APPENDIX B – GENERAL INFORMATION ABOUT EACH PROJECT AREA".

Redevelopment Project Area No. 1. The Riverside County Board of Supervisors (the "Board") approved Redevelopment Project Area No. 1 on December 23, 1986, pursuant to Ordinance No. 635. The Project Area is located in the southwestern region of the County and consists of four Sub-Areas, totaling approximately 4,651 acres. The original Project Area contains Sub-Areas in the communities of Home Gardens and Murrieta. The Board approved Amendment No. 1 to the Project Area on July 20, 1999, pursuant to Ordinance No. 793, which included a new Sub-Area in the communities of Lakeland Village and Wildomar. A second amendment to the Project Area was approved on December 14, 1999, pursuant to Ordinance No. 800. This amendment allowed for the creation of another new Sub-Area in the El Cerrito/Temescal Canyon area.

The Jurupa Valley Redevelopment Project Area. The Board adopted the Jurupa Valley Project Area on July 9, 1996, via Ordinance No. 763. The Project Area formation involved the merger of three existing redevelopment project areas, Project Areas Nos. 2, 2-1987 and 2-1989, totaling approximately 5,845 acres; and included an addition of 10,750 acres of territory (the "Amendment Area") to the merged project areas. Project Area No. 2 was amended twice before the merger, thereby adding an additional 1,901 acres to the previous 3,984 acres. The JVPA is a single contiguous project area and is located in the northwest region of the County. The total acreage for the project area is 16,600 acres, and it is comprised of the following Sub-Areas: Mira Loma, Rubidoux, Pedley, Glen Avon, and the Amendment Area.

The Mid-County Redevelopment Project Area. The Mid-County Project Area

originally consisted of three project areas: Project Area Nos. 3 (3-1986), 3-1987, and 3-1989. Project Area 3-1986 originally included area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 included portions of the community of North Hemet; and Project Area 3-1989 included area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3 on December 23, 1986 via Ordinance No. 637; Project Area 3-1987 on December 22, 1987 via Ordinance No. 646; and, Project Area No. 3-1989 on July 11, 1989 via Ordinance No. 676.

In 1999, the project areas were merged and amended, adding approximately 1,307 acres to the Homeland Sub-Area (renamed Homeland/Green Acres). Both the amendment and merger were approved in May 1999, via Ordinances Nos. 785 and 786, respectively. On January 13, 2009, Amendment No. 2 to the Mid-County Project Area was adopted via Ordinance No. 887 and added 2,693 acres in the Garnet and West Garnet communities to the sub-area. The current Project Area is composed of approximately 9,740 acres.

The Desert Communities Redevelopment Project Area. The Desert Communities Redevelopment Project Area originally contained two separate project areas known as Project Area Nos. 4 (also known as 4-1986) and 4-1987. The Riverside County Board of Supervisors (the "Board") approved the original boundaries of Project Area No. 4 on December 23, 1986 via Ordinance No. 638. Project Area No. 4-1987 was approved by the Board on December 1, 1987 via Ordinance No. 647. The Airports-1988 project area was approved by the Board on December 19, 1988, via Ordinance No. 668 and consists of six general aviation airports. On July 20, 1999, the Board approved the merger of both project areas with the Airports-1988 Project Area.

The merged Project Area consisted of nine Sub-Areas, encompassing approximately 27,590 acres. At the same time the merger was approved, the Board approved the addition of more land to the Thousand Palms sub-area, which included approximately 408 additional acres in the community of Thousand Palms. The amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the Desert Communities Redevelopment Project Area was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the Project Area. The Project Area currently includes a total of 29,565 acres.

The Interstate 215 Corridor Redevelopment Project Area. The Interstate 215 Corridor Project Area was originally comprised of two project areas: Project Areas Nos. 5-1986 and 5-1987. The Board approved Project Area No. 5-1986 on December 23, 1986 via Ordinance No. 639, and it included five sub-areas: Calimesa, Highgrove, Lakeview, Mead Valley and Romoland. In November of 1998, the Board approved an amendment to the project area to include additional territory in the Highgrove sub-area. Approximately 843 acres was added immediately adjacent to the existing project area. Project Area No. 5-1987 consisted of one sub-area in the community of Mead Valley and was approved by the Board on December 1, 1987 via Ordinance No. 648. The project area was amended to include additional territory on June 27, 1989 via Ordinance No. 715.

Both project areas were amended and merged on July 25, 2002 via Ordinance No. 821 and 822, respectively. Approximately 1,392 acres was added to the Romoland sub-area. The Mead Valley sub-area was also expanded and included the addition of 3,200 acres. The amended areas of both sub-areas are contiguous with the existing sub-area boundaries.

In 2006, Amendment No. 1a and Amendment No. 1b were adopted into the Project Area. Amendment No. 1a was adopted on May 16, 2006, and added approximately 2,820 acres of territory in the communities of Lakeview/Nuevo to the Project Area. Amendment No. 1b was adopted on May 2, 2006, and added 3,289 acres of additional territory in the communities of

Sun City/Quail Valley into the I-215 Project Area. The total acreage for the project area grew to 15,830 acres.

On May 4, 2010, Amendment No. 2, called the Highway 74 Communities Sub-Area, was adopted into the Project Area. The amendment added approximately 5,865 acres to the I-215 Project Area; located within the communities of South Mead Valley, Wagon Wheel, Good Hope, Meadowbrook and Warm Springs. The total acreage for the Project Area is currently 21,695 acres.

Redevelopment Plan Limitations

In 1993, the California Legislature made significant changes in the Redevelopment Law by the adoption of AB 1290, Chapter 942, statutes of 1993 ("**AB 1290**"). Among the changes to the Redevelopment Law accomplished by the enactment of AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general and subject to shorter limitations which may be contained in a redevelopment plan, loans, advances and indebtedness may be incurred within the later of January 1, 2004 or 20 years from the date of original adoption of the redevelopment plan, a redevelopment plan must terminate not later than January 1, 2009 or 40 years following the date of original adoption of the redevelopment plan, and loans, advances and indebtedness must be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan. AB 1290 further required that any redevelopment plan that either did not contain the appropriate limitations or that contained limitations longer than permitted by AB 1290 must be amended by the applicable legislative body.

In addition, the sub-areas added to the Project Areas after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. All of the Redevelopment Plans were subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("**SB 1045**") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("**SB 1096**"). SB 1045 and AB 1096 provide, among other things, that the Redevelopment Plans for the Project Areas may be amended to add up to three years on to the effectiveness of the Redevelopment Plans and on to the period for collection of tax increment revenues and the repayment of debt. Pursuant to the authorization contained in SB 1045, the Board of Supervisors adopted Ordinance No. 835 on November 30, 2004, (effective December 30, 2004) extending by one year the date of effectiveness of the Redevelopment Plan and the allowed time to pay indebtedness or receive property taxes. The following table takes into account the effect of Ordinance No. 835. The Redevelopment Plans of the Agency were adopted too recently to be able to take advantage of the extensions permitted by SB 1096.

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas. The Volatility Ratio is calculated by dividing the current year assessed valuation by the base year assessed valuation. See Table 1 in "APPENDIX A – FISCAL CONSULTANT'S REPORT".

TABLE 4
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Summary of Project Areas and Constituent Sub-Areas

	Date of Adoption	Ordinance Number	Termination of Plan Activities	Last Date to Repay Debt	Tax Increment Limit (millions)	Acreage
Redevelopment Project Area No. 1						
1-1986 (Murrieta, Home Gardens)	12/23/1986	635	12/23/2027	12/23/2037	\$150	350
1-1986 (Lakeland/Wildomar)	7/20/1999	793	7/20/2030	7/20/2045	--	2,859
1-1986 (El Cerrito/Temescal)	12/21/1999	800	12/21/2030	12/21/2045	--	1,442
Project Area JVPA						
2-1986 (Mira Loma)	12/23/1986	636	12/23/2027	12/23/2037	275	1,955
2-1986 (Amend 1 ML)	12/18/1988	667	12/18/2029	12/18/2039	695	368
2-1986 (Amend 2 ML)	12/19/1989	686	12/19/2030	12/19/2040	995	1,533
2-1987 (Glen Avon, Rubidoux)	12/22/1987	645	12/22/2028	12/22/2038	495	635
2-1989 (Pedley, Rubidoux)	7/5/1989	675	7/5/2028	7/5/2040	535	1,354
2-1996 (Jurupa Amend)	7/9/1996	762/3	7/9/2027	7/9/2042	--	10,755
Project Area MCPA						
3-1986 (Garnet, W. Garnet, Valle Vista, Winchester)	12/23/1986	637	12/23/2027	12/23/2037	500	980
3-1986 (Homeland)	12/23/1986	637	12/23/2027	12/23/2037	55	122
3-1986 (Green Acres)	5/11/1999	785	5/11/2030	5/11/2045	--	1,307
3-1987 (North Hemet)	12/22/1987	646	12/22/2028	12/22/2038	40	40
3-1989 (Cabazon)	7/11/1989	676	7/11/2030	7/11/2040	135	4,598
3-2008 (Garnet/W. Garnet)	01/13/2009	887	01/13/2039	01/13/2054	--	2,693
Project Area DCPA						
4-1986 (East Blythe, Mecca, North Shore, Thermal, Palm Desert, Ripley)	12/23/1986	638	12/23/2027	12/23/2037	900	20,155
4-1986 (1000 Palms)	12/23/1986	638	12/23/2027	12/23/2037	150	285
4-1999 (1000 Palms Amendment)	7/20/1999	794	7/20/2030	7/20/2045	--	408
4-1987 (Desert Center)	12/1/1987	647	12/1/2028	12/1/2038	140	376
4-1988 (Airports)	12/19/1988	668	12/19/2029	12/19/2039	360	6,366
3-1008 (1000 Palms/Oasis)	01/13/2009	886	01/13/2039	01/13/2054	--	1,975
Project Area I-215						
5-1986 (Lakeview, Mead Valley, Romoland)	12/23/1986	639	12/23/2027	12/23/2037	578	3,154
5-1986 (Highgrove)	12/23/1986	639	12/23/2027	12/23/2037	50	275
5-1998 (Highgrove Amend)	11/24/1998	783	11/24/2029	11/24/2044	--	843
5-2002 (Romoland Amend)	6/25/2002	822	6/25/2033	6/25/2048	--	1,392
5-1987 (Mead Valley 2)	12/1/1987	648	12/1/2028	12/1/2038	120	141
5-1989 (Mead Valley 2 Amend)	7/5/1989	677	7/5/2030	7/5/2040	540	715
5-2002 (Mead Valley Amend)	6/25/2002	821	6/25/2033	6/25/2048	--	3,200
5-2006 (Lakeview/Nuevo)	05/16/2006	854	05/16/2036	05/16/2051	--	2,821
5-2006 (Sun Valley/Quail)	05/02/2006	855	05/02/2051	05/02/2051	--	3,289
5-2010 (Highway 74)	05/04/2010	896	05/04/2040	05/04/2055	--	5,865

Source: The Agency

The Fiscal Consultant has determined that tax increment caps may be reached prior to the plan limits on tax increment collection in the 4-1986 (East Blythe) sub-area of DCPA and the 3-1989 (Cabazon) sub-area of MCPA with annual growth rates of 3% and higher; in the 2-1986 (Mira Loma 2) sub-area of JVPA with annual growth rates of 4% and higher; in the 2-1986 (Mira Loma) sub-area of JVPA with annual growth rates of 6% and higher; and in the 1-1986 (Murrieta) sub-area of 1-1986, the 5-1986 (Highgrove) sub-area of I-215 and the 2-1986 (Mira Loma 1) sub-area of JVPA with annual growth rates of 7% and higher.

The California Legislature enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("SB 211"). SB 211 provides, among other things, that the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994, may be deleted by ordinance of the legislative body. Ordinance No. 865, adopted by the

Riverside County Board of Supervisors on October 3, 2006, deleted the limitations on incurring indebtedness contained in the pre-January 1, 1994 Redevelopment Plans of the Agency. Adoption of Ordinance No. 865 triggered statutory tax sharing requirements with taxing entities receiving property taxes in the applicable Project Area. Statutory tax sharing is calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective.

SB 211 also authorized the amendment of a redevelopment plan adopted prior to January 1, 1994, in order to extend for not more than 10 years the effectiveness of the redevelopment plan and the time to receive tax increment revenues and to pay indebtedness. Any such extension must meet certain specified requirements, including the requirement that the redevelopment agency establish the existence of both physical and economic blight within a specified geographical area of the redevelopment project and that any additional tax increment revenues received by the redevelopment agency because of the extension be used solely within the designated blighted area. SB 211 authorizes any affected taxing entity, the Department of Finance, or the Department of Housing and Community Development to request the Attorney General to participate in the proceedings to effect such extensions. It also would authorize the Attorney General to bring a civil action to challenge the validity of the proposed extensions.

SB 211 also prescribes additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income prior to the termination of the effectiveness of the plan. The Agency does not currently expect that the Riverside County Board of Supervisors will undertake proceedings pursuant to SB 211 for the extension of the effectiveness of the Redevelopment Plans or the extension of the period to receipt of tax increment and the payment of indebtedness.

Appeals

Proposition 8 Appeals. Most of the appeals that might be filed in the Project Areas would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that current market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Based on information provided to the Fiscal Consultant, for the 2010-11 roll year, the County Assessor applied Proposition 8 reductions to 424,506 properties in the County in response to economic conditions. The reductions were primarily applied to residential properties. The total decrease in valuation Countywide due to Proposition 8 was \$44.3 billion, or approximately 22% of the 2010-11 Countywide assessed valuation; of this amount, \$34.8 million was for properties in incorporated areas and \$9.5 million for properties in unincorporated areas. The total change in valuation countywide was 4.58% for 2010-11.

For the Fiscal Consultant's analysis of the potential impact of Proposition 8 on the projections of assessed valuation for Fiscal Years 2010-11 and 2011-12, see "APPENDIX H – FISCAL CONSULTANT REPORT – Table 7".

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. The State Board of Equalization has approved this reassessment practice and such practice has been used by county assessors statewide. This reassessment practice was approved by the California Court of Appeal, Fourth District, in the recent case of County of Orange et al. v Bezaire, petition for review to the California Supreme Court denied.

Base Year Appeals. A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Based on information provided to the Fiscal Consultant by the County Assessor's office, there are [1,772] base year appeals pending in all Project Areas. The amount of assessed valuation in dispute totals \$[925 million], primarily from filings for the 2010-11 roll year.

For more specific information about pending and settled appeals in the Project Areas, see "APPENDIX H – FISCAL CONSULTANT REPORT – Assessment Appeals".

Land Use in the Project Areas

The majority of the land in the Project Areas is used for residential purposes. The following table shows the land use in the Project Areas, based on 2010-11 assessed valuation.

**Table 5
ALL PROJECT AREAS
LAND USE; FISCAL YEAR 2010-11**

Land Use	Secured AV ⁽¹⁾	Pct of AV	No. of Parcels	Pct of Parcels	Acres	Pct of Acres
Agricultural	\$ 208,335,231	2.1%	431	0.9%	5,443	7.6%
Commercial	1,481,170,204	14.9	1,453	3.1	2,664	3.7
Industrial	2,389,351,513	24.0	634	1.4	2,509	3.5
SF Residential.	3,730,014,881	37.5	21973	47.3	6,347	8.8
Condominiums	133,475,752	1.3	553	1.2	14	0.0
Other Residential	821,336,682	8.3	9,213	19.8	23,006	32.1
Vacant	1,162,328,670	11.7	11,941	25.7	15,161	21.1
Other	52,979,977	0.5	232	0.5	16,577	23.1
Totals:	\$9,937,648,234	100.0%	46,430	100.0%	71,718	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency. Source: Riverside County Assessor; Urban Analytics

Historic Assessed Valuation

Based on assessment roll data provided by the County Assessor and State Board of Equalization, the total assessed valuation in the Pooled Project Areas is \$11.4 billion in 2010-

11, after deducting all exemptions. This represents a decrease of 6.29% over 2009-10 total valuation, following a decrease of 2.54% in 2009-10 and gains in prior years of 8.97% (2008-09), 29.78% (2007-08) and 19.03% (2006-07).

The secured roll accounted for 87% of the total valuation in the Project Areas in 2010-11, with the unsecured roll comprising 7%. The non-unitary utility roll, at \$716 million in assessed valuation, accounted for six percent of the total (the unitary utility roll is based on countywide assessments and is not reported by project area). The table below shows a five-year history of assessed valuation in the Project Areas.

**TABLE 6
ALL PROJECT AREAS
HISTORIC ASSESSED VALUATION, TAX REVENUES AND HOUSING TAX REVENUES (2)**

Roll	2006-07	2007-08	2008-09	2009-10	2010-11
Secured					
- Land	\$3,236,802,753	\$4,285,175,035	\$4,595,829,225	\$4,253,663,307	\$3,894,142,907
- Improvements	5,003,912,961	6,337,141,642	6,764,167,624	6,557,879,656	6,220,359,999
- Personal Prop.	61,819,374	72,828,985	72,939,379	79,177,222	78,072,186
- Exemptions	(184,216,917)	(224,076,126)	(215,151,251)	(243,364,999)	(254,926,858)
Secured Total	8,118,318,171	10,471,069,536	11,217,784,977	10,647,355,186	9,937,648,234
Unsecured					
- Land	420,559	298,648	258,265	98,547	1,300,011
- Improvements	294,989,193	338,846,469	381,732,795	415,475,664	416,844,631
- Personal Property	428,885,272	433,228,160	462,182,333	392,364,506	371,108,086
- Exemptions	(3,093,200)	(3,188,850)	(3,173,503)	(362,991)	-53,985
Unsecured Total	721,201,824	769,184,427	840,999,890	807,575,726	789,198,743
Utility					
- Land	11,116,500	9,636,436	9,751,026	5,067,003	9,977,408
- Improvements	7,828,299	247,826,303	460,215,445	750,860,568	706,483,718
- Personal Property	904,907	280,436	348,732	355,415	116,500
- Exemptions	0	0	0	0	0
Utility Total	19,849,706	257,743,175	470,315,203	756,282,986	716,577,626
Totals:	8,859,369,701	11,497,997,138	12,529,100,070	12,211,213,898	11,443,424,603
Percent Change	19.03%	29.78%	8.97%	(2.54%)	(6.29%)
Plus: HOPTR AV	83,751,171	93,862,094	94,498,361	94,574,600	93,801,416
Less: Base AV	(2,325,277,564)	(2,965,817,951)	(2,963,749,239)	(2,963,749,239)	(2,962,999,259)
Incremental AV	6,617,843,308	8,626,041,281	9,659,849,192	9,342,039,259	8,574,226,760
Incremental Revenue	66,178,433	86,260,413	96,598,492	93,420,393	85,742,268
Plus Additional Revenue (1)	12,825,540	13,495,285	3,842,473	5,909,512	(N.A.)
Tax Increment Collected	79,003,973	99,755,698	100,440,965	99,329,905	(N.A.)
Housing Tax Revenues Collected	\$15,800,795	\$19,951,140	\$20,088,193	\$19,865,981	(N.A.)

(1) Revenue from unitary and supplemental rolls, debt service levy, prior-year adjustments and other sources.

(2) Assessed valuation from the new Desert Communities Amendment 2 and Mid County Project Area Amendment 2 sub-areas are not included in the table. The 2010-11 valuation from these sub-areas was less than their respective base year assessed valuation; consequently there is no tax increment generated in either area. The Agency will receive increment from these sub-areas once the valuation exceeds the base year valuation

Source: Urban Analytics

Largest Taxpayers in the Project Areas

The following table shows the ten largest taxpayers in the Project Areas. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. For a brief description of the three largest property tax payers in the Project Areas, as well as the locations by Sub-Area, see "APPENDIX H – FISCAL CONSULTANT REPORT – Ten Largest Assessees".

**TABLE 7
ALL PROJECT AREAS
Largest Property Tax Payers- 2010-11**

Property Owner	Secured and Utility	Unsecured	Total	% of Total
Inland Empire Energy Center, Llc	\$ 709,400,000	\$ 0	\$709,400,000	6.20%
Chelsea GCA Realty Partnership	174,722,669	0	174,722,669	1.53
Castle & Cooke	165,213,781	1,156,388	166,370,169	1.45
Teachers Insurance Annuity Assn	125,634,428	0	125,634,428	1.10
T D Desert Dev	103,996,303	0	103,996,303	0.91
Eastvale Gateway	100,585,729	0	100,585,729	0.88
Costco Wholesale Corp	96,675,783	1,047,966	97,723,749	0.85
Amb Institutional Alliance Fund III	93,509,570	0	93,509,570	0.82
UPS Supply Chain Solutions	85,923,793	0	85,923,793	0.75
Prologis Calif I	81,589,798	0	81,589,798	0.71
Totals, Top Ten:	1,737,251,854	2,204,354	1,739,456,208	15.20
Totals, Top Twenty:	2,196,012,861	2,209,704	2,198,222,565	19.21
Totals, Top Hundred:	3,412,030,654	210,914,507	3,622,945,161	31.66
Totals for the Area:	\$10,654,225,860	\$789,198,743	\$11,443,424,603	100.00%

Source: Urban Analytics

PROJECTED COVERAGE ON THE BONDS

The table following sets forth the projected Housing Tax Revenues expected to be generated from the five Project Areas. For the 2010-11 tax year, the Proposition 13 adjustment is a negative 0.237%, and for the 2011-12 tax year the Proposition 13 adjustment will be 0.0753%. See "BONDOWNER'S RISKS - Reduction in Inflationary Rate and Changes in Legislation" below.

The projections incorporate a decrease in overall assessed valuation of 2.0% in 2011-12, based on (i) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and (ii) the application of a CPI factor of 0.753% to real property in 2011-12.

Tax increment and housing fund revenue may increase or decrease at rates that differ from those shown. Decreases in assessed valuation in later years are due to the plan termination dates for the various sub-areas. See "APPENDIX B – CERTAIN INFORMATION ABOUT EACH PROJECT AREA" for information about each Project Area and "APPENDIX H – FISCAL CONSULTANT REPORT – Tax Increment Through Plan Terminations".

TABLE 8
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Combined Project Areas
Projected Housing Tax Revenues

Fiscal Year	1-1986 Housing Tax Revenues	Jurupa Housing Tax Revenues	Mid-County Housing Tax Revenues	Desert Communities Housing Tax Revenues	I - 215 Housing Tax Revenues	Total Projected Housing Tax Revenues
2010-11	\$1,686,173	\$6,500,587	\$1,095,558	\$4,436,478	\$3,538,856	\$17,257,652
2011-12	1,639,339	6,343,378	1,071,485	4,342,951	3,433,698	16,830,850
2012-13	1,685,236	6,497,443	1,095,077	4,434,607	3,536,753	17,249,116
2013-14	1,732,051	6,654,590	1,119,140	4,528,097	3,641,868	17,675,746
2014-15	1,779,803	6,814,879	1,143,685	4,623,456	3,749,086	18,110,909
2015-16	1,828,510	6,978,374	1,168,721	4,720,722	3,858,449	18,554,776
2016-17	1,878,190	7,145,139	1,194,258	4,819,934	3,969,998	19,007,520
2017-18	1,928,865	7,315,240	1,220,305	4,921,130	4,083,779	19,469,318
2018-19	1,980,553	7,488,742	1,246,873	5,024,349	4,199,835	19,940,353
2019-20	2,033,274	7,665,715	1,273,973	5,129,634	4,318,213	20,420,808
2020-21	2,087,050	7,846,227	1,301,615	5,237,023	4,438,958	20,910,873
2021-22	2,141,902	8,030,349	1,329,809	5,346,561	4,562,117	21,410,738
2022-23	2,197,851	8,218,153	1,358,567	5,458,289	4,687,740	21,920,601
2023-24	2,254,918	8,409,714	1,387,901	5,572,252	4,815,876	22,440,662
2024-25	2,313,127	8,605,106	1,417,821	5,688,495	4,946,574	22,971,123
2025-26	2,372,500	8,804,406	1,448,340	5,807,062	5,079,886	23,512,194
2026-27	2,433,061	9,007,691	1,479,469	5,928,000	5,215,865	24,064,086
2027-28	2,494,833	9,215,043	1,511,220	6,051,357	5,354,563	24,627,016
2028-29	2,557,840	9,426,541	1,543,607	6,177,182	5,496,034	25,201,204
2029-30	2,622,107	9,642,270	1,576,641	6,305,523	5,640,336	25,786,877
2030-31	2,687,660	9,862,313	1,610,336	6,436,430	5,787,523	26,384,263
2031-32	2,754,524	10,086,757	1,644,705	6,569,956	5,937,654	26,993,596
2032-33	2,822,725	10,315,690	1,679,761	6,706,152	6,090,788	27,615,116
2033-34	2,892,290	10,549,201	1,676,678	6,845,073	6,246,985	28,210,226
2034-35	2,963,247	10,787,383	832,476	6,986,771	6,406,305	27,976,181
2035-36	3,035,622	11,030,328	852,380	7,131,304	6,568,812	28,618,446
2036-37	3,109,445	11,278,132	872,683	7,278,727	6,734,569	29,273,556
2037-38	2,603,897	10,339,781	342,743	637,359	5,575,905	19,499,686
2038-39	2,669,428	10,086,090	343,400	632,574	5,673,397	19,404,889
2039-40	2,736,270	9,917,249	352,619	472,512	5,819,655	19,298,305
2040-41	2,804,448	7,505,711	362,022	491,279	5,695,584	16,859,044
2041-42	2,873,991	7,684,446	371,613	511,163	5,842,082	17,283,295
2042-43	2,944,924	0	381,396	531,445	5,991,510	9,849,274

Source: Urban Analytics; The Agency

The table below sets forth the debt service and expected debt service coverage for the Series A Bonds, the Series A-T Bonds and the Outstanding Parity Bonds.

TABLE 9
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Combined Project Areas
Projected Debt Service Coverage Schedule⁽¹⁾

Fiscal Year	Projected Housing Tax Revenues	Parity Bonds	Series 2011A Bonds Debt Service*	Series 2011 A-T Bonds Debt Service*	Total Debt Service*	Coverage Ratio*
2010-11	\$17,257,652	\$11,217,057				
2011-12	16,830,850	11,212,786				
2012-13	17,249,116	11,219,989				
2013-14	17,675,746	11,211,152				
2014-15	18,110,909	11,214,592				
2015-16	18,554,776	11,212,835				
2016-17	19,007,520	11,218,920				
2017-18	19,469,318	11,217,753				
2018-19	19,940,353	11,217,862				
2019-20	20,420,808	11,222,374				
2020-21	20,910,873	11,219,722				
2021-22	21,410,738	11,215,045				
2022-23	21,920,601	11,220,849				
2023-24	22,440,662	11,230,814				
2024-25	22,971,123	11,213,697				
2025-26	23,512,194	11,219,754				
2026-27	24,064,086	11,222,768				
2027-28	24,627,016	11,225,175				
2028-29	25,201,204	11,212,738				
2029-30	25,786,877	11,226,488				
2030-31	26,384,263	11,220,863				
2031-32	26,993,596	11,227,988				
2032-33	27,615,116	11,221,788				
2033-34	28,210,226	11,349,600				
2034-35	27,976,181	11,343,250				
2035-36	28,618,446	11,351,575				
2036-37	29,273,556	11,347,525				
2037-38	19,499,686	5,466,500				
2038-39	19,404,889	5,469,600				
2039-40	19,298,305					
2040-41	16,859,044					
2041-42	17,283,295					
2042-43	9,849,274					
Total	\$714,628,299	\$314,371,059				

(1) Tax Increment projections are shown on a fiscal year basis; all debt service figures are shown on a Bond Year basis (years ending October 1).

* Preliminary, subject to change.

Source: Urban Analytics; The Agency

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the risks of investing in the Bonds.

Reduction in Taxable Value

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Areas allocable to the Project Areas and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Agency's control, such as a relocation out of a Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within a Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within a Project Area (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Considerations," below), flood or other natural disaster, could cause a reduction in the Housing Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See "APPENDIX H - FISCAL CONSULTANT REPORT - Section D - Assessment Appeals", "TAX REVENUES AND DEBT SERVICE COVERAGE – Assessment Appeals", and "Table 7".

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation five times: in fiscal year 1983-84, 1%; in fiscal year 1995-96, 1.19%; in fiscal year 1996-97, 1.11%; in fiscal year 1999-00, 1.85%; and in fiscal year 2004-05, 1.867%. In addition, the inflationary growth rate is negative (0.237%) for 2010-11 and will be 0.753% for 2011-12. The Agency is unable to predict if any further adjustments to the full cash value base of real property within the Project Areas, whether an increase or a reduction, will be realized in the future.

Levy and Collection

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and, accordingly, could have an adverse impact on the ability of the Agency to make debt service payments on the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments on the Bonds. The County currently allocates 100% of the Tax Revenues collected on the secured property tax roll to the Agency, regardless of the actual amount of payments made by taxpayers (see "Property Taxes; Teeter Plan", below). The County currently allocates Tax Revenues collected with respect to unsecured property to the Agency based upon the tax increment actually collected.

Concentration of Property Ownership in Sub-Areas

Each of the five Project Areas is comprised of multiple sub-areas, each of which have their own plan limitations and base years. There are a total of 30 sub-areas. (See Table 4) Additionally, many of the sub-areas have concentration of property ownership that may be greater than the average for the entire Project Area. Accordingly, a decline in the property values in a sub-area, particularly property representing a high concentration of value in such sub-area, could reduce Tax Revenues derived from such sub-area more quickly than would be the case if the Project Area did not have separate sub-areas and had only one base year. Concentration of ownership presents a risk in that if one or more of the largest property owners in a sub-area were to default on their taxes, or were to successfully appeal the tax assessments on property within a sub-area, a substantial decline in Tax Revenues and therefore the Housing Tax Revenues could occur.

Impact of Redevelopment Plan Expirations

The final maturity date of the Bonds is October 1, 2043. The final maturity date of the Bonds was established taking into account the final dates to collect tax increment and repay debt in the various constituent areas of the Project Areas, as set forth in Table 4 "Summary of Project Areas and Constituent Sub-Areas". According to the Fiscal Consultant, approximately [36%] of the tax increment revenues currently being generated by all Project Areas is derived from Redevelopment Plans for eight constituent areas that will terminate on December 23, 2037, and redevelopment plans for an additional four constituent areas will also terminate prior to the final maturity date of the Bonds. As a result of the termination of the Agency's right to collect tax increment and repay debt in various of the constituent areas, the distribution of land uses and the largest assesses among the constituent areas generating Housing Tax Revenues will change while the Bonds are outstanding. The Agency also expects such distribution may change over time as a result of economic and other factors.

Factors Relating to Sub-Prime Loans

From the end of 2002 through the middle of 2006, many homeowners have financed the purchase of their new homes using loans with little or no downpayment and with adjustable interest rates that are subject to being reset at higher rates on a specified date or on the occurrence of specified conditions. Some homeowners who purchased their homes with "sub-prime loans" have experienced difficulty in making their loan payments due to automatic rate increases on their adjustable loans and rising interest rates in the market, which could lead to increased foreclosures.

In addition, as a result of increasing defaults on "sub-prime loans" in recent months, credit has become more difficult and more expensive to obtain, not only in the residential market, but also in the commercial, retail and industrial sectors. Unavailability of loans for the purchase and development of real property in the Project Areas may adversely impact assessed values and, therefore the availability of Housing Tax Revenues to pay debt service on the Bonds. Moreover, as mortgage loan defaults increase, bankruptcy filings are also likely to increase. Bankruptcy filings by property owners with delinquent property taxes would delay the commencement of and completion of foreclosure proceedings to collect delinquent property taxes.

State of California Fiscal Issues; ERAF; SERAF

State Budgets. Information about the State budget and State spending is regularly available from various State offices or on the applicable websites, including the Department of

Finance, the Office of the Legislative Analyst and the State Treasurer. However, none of such information is incorporated by such reference.

Historical ERAFs. In connection with its approval of the State budget for the 1992-93, 1993-94, 1994-95, 2002-03, 2003-04, 2004-05, 2005-06, and 2008-09 Fiscal Years, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such Fiscal Years for deposit in the Education Revenue Augmentation Fund ("**ERAF**"). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

Fiscal Year 2008-09. In 2008, the State Legislature adopted, and the Governor of the State signed, legislation, Chapter 751, Statutes 2008 (AB 1389) ("**AB 1389**"), that among other things require redevelopment agencies to pay into ERAF in Fiscal Year 2008/09, prior to May 10, 2009, an aggregate amount of \$350 million. On April 30, 2009, a California superior court in California Redevelopment Association v. Genest (County of Sacramento) (Case No. 34-2008-00028334) held that the required payment by redevelopment agencies into ERAF in Fiscal Year 2008/09 pursuant to AB 1389 violated the California constitution and invalidated and enjoined the operation of the California Health and Safety Code section requiring such payment. On May 26, 2009, the State did file a notice that it would appeal the decision of the superior court. On September 28, 2009, the State noticed its withdrawal of its appeal of California Redevelopment Association v. Genest.

Fiscal Year 2009-10 and Fiscal Year 2010-11. In connection with various legislation related to the budget for the State for its Fiscal Year 2009/10, in late July 2009, the State legislature adopted, and the Governor of the State signed, Assembly Bill No. 26x4 (the "**2009 SERAF Legislation**").

The 2009 SERAF Legislation mandates that redevelopment agencies in the State make deposits to the Supplemental Educational Revenue Augmentation Fund ("**SERAF**") that is established in each county treasury throughout the State the aggregate amounts of \$1.7 billion for Fiscal Year 2009-10, which are due prior to May 10, 2010, and \$350 million for Fiscal Year 2010/11, which are due prior to May 10, 2011.

As noted below, the Agency has timely paid the SERAF payment for Fiscal Year 2009-10 in the amount of \$27.8 million and the Agency has preliminarily estimated that its SERAF payment will be \$5.7 million for Fiscal Year 2010-11. Pursuant to the 2009 SERAF Legislation, redevelopment agencies may use any funds that are legally available and not legally obligated for other uses, including reserve funds, proceeds of land sales, proceeds of bonds or other indebtedness, lease revenues, interest and other earned income.

The 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness. Health and Safety Code, § 33690 (a) (3) states: "The obligation of any agency to make the payments required pursuant to this subdivision shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal, or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code."

The 2009 SERAF Legislation imposes various restrictions on redevelopment agencies that fail to timely make the required SERAF payments, including (i) a prohibition on adding or expanding project areas, (ii) a prohibition on the incurrence of additional debt, (iii) limitations on the encumbrance and expenditure of funds, including funds for operation and administration

expenses, and (iv) commencing with the July 1 following the due date of a SERAF annual payment that is not timely made, a requirement that the applicable redevelopment agency allocate an additional five percent (5%) of all taxes that are allocated to the redevelopment agency under the Redevelopment Law for low and moderate income housing for the remainder of the time that the applicable redevelopment agency receives allocations of tax revenues under the Redevelopment Law.

The five percent additional housing set-aside penalty provision referred to in the 2009 SERAF Legislation (the "**Penalty Set-Aside Requirement**") would be in addition to the twenty percent (20%) of such tax revenues already required to be used for low and moderate income housing purposes. A redevelopment agency that borrows from amounts required to be allocated to its housing set-aside funds to make required SERAF payments but does not timely repay the funds, will also be subject to the Penalty Set-Aside Requirement. If the Agency borrows funds from its Housing Fund to make the SERAF payment in either year, and does not repay the funds within the specified time frame, it would be subject to the Penalty Set-Aside Requirement. Note that, if a redevelopment agency fails to comply with the foregoing described requirements in both Fiscal Year 2009-10 and in Fiscal Year 2010-11, the redevelopment agency will be subject to the Penalty Set-aside Requirement in both such Fiscal Years for a total of ten percent (10%) additional housing set-aside penalty. The Agency has not borrowed and does not expect to have to borrow funds from the Housing Fund to pay either of the SERAF payments.

Although the 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness (which would include a subordination of the Agency's obligations with respect to the new SERAF payments to the Agency's obligation to pay debt service on the Bonds), there is no provision in the 2009 SERAF Legislation subordinating the Penalty Set-Aside Requirement to any indebtedness of a redevelopment agency that fails to timely make the SERAF payments mandated by the SERAF Legislation. The Penalty Set-Aside Requirement would be subordinate to prior Parity Bonds because they were issued prior to the adoption of the 2009 SERAF Legislation. However, a court could find the Penalty Set-Aside Requirement is senior to the obligation to pay debt service on the Bonds.

The California Redevelopment Association, the Union City Redevelopment Agency and the Fountain Valley Redevelopment Agency filed a lawsuit in Sacramento Superior Court on October 20, 2009 challenging the constitutionality of the 2009 SERAF Legislation and seeking to prevent the State from taking redevelopment funds for non-redevelopment purposes. On May 4, 2010, the Superior Court ruled that the 2009 SERAF Legislation is constitutional. However, the California Redevelopment Association has announced that it will appeal the judgment of the Superior Court. The Agency timely paid the SERAF payment in the amount of the \$27.8 million payment by May 10, 2010. The Agency cannot predict whether or not the Court of Appeal will approve or overturn the judgment of the Superior Court or whether or not the Agency will be able to recover the amount of the SERAF payment for fiscal year 2009-10 in the event the judgment of the Superior Court is overturned. Further, the Agency can not predict whether or not such judgment will be overturned regarding the SERAF payment for fiscal year 2010-11.

The State's ability to impose future ERAF and SERAF payments on redevelopment agencies may be affected by Proposition 22, which was approved by the California electorate on November 2, 2010. Proposition 22, among other things, amends Sections 24 and 25.5 of Article XIII of the California Constitution to prohibit the State from reallocating, transferring, borrowing, appropriating or restricting the use of taxes imposed or levied by a local government solely for the local government's purposes. As applied to redevelopment agencies, Proposition 22 adds Section 25.5(A)(7) to Article XIII of the State Constitution to prohibit the State from requiring a redevelopment agency (A) to pay, remit, loan, or otherwise transfer, directly or

indirectly, taxes on *ad valorem* real property and tangible personal property allocated to the agency pursuant to Section 16 of Article XVI of the State Constitution to or for the benefit of the State, any agency of the State, or any other jurisdiction; or (B) to use, restrict, or assign a particular purpose for such taxes for the benefit of the State, any agency of the State, or any other jurisdiction, other than (i) statutory pass through payments required by Health and Safety Code Sections 33607.5 and 33607.7 and (ii) payments for the purpose of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost. Although the passage of Proposition 22 will have no impact upon the Agency's obligation to pay the 2010 SERAF Amount, the State Legislative Analyst's Office ("LAO") has stated that the measure prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. No assurance can be provided that Proposition 22 will be implemented as contemplated by the LAO. In addition, Proposition 22 is subject to interpretation by the courts and there can be no assurance that the measure will not be challenged by the State or other parties or repealed by the voters of the State in the future.

Proposed 2011-12 Budget and Redevelopment Agencies. On January 10, 2011 Governor Jerry Brown released his proposed budget for fiscal year 2011-12 ("**Proposed Budget**"). The Proposed Budget is designed to address an estimated budget shortfall of \$25.4 billion in the fiscal year 2011-12 California State Budget. The budget shortfall consists of an \$8.2 billion projected deficit for 2010-11 and a \$17.2 billion gap between projected revenues and spending in 2011-12. The Governor's proposal includes approximately \$12.5 billion in budget cuts, \$12 billion in tax extensions and changes, and \$1.9 billion in other solutions. The Governor is calling for a statewide special election in June to extend for five more years tax measures currently set to expire.

The Proposed Budget makes the following redevelopment-related proposals (the "**RDA Provisions**"), among others:

- (i) The RDA Provisions, if adopted, would eliminate the current funding mechanism for redevelopment agencies, although only limited details are provided for such a far-reaching proposal.
- (ii) The RDA Provisions, if adopted, would prohibit existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation.
- (iii) By July 1, the RDA Provisions, if adopted, would disestablish existing redevelopment agencies and successor local agencies would be required to use the property tax revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations "**in accordance with existing payment schedules**" (emphasis added).
- (iv) For fiscal year 2011-12, the RDA Provisions, if adopted, would divert an estimated \$1.7 billion remaining after payment of the redevelopment agency debts and contractual obligations described in the preceding paragraph (iii) to offset State General Fund costs for Medi-Cal and trial courts. An additional estimated \$210 million would be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the countywide property tax.
- (v) For fiscal years after fiscal year 2011-12, the RDA Provisions, if adopted, would distribute the money available after payment of the redevelopment agency debt and contractual obligations described in the preceding paragraph (iii) to schools, counties, cities, and non-enterprise special districts for general uses.

(vi) The RDA Provisions, if adopted, would shift amounts in the redevelopment agency's balances reserved for low-moderate income housing to local housing authorities for low and moderate income housing.

(vii) If adopted, the RDA Provisions would introduce a new financing mechanism for economic development. Specifically, the Proposed Budget proposes that the Constitution be amended to provide for 55% voter approval for limited tax increases and bonding against local revenues for development projects such as are currently done by redevelopment agencies. Voters in each affected jurisdiction would be required to approve use of their tax revenues for these purposes.

Implementation of the Proposed Budget. Implementation of the Proposed Budget, including the RDA Provisions, would require implementing legislation by the Legislature and perhaps voter approval as to certain material elements and would probably include terms which are not yet proposed but that would be material to the Agency and the Bonds. The Agency cannot predict the ultimate form of any implementing legislation, if any is adopted.

Elements of the RDA Provisions, including the economic development program authorization, contemplate voter approval through the initiative process. It is possible that Proposition 22, which amended the State Constitution to prohibit state diversion of redevelopment agency revenues generally, will affect the State's ability to implement some of the RDA Provisions. It is possible that the Governor and the Legislature may seek voter approval of changes to the terms of Proposition 22 that are in conflict with the Proposed Budget, including the RDA Provisions.

The Agency cannot predict the timing, terms or ultimate implementation of any such final legislation or voter initiative measures, or the impact on the Agency or the Bonds of any proposed, interim or final legislative and constitutional changes which may be adopted arising out of the Proposed Budget.

Legislative Analyst Report. The LAO released its Overview of the Governor's Budget ("LAO Overview") on January 12, 2011. As it relates to the RDA Provisions the LAO Overview suggests the proposal has merit "but faces considerable implementation issues." The LAO Overview notes:

the administration's plan will require considerable work by the Legislature to sort through many legal, financial and policy issues. Several voter-approved constitutional measures, for example, constrain the State's authority to redirect redevelopment funds, use property tax revenues to pay for state programs, or impose increased costs on local agencies. In addition, the administration's plan does not address many related issues, such as clarifying the future financial responsibility for low- and moderate- income housing (currently, a redevelopment program).

Finally, the LAO Overview recommends that the Legislature pass urgency legislation as soon as possible prohibiting redevelopment agencies, during the period of legislative review of the Proposed Budget, from taking actions that increase their debt.

State Controller's Review of Redevelopment Agencies. The California State Controller recently announced that his auditors would review 18 redevelopment agencies selected at random. The Agency was one of the redevelopment agencies reviewed. The Agency reports that nothing of significance with respect to the Bonds resulted from such review.

Potential Impact on the Agency and the Bonds. There are a variety of ways in which the Proposed Budget and the RDA Provisions, if adopted, could impact the Agency and the Bonds,

although the Agency is not able to predict the full variety or extent of these impacts, and the impacts will vary greatly depending on the final terms of laws adopted to implement the Proposed Budget and the RDA Provisions:

- (i) The RDA Provisions, if adopted, could impact the Agency's activities and programs generally and could reduce or eliminate its fund balances and staffing.
- (ii) The RDA Provisions, if adopted, could affect the Agency's compliance with and performance under existing contracts and obligations, including senior Pass-Through Agreements and Housing Set-Aside obligations.
- (iii) Subject to certain constitutional protections described below, the RDA Provisions, if adopted, could affect the Agency's compliance with and performance under the terms of the Indenture and the Bonds. These impacts could relate to the amount or availability of property tax revenue, Tax Increment revenues or Tax Revenues for the Bonds and other uses, the manner of application of Tax Revenues to debt service, flow of funds, use of Bond proceeds to fund new projects, compliance with Indenture covenants, continuing disclosure and other matters.
- (iv) Pending final adoption of laws to implement the RDA Provisions, interim proposals could affect the activities of the Agency and the value of the Bonds.
- (v) Most significantly, the RDA Provisions -- if adopted and implemented in their proposed form -- would eliminate redevelopment agencies and redeploy tax increment revenues affecting redevelopment agencies. These actions would almost certainly raise legal and practical issues, some of which may be subject to litigation and ultimate resolution in the courts, or subsequent legislative action. These issues could affect the Agency and its compliance with the terms of the Indenture and the Bonds, and resolution of these issues could involve expense and delay or modification of certain of the rights of the bondholders in ways the Agency cannot predict.

Constitutional Protections. The Agency believes that constitutional protections against the impairment of contracts will prevent the proposed actions in the RDA Provisions from adversely affecting the validity of the Bonds or the Agency's pledge of Tax Revenues to secure the payment of the Bonds. Indeed, the RDA Provisions purport to provide for the payments by successor entities of existing redevelopment agencies' "debts and contractual obligations."

Article I, section 10 of the United States Constitution provides that "No state shall...pass any...law impairing the obligation of contracts." Article I, section 9 of the California Constitution provides that a "law impairing the obligation of contracts may not be passed." Each of these provisions is generally referred to as a "contracts clause". Federal courts have applied a fact-based three-part test to determine whether a state law violates the federal contracts clause. In general, the test compares any impairment against the significant and legitimate public purpose behind the state law; there is no absolute prohibition against impairment.

The United States Supreme Court has declared in the context of a New Jersey law that would have retroactively repealed a 1962 statutory (but contractual) covenant that would have adversely impacted bondowners: "A governmental entity can always find a use for extra money, especially when taxes do not have to be raised. If a State could reduce its financial obligations whenever it wanted to spend the money for what it regarded as an important public purpose, the Contract Clause would provide no protection at all." See United States Trust Co. of New York v. New Jersey (1977) 431 U.S. 1, 25-26.

The Agency cannot predict the applicable scope of "contract clause" protections to the Bonds and the RDA Provisions as they may ultimately be implemented. Efforts to protect the

rights of Bondholders and to enforce the terms of the Indenture, if necessary, could involve expense and delay including with respect to the determination of the applicable scope of the "contract clause" provisions.

Future State Action. The Agency cannot predict what actions will be taken in the future by the voters of the State, the State Legislature and the Governor to deal with changing State revenues and expenditures and the repercussions they may have on the current fiscal year State Budget, the Proposed Budget and future State budgets, or their impact on the Agency. These developments at the State level, whether related to the Proposed Budget or not, may, in turn, affect local governments and agencies, including the Agency. Even if the proposals affecting the Agency in the Proposed Budget are not adopted, the State Legislature may adopt other legislation from time to time requiring redevelopment agencies to make other payments to ERAF or SERAF or to make other payments. The impact that current and future State fiscal shortfalls will have on the Agency is unknown at this time. In prior years, the State has experienced budgetary difficulties and as in the Proposed Budget, balanced its budget by requiring local political subdivisions, such as the County, the City and the Agency, to fund certain costs previously borne by the State.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within one or more of the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Seismic Considerations and Natural Calamities

As with most of Southern California, the most significant safety hazard in Riverside County is due to seismic hazards. Two major faults, the San Andreas and the San Jacinto, pass through the mid-county region to the east of the Project Areas. However, according to the draft Safety Element of the Riverside County General Plan, the Project Areas do not contain any mapped faults nor any earthquake fault study zones. In addition, most of the Project Areas have a low level of liquefaction susceptibility, with the exception of the areas closest to the Santa Ana River. Lastly, most of the assessed valuation growth in the Project Areas is due to new construction built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events.

From time to time, the County is subject to other natural calamities which could adversely affect economic activity in the County, and which could have a negative impact on the general economy and the values of properties in the Project Areas. There can be no assurance that the occurrence of any natural calamity, such as earthquake, flooding or wildfire, would not cause substantial reduction in the assessed valuations of properties in the Project Areas. Such a reduction of assessed valuations could result in a reduction of the Housing Tax Revenues that secure the Bonds.

Bankruptcy

The rights of the Owners of the Bonds may be subject to bankruptcy, insolvency,

reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See "APPENDIX E - FORMS OF OPINION OF BOND COUNSEL".

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Housing Tax Revenues, and consequently, have an adverse effect on the Agency's ability to pay debt service on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bond can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. Roll adjustments may be made by the County which would affect the Project Areas assessed value, under Section 51 of the Revenue and Taxation Code.

Article XIII A further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1% limitation. On December 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*).

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amended Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Under Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60. As a result, there may be a minor reduction of property tax revenues because there is substantial residential use within the Project Areas.

Challenges to Article XIII A

There have been many challenges to Article XIII A of the California Constitution. Probably the most significant judicial decision with respect to Article XIII A is the United States Supreme Court holding in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Property Taxes; Teeter Plan

In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Current tax payment practices by the County provide for payment to the Agency of Tax Revenues periodically throughout the fiscal year, with the majority of Tax Revenues derived from secured property paid to the Agency in January and May, and the majority of Tax Revenues derived from unsecured property paid to the Agency by late September. Unitary roll Tax Revenues and Tax Revenues from supplemental assessments are paid to the Agency in May. A final reconciliation is made after the close of the fiscal year. The difference between the final reconciliation and Tax Revenues previously allocated to the Agency is allocated in late July.

Property tax laws provide for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. To the extent such supplemental assessments occur within the Project Areas, Tax Revenues may increase.

General taxes, special taxes, tax increments and assessment installments are collected for all taxing entities and redevelopment agencies by the County. In 1993 the County approved a resolution of intent to begin operating under Section 4701-4717 of the California Revenue and

Taxation Code (the "**Teeter Plan**"). Under the Teeter Plan, the County will maintain a County Tax Loss Reserve Fund for the purpose of paying each taxing entity 100% of the amounts of secured taxes levied (including tax increments) and 1915 Act assessments posted on the tax bill. The County has the power to unilaterally discontinue its practice of paying 100% of the tax levy to the Agency notwithstanding delinquencies and certain assessment appeals on a countywide basis with respect to one or more categories, including general taxes, special taxes or special assessment installments. The Teeter Plan may also be discontinued by petition of two-thirds (2/3) of the participant taxing agencies.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 2% of the tax increment revenues from a Project Area. The calculations of Housing Tax Revenues take such administrative costs into account.

Unitary Taxation of Utility Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of property tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited. For additional information see "APPENDIX H - FISCAL CONSULTANT REPORT - Unitary Tax Revenue".

Future Initiatives

Article XIII A, Article XIII B and Proposition 62 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

OTHER INFORMATION

Continuing Disclosure

The Agency will covenant for the benefit of Bondholders to provide certain financial information and operating data relating to the Agency by not later than March 31 in each year commencing December 31, 2011 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material.

The specific nature of the information to be contained in the Annual Report or the notices of material events is described in "APPENDIX H – Form of Continuing Disclosure Certificate". These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Agency has not failed to comply with a continuing disclosure undertaking in the previous five years.

Litigation

At the time of delivery of and payment for the Bonds, the Agency will certify that, except as disclosed herein, to its best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Agency in any way affecting the existence of the Agency or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Housing Tax Revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indentures, or any action of the Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Agency or its authority with respect to the Indentures or any action of the Agency contemplated by said document, or which would adversely affect the exclusion of interest paid on the Series A Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Agency, is there any basis therefor.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions described in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds.

In the further opinion of Bond Counsel, interest on both the Series A Bonds and the Series A-T Bonds is exempt from California personal income taxes.

Owners of the Series A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds may have federal tax consequences

other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Series A Bonds other than as expressly described above.

The interest payable on the Series A-T Bonds is not excluded from gross income for federal income tax purposes.

Circular 230 Disclaimer

To ensure compliance with requirements imposed by the Internal Revenue Service, Bond Counsel informs Owners of the Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Tax Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

Legal Opinion

Jones Hall, A Professional Law Corporation, San Francisco, California, will render an opinion with respect to the validity of the Bonds in substantially the form set forth in Appendix E hereto. Copies of such approving opinion will be available at the time of delivery of the Bonds.

In addition, Bond Counsel, in its capacity as Disclosure Counsel, will deliver to the Agency and to the Underwriters a letter in customary form concerning the information set forth in this Official Statement.

Ratings

The Bonds have received ratings of “__” and “___” from Moody's Investors Services (“**Moody's**”) and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies (“**S&P**”).

Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from Moody's and S&P. There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

The Authority

The Riverside County Public Financing Authority is a joint powers authority, organized under a Joint Exercise of Powers Agreement, dated as of March 20, 1990, between the Agency and the County. The Agreement was entered into under the provisions of Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “**JPA Law**”). The Authority was created for the primary purpose of assisting the financing or refinancing of public capital improvements of the County and the Agency. Under the JPA Law, the Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale.

The Authority is governed by a board of directors, consisting of the Board of Supervisors of Riverside County.

Underwriting

The Bonds are being purchased by the Authority for concurrent resale of the Bonds to Stone & Youngberg LLC and De La Rosa & Co. (the "**Underwriters**").

Series A Bonds. The Underwriters have agreed to purchase the Series A Bonds at a price of \$_____ (being the principal amount of the Series A Bonds of \$_____ plus an original issue premium of \$_____ less an underwriters' discount of \$_____) under a Bond Purchase Contract among the Agency, the Authority and the Underwriters.

Series A-T Bonds. The Underwriters have also agreed to purchase the Series A-T Bonds at a price of \$_____ (being the principal amount of the Series A-T Bonds of \$_____ less an original issue discount of \$_____ less an underwriters' discount of \$_____) under a Bond Purchase Contract among the Agency, the Authority and the Underwriters.

The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

Stone & Youngberg has entered into an agreement (the "**Distribution Agreement**") with First Republic Securities Company LLC for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement, if applicable to the Bonds, Stone & Youngberg will share a portion of its underwriting compensation with respect to the Bonds, with First Republic Securities Company LLC.

De La Rosa & Co., one of the Underwriters of the Bonds, has entered into separate agreements with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC and City National Securities, Inc. for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, De La Rosa & Co. will share a portion of its underwriting compensation with respect to the Bonds, with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC or City National Securities, Inc.

Miscellaneous

All quotations from and summaries and explanations of the Indentures and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, Indentures and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Agency. The information contained herein should not be construed as representing all conditions affecting the Agency or the Bonds.

**REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE**

By: _____
Executive Director

APPENDIX A
DESCRIPTION OF PROPOSED PROJECTS OF THE AGENCY

APPENDIX B

GENERAL INFORMATION ABOUT EACH PROJECT AREA

Redevelopment Project Area No. 1

General. The Riverside County Board of Supervisors (the "Board") approved Redevelopment Project Area No. 1 on December 23, 1986, pursuant to Ordinance No. 635. The Project Area is located in the southwestern region of the County and consists of four Sub-Areas, totaling approximately 4,651 acres. The original Project Area contains sub-areas in the communities of Home Gardens and Murrieta. The Board approved Amendment No. 1 to the Project Area on July 20, 1999, pursuant to Ordinance No. 793, which included a new Sub-Area in the communities of Lakeland Village and Wildomar. A second amendment to the Project Area was approved on December 14, 1999, pursuant to Ordinance No. 800. This amendment allowed for the creation of another new Sub-Area in the El Cerrito/Temescal Canyon area.

Home Gardens. The first Sub-Area encompasses approximately 145 acres and is located in the unincorporated area of Home Gardens, situated between the cities of Riverside and Corona. The area is comprised of commercial, industrial, and some residential uses and has easy access to both State Route 91 and Interstate 15. A small portion of the Project area was annexed into the City of Corona and includes a small industrial park.

Murrieta. The second Sub-Area consists of 200 acres within the City of Murrieta and is located between the Cities of Lake Elsinore and Temecula. The Sub-Area was formed in 1986 and was subsequently included as part of the incorporation of the City of Murrieta in July of 1991. The Murrieta Sub-Area is located within the historic core of the City of Murrieta and remains mostly rural in nature with large residential lots, limited commercial, office and industrial development and several public facilities. The junction of Interstates 15 and 215 is approximately 1.5 miles southeast of the Sub-Area, making it a convenient location for businesses. The Agency has worked cooperatively with the City of Murrieta to implement a revitalization program to improve the historic district. Improvements implemented under the program include a streetscape project in which new decorative sidewalks, landscaping and lighting will be constructed. As the infrastructure improvements are being completed, the Façade Improvement Program is being utilized by business owners to renovate their commercial buildings along the street frontage.

Lakeland Village/Wildomar. The third Sub-Area was adopted in 1999 via Ordinance 793, and is located within the First Supervisorial District of Riverside County, adjacent to the City of Lake Elsinore. On July 1, 2008, the City of Wildomar incorporated and a portion of the sub-area is located within the Wildomar city limits. The entire sub-area is approximately 2,859 acres in size and consists of four non-contiguous areas in the communities of Lakeland Village, Sedco Hills, Cleveland Ridge and the City of Wildomar. The Lakeland Village/Wildomar Sub-Area borders the southern portion of Lake Elsinore. Over half of the Sub-Area is single-family residential, with some commercial development and several public facilities. Because the Sub-Area is adjacent to Lake Elsinore and the Cleveland National Forest, it has significant recreational potential.

El Cerrito/Temescal Canyon. This fourth Sub-Area of Project Area 1-1986 is located within the First and Second Supervisorial Districts of Riverside County, and was adopted in 1999 via Ordinance 800. The sub-area includes approximately 1,442 non-contiguous acres of

land on both sides of the 15 Freeway near the City of Corona. The El Cerrito region is located north of Cajalco Road and the Temescal Canyon region is located south of Weirick Road. Residential uses make up the largest percentage of existing development in the area, particularly in the El Cerrito Sub-Area, while commercial and industrial development is prominent in the Temescal Canyon Sub-Area. A small portion of the El Cerrito region of the Sub-Area has been annexed into the City of Corona.

New Development Redevelopment Project Area No. 1. The primary area of industrial and commercial development in Redevelopment Project Area No. 1 is in the Temescal Canyon Sub-Area. As part of the southern Corona real estate market, this region saw significant investment and job growth from 2003 through 2005. Projects such as the 300-acre commercial project developed by Castle and Cooke that includes a Regal Cinemas, Kohls, Best Buy, Chili's Restaurant, and Cost Plus World Market and the Wildrose Business Park which employs over 1,100 people and has an investment of over \$50 million in several buildings have made the Temescal Canyon area one of the fastest growing regions of the County. Projects that are currently in process that will facilitate commercial investment include the Temescal Canyon Road Widening Project. The project will widen Temescal Canyon Road to four lanes from the southern limits of Wildrose Business Park to Dawson Canyon Road, and subsequently increase the business potential in the area.

Land Use in Redevelopment Project Area No. 1. The majority of the land in Redevelopment Project Area No. 1 is used for residential purposes. The following table shows the land use in Redevelopment Project Area No. 1, based on 2010-11 assessed valuation.

**Table B-1
REDEVELOPMENT PROJECT AREA NO. 1
Land Use; Fiscal Year 2010-11**

Land Use	Secured AV ⁽¹⁾	Pct of AV	No. of Parcels	Pct of Parcels	Acres	Pct of Acres
Agricultural	\$ 1,039,292	0.1%	3	0.0%	40	0.9%
Commercial	255,550,347	22.1	220	3.2	331	7.1
Industrial	205,548,856	17.8	72	1.1	280	6.0
SF						
Residential.	418,372,756	36.2	3327	48.9	738	15.9
Condominiums	2,078,584	0.2	12	0.2	1	0.0
Other						
Residential	184,301,109	16.0	2,005	29.5	1,963	42.2
Vacant	86,376,710	7.5	1,156	17.0	1,293	27.8
Other	1,501,200	0.1	7	0.1	5	0.1
Totals:	\$1,154,768,854	100.0%	6,802	100.0%	4,651	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment.
Acreage is estimated using tax roll data and information provided by the Agency.
Source: Urban Analytics

Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues. In Project Area No. 1, the roll decreased by 7.30% in 2010-11. The decline in valuation was principally due to Proposition 8 reductions on a substantial number of residential properties. The Project Area experienced a decrease of 4.73% in 2009-10 for similar reasons; growth ranged from 3.48% to 23.85% in prior years.

The table below shows a five-year history of assessed valuation in Redevelopment

Project Area No. 1.

Table B-2
REDEVELOPMENT PROJECT AREA NO. 1
Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues

Roll	2006-07	2007-08	2008-09	2009-10	2010-11
Secured					
Land	\$396,839,228	\$449,213,120	\$470,569,688	\$440,986,037	\$404,977,034
Improvements	781,985,790	872,828,022	874,123,823	851,461,232	792,871,444
Personal Property	746,301	508,679	843,510	1,969,711	1,806,359
Exemptions	(38,093,463)	(39,303,053)	(24,465,471)	(44,889,751)	(44,885,983)
Secured Total	1,141,477,856	1,283,246,768	1,321,071,550	1,249,527,229	1,154,768,854
Unsecured					
Land	143,285	132,707	114,744	32,587	113,044
Improvements	57,758,082	58,002,188	68,428,212	71,876,348	68,127,970
Personal Property	41,370,710	46,362,293	46,446,123	46,664,760	45,141,674
Exemptions	(150,000)	0	0	(26,518)	(50,000)
Unsecured Total	99,122,077	104,497,188	114,989,079	118,547,177	113,332,688
Utility					
Land	1,409,883	1,351,476	1,351,476	1,351,476	1,351,476
Improvements	48,492	0	0	0	0
Personal Property	25,303	0	0	0	0
Exemptions	0	0	0	0	0
Utility Total	1,483,678	1,351,476	1,351,476	1,351,476	1,351,476
Totals:	1,242,083,611	1,389,095,432	1,437,412,105	1,369,425,882	1,269,453,018
Percent Change	23.85%	11.84%	3.48%	(4.73)%	(7.30)%
Plus: HOPTR AV	17,399,352	16,971,170	16,772,192	17,164,418	16,537,188
Less: Base AV	(446,601,282)	(446,601,282)	(446,601,282)	(446,601,282)	(446,601,282)
Incremental AV	812,881,681	959,465,320	1,007,583,015	939,989,018	839,388,924
Incremental Revenue	8,128,817	9,594,653	10,075,830	9,399,890	8,393,889
Plus: Additional Revenue (1)	1,439,299	1,259,699	277,869	181,903	(N.A.)
Tax Increment Collected	9,568,116	10,854,352	10,353,699	9,581,793	(N.A.)
Housing Tax Revenues Collected	\$1,913,623	\$2,170,870	\$2,070,740	\$1,916,359	(N.A.)

(1) Revenue from unitary and supplemental rolls, debt service levy, prior-year adjustments and other sources.
Source: Urban Analytics

Largest Taxpayers in Redevelopment Project Area No. 1. The following table shows the ten largest taxpayers in Redevelopment Project Area No. 1. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. See "APPENDIX H – FISCAL CONSULTANT REPORT – Largest Property Owners".

**TABLE B-3
REDEVELOPMENT PROJECT AREA NO. 1
Largest Property Tax Payers**

Property Owner	Secured and Utility	Unsecured	Total	Pct of Total
Castle & Cooke	\$ 165,213,781	\$ 2,262,917	\$ 167,476,698	13.19%
TRM Manufacturing	0	20,995,134	20,995,134	1.65
Anaisa	19,068,866	0	19,068,866	1.50
Target Corporation	17,538,890	0	17,538,890	1.38
Fleetwood Aluminum Products Inc	15,426,975	0	15,426,975	1.22
Mcid Holdings LLC	0	10,384,430	10,384,430	0.82
Wildrose Ridge 17	10,260,508	0	10,260,508	0.81
14 Promenade Partnership L P	10,055,419	0	10,055,419	0.79
Temescal Canyon Storage Center	9,496,243	0	9,496,243	0.75
Robertshaw Controls Co LSE	9,156,594	0	9,156,594	0.72
Total, Top Ten:	256,217,276	33,642,481	289,859,757	22.83%
Total, Top Twenty:	323,776,175	39,387,277	363,163,452	28.61%
Total, Top Hundred:	467,784,575	67,211,158	534,995,733	42.14%
Totals for the Area:	\$1,156,120,330	\$113,332,688	\$1,269,453,018	100.00%

Source: Urban Analytics

Projection of Housing Tax Revenues. The table below show a projection of Housing Tax Revenues over the life of the Bonds. The projections incorporate a decrease in overall assessed valuation of 2.0% in 2011-12, based on (i) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and (ii) the application of a CPI factor of 0.753% to real property in 2011-12. See "PROJECTED COVERAGE ON THE BONDS" in this Official Statement for further explanation of these assumptions.

**TABLE B-4
REDEVELOPMENT PROJECT AREA NO. 1
Projected Housing Tax Revenues**

Fiscal Year	Tax Revenues	Housing Tax Revenues
2010-11	\$8,430,864	\$1,686,173
2011-12	8,196,693	1,639,339
2012-13	8,426,180	1,685,236
2013-14	8,660,257	1,732,051
2014-15	8,899,015	1,779,803
2015-16	9,142,548	1,828,510
2016-17	9,390,952	1,878,190
2017-18	9,644,324	1,928,865
2018-19	9,902,764	1,980,553
2019-20	10,166,372	2,033,274
2020-21	10,435,252	2,087,050
2021-22	10,709,510	2,141,902
2022-23	10,989,253	2,197,851
2023-24	11,274,591	2,254,918
2024-25	11,565,636	2,313,127
2025-26	11,862,502	2,372,500
2026-27	12,165,305	2,433,061
2027-28	12,474,164	2,494,833
2028-29	12,789,200	2,557,840
2029-30	13,110,537	2,622,107
2030-31	13,438,301	2,687,660
2031-32	13,772,620	2,754,524
2032-33	14,113,625	2,822,725
2033-34	14,461,451	2,892,290
2034-35	14,816,233	2,963,247
2035-36	15,178,110	3,035,622
2036-37	15,547,225	3,109,445
2037-38	13,019,486	2,603,897
2038-39	13,347,141	2,669,428
2039-40	13,681,350	2,736,270
2040-41	14,022,242	2,804,448
2041-42	14,369,953	2,873,991
2042-43	14,724,618	2,944,924

Source: Urban Analytics

The Jurupa Valley Redevelopment Project Area

General. The Board adopted the Jurupa Valley Project Area on July 9, 1996, via Ordinance No. 763. The project area formation involved the merger of three existing redevelopment project areas, Project Areas Nos. 2, 2-1987 and 2-1989, totaling approximately 5,845 acres; and included an addition of 10,750 acres of territory (the "Amendment Area") to the merged project areas. Project Area No. 2 was amended twice before the merger, thereby adding an additional 1,901 acres to the previous 3,984 acres. The JVPA is a single contiguous project area and is located in the northwest region of the County. The total acreage for the project area is 16,600 acres, and it is comprised of the following Sub-Areas: Mira Loma, Rubidoux, Pedley, Glen Avon, and the Amendment Area.

Mira Loma. Located in the northwestern-most portion of the County, the community of Mira Loma has evolved into a large-scale industrial center. This center includes 2,489 acres from the original project area, generally located north of State Route 60 and primarily industrial in nature. The sub-area also includes a portion of the Amendment Area which resulted in the addition of industrial land along Interstate 15 south of State Route 60. Numerous corporate warehouse/distribution and manufacturing firms have located large facilities in this sub-area, including Nestlé, Costco, Anheuser-Busch, Union Pacific and many others. Like much of the land in this region, warehouse distribution and industrial development has steadily replaced dairy farms and grape vineyards. Most of the land in the sub-area is zoned either commercial or industrial. The southwestern portion of the sub-area consists mostly of older single-family residences with scattered neighborhood commercial uses.

Rubidoux. The community of Rubidoux is an older community with a rich historical past dating back to the turn of the century. Rubidoux lies just west of the City of Riverside and is adjacent to State Route 60, which is one of two major arterials linking Riverside County to the larger Los Angeles region. The original project area included approximately 1,092 acres of commercial property primarily along two major thoroughfares: Mission and Rubidoux Boulevards. The Amendment Area added residential area outside the commercial core and included some heavy industrial areas along Market Street north of the commercial core. The commercial corridor along Mission Boulevard has been the undergoing a comprehensive revitalization program administered by the Agency. Improvements included upgrades to the existing water system in order to meet fire flow requirements and to serve future development along the boulevard. Other program components include street improvements, landscaping, upgraded lighting and a façade improvement program. The residential areas in Rubidoux primarily contain low to moderate-income housing. The Agency has planned water system improvements and a residential rehabilitation program to help improve the housing stock.

The industrial area in Rubidoux is located north of State Route 60 and a portion of the project area is within a state designated Recycling Market Development Zone/Enterprise Zone (RMDZ/EZ) called the Agua Mansa Enterprise Zone. The Enterprise Zone offers state tax credits to businesses and the Recycling Market Development Zone has a low-interest loan program for manufacturers of recycled products.

Pedley. The community of Pedley contains a large portion of the newest housing stock in the JVPA. The original project area contained 777 acres along Limonite Avenue east of Van Buren Boulevard. The Amendment Area included an older residential area just to the west of Van Buren Boulevard. Both suburban and rural in character, the center of the community lies at the intersection of Van Buren Boulevard and Limonite Avenue adjacent to the Santa Ana River. This area is characterized by neighborhood commercial land uses and various types of housing product. The northern and southern portions of the community are designated for industrial

development. However, most of the industrial parcels are smaller than those in Mira Loma. The area adjacent to the two heavily traveled roadways, Limonite Avenue and Van Buren Boulevard, has been recognized as having potential for future commercial development.

Glen Avon. The community of Glen Avon is located south of State Route 60 between Mira Loma and Rubidoux. Bisected by Mission Boulevard, Glen Avon consists mostly of residential and neighborhood commercial uses. The original project area included 120 acres in the commercial core of the area. The Amendment to the project area enabled the Agency to add a large amount of land extending west to Mira Loma and east to Rubidoux. Land uses consist of scattered residential and commercial development and some fallow agricultural land. It is expected that the central location between Mira Loma and Rubidoux should encourage new growth in Glen Avon.

New Development in the Jurupa Valley Redevelopment Project Area. Historically, the Jurupa Valley Redevelopment Project Area has seen significant industrial and commercial activity due to its location along the major transportation routes in northwest Riverside County. This level of demand will continue, particularly in the older parts of the project area. The Agency has expanded the Façade Improvement Program within the project area, and has assisted businesses, primarily along the Mission Boulevard Corridor, with exterior improvements that have worked towards revitalizing the commercial core of the area. New projects include the Mission Plaza Improvement Project. This mixed use development project involves the redevelopment of an existing deteriorated shopping center, and consists of the rehabilitation and construction of commercial amenities such as a grocery store with multi-family housing. The Rubidoux/Agua Mansa area is facilitating industrial and commercial growth with road improvements, which will facilitate new development as developers move eastward in the project area. In Rubidoux, The Emerald Meadows Specific Plan will provide approximately 1,000 new homes and retail development on approximately 250 acres.

Land Use in the Jurupa Valley Redevelopment Project Area. The largest use of the land in the Jurupa Valley Redevelopment Project Area in terms of assessed value is for industrial purposes. The following table shows the land use in the Jurupa Valley Redevelopment Project Area, based on 2010-11 assessed valuation.

**TABLE B-5
JURUPA VALLEY REDEVELOPMENT PROJECT AREA
Land Use; Fiscal Year 2010-11**

Land Use	Secured AV ⁽¹⁾	Pct of AV	No. of Parcels	Pct of Parcels	Acres	Pct of Acres
Agricultural	\$ 6,707,964	0.2%	12	0.1%	20	0.1%
Commercial	567,020,213	14.4	565	4.5	355	2.1
Industrial	1,620,959,663	41.1	259	2.1	679	4.1
SF Residential.	1,081,165,890	27.4	8441	67.1	1,082	6.5
Condominiums	77,733,460	2.0	316	2.5	3	0.0
Other Residential	193,741,771	4.9	1,334	10.6	13,323	80.3
Vacant	391,429,403	9.9	1,633	13.0	1,125	6.8
Other	7,102,550	0.2	12	0.1	12	0.1
Totals:	\$3,945,860,913	100.0%	12,572	100.0%	16,600	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency.
Source: Urban Analytics

Historic Assessed Valuation. The Jurupa Valley Redevelopment Project Area decreased in valuation by 4.28% in 2010-11, a drop also attributable to Proposition 8 reductions in valuation on residential properties. Project area valuations decreased in 2009-10 by 3.73% after experiencing growth in the three prior years ranging from 7.37% to 16.14%.

The table below shows a five-year history of assessed valuation in the Jurupa Valley Redevelopment Project Area.

**TABLE B-6
JURUPA VALLEY REDEVELOPMENT PROJECT AREA
Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues**

Roll	2006-07	2007-08	2008-09	2009-10	2010-11
Secured					
Land	\$1,237,366,711	\$1,459,606,278	\$1,593,491,722	\$1,533,212,329	\$1,454,004,414
Improvements	2,252,971,112	2,581,971,711	2,754,356,517	2,618,113,112	2,528,154,838
Personal Property	41,068,766	49,359,918	49,585,217	59,492,822	52,940,437
Exemptions	(75,161,444)	(77,724,311)	(82,134,772)	(82,634,045)	(89,238,776)
Secured Total	3,456,245,145	4,013,213,596	4,315,298,684	4,128,184,218	3,945,860,913
Unsecured					
Land	124,255	37,285	37,351	29,278	497,117
Improvements	134,091,866	159,848,014	183,733,105	198,332,967	193,431,166
Personal Property	151,073,506	175,706,785	170,702,874	172,430,973	166,733,001
Exemptions	0	(23,389)	0	(220,000)	70,436
Unsecured Total	285,289,627	335,568,695	354,473,330	370,573,218	360,731,720
Utility					
Land	3,835,509	2,919,486	3,034,076	2,950,053	3,229,966
Improvements	6,136,579	5,726,303	5,515,445	2,160,568	1,683,718
Personal Property	660,295	280,436	348,732	355,415	116,500
Exemptions	0	0	0	0	0
Utility Total	10,632,383	8,926,225	8,898,253	5,466,036	5,030,184
Totals:	3,752,167,155	4,357,708,516	4,678,670,267	4,504,223,472	4,311,622,817
Percent Change	15.27%	16.14%	7.37%	(3.73)%	(4.28)%
Plus: HOPTR AV	33,231,511	32,601,944	32,994,884	32,540,684	32,206,613
Less: Base AV	(1,104,611,835)	(1,104,611,835)	(1,104,611,835)	(1,104,611,835)	(1,104,611,835)
Incremental AV	2,680,786,831	3,285,698,625	3,607,053,316	3,432,152,321	3,239,217,595
Incremental Revenue	26,807,868	32,856,986	36,070,533	34,321,523	32,392,176
Plus: Additional Revenue (1)	4,154,132	4,571,252	1,161,593	1,763,270	(N.A.)
Tax Increment Collected	30,962,001	37,428,238	37,232,127	36,084,793	(N.A.)
Housing Tax Revenues Collected	\$6,192,400	\$7,485,648	\$7,446,425	\$7,216,959	(N.A.)

(1) Revenue from unitary and supplemental rolls, debt service levy, prior-year adjustments and other sources.
Source: Urban Analytics

Largest Taxpayers in the Jurupa Valley Redevelopment Project Area. The following table shows the ten largest taxpayers in the Jurupa Valley Redevelopment Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. See "APPENDIX H – FISCAL CONSULTANT REPORT – Largest Property Owners".

**TABLE B-7
JURUPA VALLEY REDEVELOPMENT PROJECT AREA
Largest Property Tax Payers**

Property Owner	Secured and Utility	Unsecured	Total	Pct of Total
Teachers Insurance Annuity Assn	\$ 125,634,428	\$ 0	\$125,634,428	2.91%
Eastvale Gateway	100,585,729	0	100,585,729	2.33
Costco Wholesale Corp	96,675,783	0	96,675,783	2.24
Amb Institutional Alliance Fund III	93,509,570	1,047,966	94,557,536	2.19
Ups Supply Chain Solutions Inc	85,923,793	0	85,923,793	1.99
Prologis Calif I	81,589,798	0	81,589,798	1.89
Metal Container Corp	64,585,686	5,350	64,591,036	1.50
Ontario Warehouse 1 Inc	48,795,201	0	48,795,201	1.13
Mira Loma Vineyards Ltd	47,536,146	0	47,536,146	1.10
Riverside Cement Co	46,563,791	0	46,563,791	1.08
Total, Top Ten:	791,399,925	1,053,316	792,453,241	18.38
Total, Top Twenty:	1,133,431,599	1,053,316	1,134,484,915	26.31
Total, Top Hundred:	1,962,143,238	177,436,571	2,139,579,809	49.62
Totals for the Area:	\$3,950,891,097	\$360,731,720	\$4,311,622,817	100.00%

Source: Urban Analytics

Projection of Housing Tax Revenues. The table below show a projection of Housing Tax Revenues over the life of the Bonds. The projections incorporate a decrease in overall assessed valuation of 2.0% in 2011-12, based on (i) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and (ii) the application of a CPI factor of 0.753% to real property in 2011-12. See "PROJECTED COVERAGE ON THE BONDS" in this Official Statement for further explanation of these assumptions.

TABLE B-8
JURUPA VALLEY REDEVELOPMENT PROJECT AREA
Projected Housing Tax Revenue

Fiscal Year	Tax Revenues	Housing Tax Revenues
2010-11	\$32,502,937	\$ 6,500,587
2011-12	31,716,890	6,343,378
2012-13	32,487,216	6,497,443
2013-14	33,272,948	6,654,590
2014-15	34,074,396	6,814,879
2015-16	34,891,872	6,978,374
2016-17	35,725,697	7,145,139
2017-18	36,576,199	7,315,240
2018-19	37,443,711	7,488,742
2019-20	38,328,574	7,665,715
2020-21	39,231,133	7,846,227
2021-22	40,151,744	8,030,349
2022-23	41,090,767	8,218,153
2023-24	42,048,570	8,409,714
2024-25	43,025,530	8,605,106
2025-26	44,022,029	8,804,406
2026-27	45,038,457	9,007,691
2027-28	46,075,215	9,215,043
2028-29	47,132,707	9,426,541
2029-30	48,211,349	9,642,270
2030-31	49,311,564	9,862,313
2031-32	50,433,784	10,086,757
2032-33	51,578,448	10,315,690
2033-34	52,746,005	10,549,201
2034-35	53,936,913	10,787,383
2035-36	55,151,639	11,030,328
2036-37	56,390,660	11,278,132
2037-38	51,698,907	10,339,781
2038-39	50,430,448	10,086,090
2039-40	49,586,247	9,917,249
2040-41	37,528,553	7,505,711
2041-42	38,422,232	7,684,446
2042-43	0	0

Source: Urban Analytics

The Mid-County Redevelopment Project Area

General. The Mid-County Project Area originally consisted of three project areas: Project Area Nos. 3 (3-1986), 3-1987, and 3-1989. Project Area 3-1986 originally included area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 included portions of the community of North Hemet; and Project Area 3-1989 included area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3 on December 23, 1986 via Ordinance No. 637; Project Area 3-1987 on December 22, 1987 via Ordinance No. 646; and, Project Area No. 3-1989 on July 11, 1989 via Ordinance No. 676.

In 1999, the project areas were merged and amended, adding approximately 1,307 acres to the Homeland sub-area (renamed Homeland/Green Acres). Both the amendment and merger were approved in May 1999, via Ordinances Nos. 785 and 786, respectively. On January 13, 2009, Amendment No. 2 to the MCPA was adopted via Ordinance No. 887, and added 2,693 acres in the Garnet and West Garnet communities to the sub-area. The current project area is composed of approximately 9,740 acres.

Garnet. Garnet is located in the Fifth Supervisorial District, at the intersection of Interstate 10 and Indian Avenue, directly between Palm Springs and Desert Hot Springs and serves as an entry point for both cities. The community includes approximately 250 acres of underutilized properties. A portion of the sub-area is within Palm Springs city limits and a portion is within the Desert Hot Springs sphere of influence. Business in Garnet has traditionally focused on tourist commercial establishments, including auto service facilities. This focus has shifted toward quality industrial and commercial development as the surrounding area has changed. The recent development of business parks and freeway improvements makes the area ideal for future industrial and commercial development. Additional territory was added to the Garnet sub-area in January 2009, as part of Amendment No. 2.

Homeland/Green Acres. The original Homeland sub-area included approximately 120 acres of land situated between the cities of Perris and Hemet. Amendment No. 1 enabled the Agency to add more territory from both the adjacent Homeland and Green Acres communities to the sub-area. The amended area is contiguous and is predominately residential in nature. Portions of the sub-area are located in both the Third and Fifth Supervisorial Districts; and the sub-area is bisected by Highway 74, one of two major east-west arterials in the region that connects with Interstate 215. Commercial land uses front Highway 74 and serve as the core of the community. Diamond Valley Lake is located south of the sub-area, and is Southern California's largest drinking water storage facility with 800,000 acre feet or 269 billion gallons of water storage. Numerous recreational opportunities have been made available, including but not limited to bicycling, hiking and equestrian trails, picnicking, camping, golfing, fishing, sailing, and special events. Access to the lake is from Highway 79, which runs south from Highway 74. As such, a large number of visitors are likely to travel through the sub-area.

Winchester. The Winchester Sub-Area is located between the cities of Temecula and Hemet and is bisected by Highway 79. The Sub-Area consists of approximately 30 acres of commercial property that fronts Highway 79 and serves as the core of the community. The Sub-Area was created in this small rural community in order to strengthen the commercial base in a single location, and to revitalize the service commercial and neighborhood commercial uses in this area. Highway 79 serves as a major north-south arterial through the Mid-County region and, as mentioned above, is the primary link between Interstate 215 and the Diamond Valley Lake. Plans are underway to widen this major thoroughfare in order to accommodate the anticipated growth from the reservoir and surrounding development.

Valle Vista. The Valle Vista sub-area includes 550 acres located along Highway 74 portions of which are located within the City of Hemet, in the Third Supervisorial District. The sub-area consists of commercial uses along the highway frontage; residential uses are located to the north and south of the commercial corridor. Highway 74 is the main route to numerous recreational opportunities offered by the San Jacinto Mountains, Lake Hemet, and Diamond Valley Lake. It is expected that this sub-area will benefit from the increase in traffic flow, enabling an increase in commercial development and general revitalization. In general, commercial development opportunities in the Sub-Area remain strong, because the residential development in the recent past in the surrounding area has continued at a strong pace. Growth potential for the area should also be enhanced by the Agency's recent infrastructure investments in the Sub-Area, such as road and water improvements. A new sheriff sub-station and library expansion have also been recently constructed.

West Garnet. The West Garnet sub-area is located in the Fifth Supervisorial District, and consists of 144 acres located south of Interstate 10 and is near the City of Palm Springs. The sub-area is located in a designated wind energy zone, which is the prevailing development in the area. Additional territory was added to the sub-area in January 2009 with the adoption of Amendment No. 2 to the MCPA. The Sub-Area is located in a designated wind energy zone, which is the prevailing development in the area.

North Hemet. Originally known as Project Area No. 3-1987, the Sub-Area of North Hemet was approved by the Board on December 22, 1987 via Ordinance No. 646. The Sub-Area is approximately 40 acres in size and is comprised of unincorporated County land and land incorporated by the City of Hemet. Generally, the Sub-Area contains commercial uses that face State Street, vacant and underutilized parcels north of Menlo Avenue and residences adjacent to Alessandro Avenue. The Agency is in the process of developing a master mixed-use revitalization plan for the Sub-Area.

Cabazon. Originally called Project Area No. 3-1989, the Sub-Area of Cabazon was approved by the Board of July 11, 1989 pursuant to Ordinance No. 676. The community of Cabazon is located between the cities of Banning and Palm Springs and shares boundaries with the Morongo Indian Reservation to the north and southeast. The 4,598 acre Sub-Area is bisected by Interstate 10 which is the major east-west corridor linking the westernmost portion of the County with the desert region. The community contains both sloping and flat terrain and is surrounded by the spectacular peaks of the San Jacinto and San Gorgonio Mountains. The land uses in the Sub-Area consist of a large-scale commercial retail outlet (473,000 square feet) comprised of 120 stores, the popular dinosaur tourist stop with restaurants and hotels, and rural residential. Immediately east of the Sub-Area is the Morongo Band of Indians Casino and Hotel, which has increased tourism in the area.

New Development in the Mid-County Redevelopment Project Area. The Mid-County Redevelopment Project Area is primarily experiencing moderate residential growth with appurtenant retail to follow in all the sub-areas. A sewer is being constructed along portions of Dolores and Carmen Avenues in the Cabazon Sub-Area in order to facilitate new development. In addition, the construction of a 12-acre Civic Center in Cabazon will stimulate retail activity in the area. In the Winchester Sub-Area, residential growth will help stimulate retail activity in the area.

Land Use in the Mid-County Redevelopment Project Area. The largest use of the land in the Mid-County Redevelopment Project Area in terms of assessed value is for commercial purposes. The following table shows the land use in the Mid-County

Redevelopment Project Area, based on 2010-11 assessed valuation.

**TABLE B-9
MID-COUNTY REDEVELOPMENT PROJECT AREA
Land Use; Fiscal Year 2010-11**

Land Use	Secured AV ⁽¹⁾	Pct of AV	No. of Parcels	Pct of Parcels	Acres	Pct of Acres
Commercial	\$290,071,719	48.4%	157	2.9%	314	4.5%
Industrial	32,769,358	5.5	26	0.5	588	8.4
SF Residential.	90,759,739	15.2	1,026	19.1	383	5.4
Condominiums	41,036,953	1.0	94	0.7	5	0.0
Other Residential	104,298,815	17.4	1,745	32.5	1,704	24.2
Vacant	74,764,458	12.5	2,321	43.2	4,037	57.3
Other	179,722	0.0	6	0.1	18	0.3
Totals:	\$599,074,182	100.0%	5,375	100.0%	7,047	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency.
Source: Urban Analytics

Historic Assessed Valuation. The Mid-County Redevelopment Project Area experienced a decrease in valuation of 4.27% in 2010-11, following gains of between 3.71% and 14.25% in the previous four years. Decreases in valuation in the Project Area for 2010-11 included a \$10.4 million roll correction on property owned by the Morongo Band of Mission Indians enrolled after the July roll was released, reducing the property from \$20.7 million; the owner remains among the ten largest in the Project Area.

The table below shows a five-year history of assessed valuation in the Mid-County Redevelopment Project Area.

TABLE B-10
MID-COUNTY REDEVELOPMENT PROJECT AREA
Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues (2)

Roll	2006-07	2007-08	2008-09	2009-10	2010-11
Secured					
Land	\$190,321,811	\$218,675,361	\$258,674,240	\$232,325,504	\$205,397,771
Improvements	311,750,091	353,953,243	386,786,561	432,817,428	411,558,423
Personal Property	210,977	686,349	706,585	783,529	4,801,162
Exemptions	(21,975,108)	(22,129,994)	(22,563,059)	(22,677,606)	(22,683,174)
Secured Total	480,307,771	551,184,959	623,604,327	643,248,855	599,074,182
Unsecured					
Land	9,538	234	1,060	1,081	0
Improvements	21,879,516	23,947,989	25,956,300	29,865,277	44,145,808
Personal Property	18,740,743	19,475,522	20,638,349	21,933,917	22,131,608
Exemptions	0	0	0	0	0
Unsecured Total	40,629,797	43,423,745	46,595,709	51,800,275	66,277,416
Utility					
Land	115,723	69,784	69,784	69,784	69,784
Improvements	34,490	0	0	0	0
Personal Property	19,744	0	0	0	0
Exemptions	0	0	0	0	0
Utility Total	169,957	69,784	69,784	69,784	69,784
Totals:	521,107,525	594,678,488	670,269,820	695,118,914	665,421,382
Percent Change	14.25%	14.12%	12.71%	3.71%	(4.27)%
Plus: HOPTR AV	7,788,654	7,679,868	7,487,872	7,493,086	7,490,424
Less: Base AV	(127,023,198)	(127,023,198)	(127,023,198)	(127,023,198)	(127,023,198)
Incremental AV	401,872,981	475,335,158	550,734,494	575,588,802	545,888,608
Incremental Revenue	4,018,730	4,753,352	5,507,345	5,755,888	5,458,886
Plus: Additional Revenue (1)	978,911	1,170,006	983,477	1,557,701	(N.A.)
Tax Increment Collected	4,997,640	5,923,358	6,490,822	7,313,589	(N.A.)
Housing Tax Revenues Collected	\$ 999,528	\$1,184,672	\$1,298,164	\$1,462,718	(N.A.)

(1) Revenue from unitary and supplemental rolls, debt service levy, prior-year adjustments and other sources.

(2) Assessed valuation from the new Mid-County Project Area Amendment 2 sub-area is not included in the tables. The 2010-11 valuation from this sub-area was less than its base year assessed valuation; consequently there is no tax increment generated in this sub-area. The Agency will receive increment from this sub-area once the valuation exceeds the base year valuation.

Source: Urban Analytics

Largest Taxpayers in the Mid-County Redevelopment Project Area. The following table shows the ten largest taxpayers in the Mid-County Redevelopment Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. See "APPENDIX H – FISCAL CONSULTANT REPORT – Largest Property Owners".

**TABLE B-11
MID-COUNTY REDEVELOPMENT PROJECT AREA
Largest Property Tax Payers**

Property Owner	Secured and Utility	Unsecured	Total	Pct of Total
Chelsea Gca Realty Partnership	\$ 174,722,669	\$ 0	\$ 174,722,669	26.26%
Cabazon Co Stores	12,062,970	0	12,062,970	1.81
R R M Prop Ltd	10,929,460	0	10,929,460	1.64
Morongo Band Of Mission Indians	10,354,992	0	10,354,992	1.56
Osborne Dev Corp	9,962,173	68,688	10,030,861	1.51
Garnet Energy Corp	748,885	8,957,985	9,706,870	1.46
Solarium Capital	9,341,402	0	9,341,402	1.40
Hemet Church Of The Nazarene	8,250,067	0	8,250,067	1.24
Oaktree Riverside	8,063,023	0	8,063,023	1.21
DW Palm Desert	7,635,000	0	7,635,000	1.15
Total, Top Ten:	252,070,641	9,026,673	261,097,314	39.24
Total, Top Twenty:	283,035,577	14,767,412	297,802,989	44.75
Total, Top Hundred:	362,618,977	28,517,993	391,136,970	58.78
Totals for the Area:	\$599,143,966	\$66,277,416	\$665,421,382	100.00%

Source: Urban Analytics

Projection of Housing Tax Revenues. The table below show a projection of Housing Tax Revenues over the life of the Bonds. The projections incorporate a decrease in overall assessed valuation of 2.0% in 2011-12, based on (i) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and (ii) the application of a CPI factor of 0.753% to real property in 2011-12. See "PROJECTED COVERAGE ON THE BONDS" in this Official Statement for further explanation of these assumptions.

TABLE B-12
MID-COUNTY REDEVELOPMENT PROJECT AREA
Projected Housing Tax Revenues

Fiscal Year	Tax Revenues	Housing Tax Revenues
2010-11	\$5,477,790	\$1,095,558
2011-12	5,357,424	1,071,485
2012-13	5,475,383	1,095,077
2013-14	5,595,702	1,119,140
2014-15	5,718,426	1,143,685
2015-16	5,843,606	1,168,721
2016-17	5,971,289	1,194,258
2017-18	6,101,525	1,220,305
2018-19	6,234,367	1,246,873
2019-20	6,369,865	1,273,973
2020-21	6,508,073	1,301,615
2021-22	6,649,045	1,329,809
2022-23	6,792,837	1,358,567
2023-24	6,939,505	1,387,901
2024-25	7,089,106	1,417,821
2025-26	7,241,699	1,448,340
2026-27	7,397,343	1,479,469
2027-28	7,556,101	1,511,220
2028-29	7,718,034	1,543,607
2029-30	7,883,205	1,576,641
2030-31	8,051,680	1,610,336
2031-32	8,223,525	1,644,705
2032-33	8,398,806	1,679,761
2033-34	8,383,388	1,676,678
2034-35	4,162,380	832,476
2035-36	4,261,902	852,380
2036-37	4,363,414	872,683
2037-38	1,713,714	342,743
2038-39	1,717,000	343,400
2039-40	1,763,094	352,619
2041-41	1,810,108	362,022
2042-42	1,858,064	371,613
2043-43	1,906,978	381,396

Source: Urban Analytics

The Desert Communities Redevelopment Project Area

General. The Desert Communities Redevelopment Project Area originally contained two separate project areas known as Project Area No. 4 (also known as 4-1986) and 4-1987. The Riverside County Board of Supervisors (the "Board") approved the original boundaries of Project Area No. 4 on December 23, 1986 via Ordinance No. 638. Project Area No. 4-1987 was approved by the Board on December 1, 1987 via Ordinance No. 647. The Airports-1988 project area was approved by the Board on December 19, 1988, via Ordinance No. 668 and consists of six general aviation airports. On July 20, 1999, the Board approved the merger of both project areas with the Airports-1988 project area.

The merged project area consists of nine sub-areas, encompassing approximately 27,590 acres. At the same time the merger was approved, the Board approved the addition of more land to the Thousand Palms sub-area, which included approximately 408 additional acres in the community of Thousand Palms. Both the amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the Desert Communities Redevelopment Project Area was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the project area. The current project area includes a total of 29,565 acres.

East Blythe. The East Blythe Sub-Area is comprised of 1,500 acres. A significant portion of the Sub-Area was annexed by the City of Blythe when it extended its city limits to the Colorado River.

Desert Center. The Desert Center Sub-Area contains approximately 375 acres in two non-contiguous areas located along Ragsdale and Kaiser Roads, adjacent to the Lake Tamarisk area. The Lake Tamarisk area is made up of residential and recreational uses. The Sub-Area is comprised of irregularly shaped areas, vacant and underutilized parcels. The southern Sub-Area is a combination of developed public and utility land.

Mecca. The Mecca Sub-Area is comprised of 350 acres and is located in the eastern Coachella Valley. Recent developments include the extension of water and sewer lines to the north of Mecca along Lincoln Street. These infrastructure extensions have allowed the development of new affordable single-family housing projects including the Village at Mecca (91 units), Las Serenas (87 units), as well as the 106 space Mecca Mobile Home Park, the 31 unit Chapultepec Apartments, and the 128 unit Las Mananitas migrant farm worker housing project. The Agency also has assisted with the 10-acre Mecca Migrant Farm Labor Village located on Avenue 63, east of Lincoln Street. Currently, the Agency is constructing a Mecca Health Clinic, a library, and a Sheriff's Station in the Sub-Area. Additional acreage was added to the Mecca sub-area in January 2009.

North Shore. The North Shore Sub-Area is a small residential and retirement community located on the northern end of the Salton Sea and is comprised of 54 acres. Additional acreage was added to the North Shore sub-area in January 2009, expanding the possibility of future development.

Palm Desert Country Club. The Palm Desert Country Club Sub-Area is located adjacent to the City of Palm Desert and is primarily commercial and residential in nature. The Sub-Area is approximately 86 acres in size. Recent street improvements, traffic signalization and commercial and retail development in the Sub-Area have attracted new housing and commercial development.

Ripley. The Ripley Sub-Area is comprised of 830 acres and is located within a small, rural community that is made up of residential, commercial and agricultural-related industrial land uses. In addition, there are a number of vacant and underutilized properties. A spur of the Atcheson, Topeka and Santa Fe Railroad runs through the northern part of the project area.

Thermal. The Thermal Sub-Area is comprised of 17,250 acres located in the eastern Coachella Valley, with approximately 1,600 acres of land located in the northeasterly portion of the Sub-Area being suitable for industrial development. The Sub-Area also includes the 1,800 acre Jacqueline Cochran Regional Airport (formerly Desert Resorts Regional Airport and previously Thermal Airport), a large general aviation facility. The Thermal Sub-Area is at the confluence of the spheres of influence of Coachella, La Quinta, and Indio. It is generally thought that the long-term improvement and development of the Jacqueline Cochran Regional Airport will constitute a major opportunity for the area, and that future industrial development would be enhanced by anticipated airport improvement activities. The Agency has engaged in a number of public infrastructure improvements, including streets, curbs, gutters, flood control, a community center, school facility improvements, and water system improvements.

Thousand Palms. The Thousand Palms Sub-Area was originally 285 acres in size. In July of 1999, the Board approved an amendment to allow for the addition of new territory to the Sub-Area. The total acreage of the Sub-Area is 693 acres. The Sub-Area is adjacent to Interstate 10 north of the City of Rancho Mirage. The Coachella Valley Enterprise Zone was recently extended into this area to encourage new businesses to the area through the provision of state tax credits. The Agency is in the process of developing a new library, fire station and street improvements along Varner Road and Monterey Avenue. The 2010-11 assessed valuation from the 1000 Palms/Oasis sub-area is less than the base year valuation for the sub-area; consequently, the Agency receives no tax increment from this sub-area. Valuation from this sub-area is excluded from tables used in the Fiscal Consultant Report and in this Official Statement.

Oasis. The Oasis Sub-Area was adopted in January 2009, and is located fairly close to the Salton Sea, and the area is also adjacent to Tribal lands, and can be characterized by sporadic commercial and residential development, as well as vacant land.

100 Palms. The 100 Palms sub-area, was adopted in January 2009, and is located adjacent to the existing Thermal sub-area and Tribal lands. Land uses are represented by sporadic commercial and residential development, and vacant land.

Airports. The Airports Sub-Area consists of six general aviation airports. The following is a brief description of each of the airports. All of the airports with the exception of Flabob Airport are owned by the County. It should be noted that the Jacqueline Cochran Regional Airport (formerly known as Desert Resorts Regional Airport, and previously Thermal Airport) is within the boundaries of the Thermal Sub-Area.

Blythe Airport is located in the Colorado River Valley in the easternmost part of the County. It is seven miles west of the City of Blythe along Interstate 10. The airport is owned by the County and it is leased to and operated by the City of Blythe.

Chiraco Summit Airport is located in the Coachella Valley and is immediately adjacent to Interstate 10. To the south of the airport are the Orocopia and Chocolate Mountains and the Salton Sea. To the north are the San Bernardino Mountains, Joshua Tree National Park and Eagle Mountain.

Desert Center Airport is located north of Interstate 10 and east of State Highway 177. It is near the unincorporated communities of Desert Center and Lake Tamarisk.

Flabob Airport is located near the community of Rubidoux in the northwestern portion of the County. The airport is privately owned and operated.

French Valley Airport is located in the southwest portion of the County, adjacent to the communities of Temecula, Murrieta and Winchester. The airport is located adjacent to Highway 79 and is only minutes away from Interstates 15 and 215. The major runway is currently being extended to enhance safety margins for aircraft utilizing the airport facility.

Hemet-Ryan Airport is located in the San Jacinto Valley area of the County and provides convenient access to the mid-County region, including the cities of Hemet and San Jacinto and Diamond Valley Reservoir. Highways 74 and 79 provide easy access to the airport.

New Development in The Desert Communities Redevelopment Project Area

To date, the primary area of industrial and commercial development in the Desert Communities Redevelopment Project Area has been the Thousand Palms Sub-Area. This area saw significant investment and job growth in the last several years, primarily in the form of large industrial parks and various types of commercial developments. Future industrial development is expected to be focused upon the Thermal Sub-Area, as there are large tracts of industrially-zoned land in the area surrounding Jacqueline Cochran Regional Airport (JCRA) that are served by numerous transportation assets, including Highway 86S (the NAFTA Corridor), Interstate 10, a Union Pacific Railroad main line (with a spur extending directly into the community), and the 1,800 acre JCRA property itself, which is capable of handling large cargo-carrying jet aircraft.

Also, the Thermal Sub-Area is within the Coachella Valley Enterprise Zone, the Desert Communities Empowerment Zone, and is eligible for inclusion in the Palm Springs Foreign Trade Zone. High value residential and resort development has occurred in the Thermal Sub-Area, including various phases of PGA West. High-end residential development is expected to continue, much of which will likely occur in the Vista Santa Rosa area, which is west of JCRA and south of PGA West.

Various infrastructure projects, such as street improvements, sewer and water improvements, beautification projects with medians, and interchange improvements, have been initiated in the various sub-areas of the Desert Communities Project Area. These projects will facilitate the attractiveness of the area for new commercial and industrial development. Projects include the Monterey, Cook, Washington Streets Interchange Improvements, the Mecca Downtown Street Revitalization Project, the Thermal Sewer and Water Improvements Project, and the Thousand Palms Street Improvements Project.

Land Use in The Desert Communities Redevelopment Project Area. The largest use of the land in The Desert Communities Redevelopment Project Area in terms of assessed value is for residential purposes. The following table shows the land use in The Desert Communities Redevelopment Project Area, based on 2010-11 assessed valuation.

**TABLE B-13
DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA
Land Use; Fiscal Year 2010-11**

Land Use	Secured AV ⁽¹⁾	Pct of AV	No. of Parcels	Pct of Parcels	Acres	Pct of Acres
Agricultural	\$ 193,357,691	8.3%	397	5.0%	5,071	18.4%
Commercial	197,094,071	8.4	256	3.2	1,192	4.3
Industrial	132,407,984	5.7	105	1.3	166	0.6
SF Residential.	1,489,181,153	63.8	3,891	49.0	588	2.1
Condominiums	-	0.0	2	0.0	0	0.0
Other Residential	44,836,566	1.9	514	6.5	1,650	6.0
Vacant	234,924,924	10.1	2,579	32.5	2,392	8.7
Other	43,435,423	1.9	197	2.5	16,532	59.9
Totals:	\$2,335,237,813	100.0%	7,941	100.0%	27,590	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency.
Source: Urban Analytics

Historic Assessed Valuation. In the Desert Communities Project Area rates of growth over the past five years have ranged from 47.14% in 2006-07 to -9.45% in 2010-11. Approximately \$80 million of the decrease in assessed valuation for 2010-11 in DCPA was attributable to sales of properties at prices below the assessed valuation; much of the remaining decrease was due to Proposition 8 reductions in valuation, primarily on residential properties.

The table below shows a five-year history of assessed valuation in The Desert Communities Redevelopment Project Area.

TABLE B-14
DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA
Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues (2)

Roll	2006-07	2007-08	2008-09	2009-10	2010-11
Secured					
Land	\$935,969,620	\$1,212,580,592	\$1,205,018,066	\$1,085,886,143	\$ 951,432,873
Improvements	986,217,428	1,257,564,754	1,466,393,850	1,503,521,173	1,397,030,702
Personal Property	8,848,820	8,906,105	8,780,964	8,425,957	8,323,777
Exemptions	(10,072,272)	(11,111,917)	(13,457,076)	(20,556,935)	(21,549,539)
Secured Total	1,920,963,596	2,467,939,534	2,666,735,804	2,577,276,338	2,335,237,813
Unsecured					
Land	57,454	48,879	42,875	32,309	489,787
Improvements	20,073,895	27,671,650	25,273,329	30,570,018	29,142,210
Personal Property	111,007,351	84,769,343	115,859,232	60,246,765	51,098,264
Exemptions	(2,943,200)	(3,165,461)	(3,052,763)	(4,273)	26,922
Unsecured Total	128,195,500	109,324,411	138,122,673	90,844,819	80,757,183
Utility					
Land	185,778	91,320	91,320	91,320	91,320
Improvements	75,504	0	0	0	0
Personal Property	41,336	0	0	0	0
Exemptions	0	0	0	0	0
Utility Total	302,618	91,320	91,320	91,320	91,320
Totals:	2,049,461,714	2,577,355,265	2,804,949,797	2,668,212,477	2,416,086,316
Percent Change	47.14%	25.76%	8.83%	(4.87)%	(9.45)%
Plus: HOPTR AV	8,614,062	9,516,707	10,337,228	10,615,114	11,163,401
Less: Base AV	(220,417,565)	(220,417,565)	(220,417,565)	(220,417,565)	(220,417,565)
Incremental AV	1,837,658,211	2,366,454,407	2,594,869,460	2,458,410,026	2,206,832,152
Incremental Revenue	18,376,582	23,664,544	25,948,695	24,584,100	22,068,322
Plus: Additional Revenue (1)	4,929,622	3,585,461	516,392	1,965,539	(N.A.)
Tax Increment Collected	23,306,205	27,250,005	26,465,086	26,549,639	(N.A.)
Housing Tax Revenues Collected	\$4,661,241	\$5,450,001	\$5,293,017	\$5,309,928	(N.A.)

(1) Revenue from unitary and supplemental rolls, debt service levy, prior-year adjustments and other sources.

(2) Assessed valuation from the new Desert Communities Amendment 2 sub-area is not included in the table. The 2010-11 valuation from this sub-area was less than its base year assessed valuation; consequently there is no tax increment generated in this sub-area. The Agency will receive increment from this sub-area once the valuation exceeds the base year valuation.

Source: Urban Analytics

Largest Taxpayers in The Desert Communities Redevelopment Project Area. The following table shows the ten largest taxpayers in The Desert Communities Redevelopment Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. See "APPENDIX H – FISCAL CONSULTANT REPORT – Largest Property Owners".

**TABLE B-15
DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA
Largest Property Tax Payers**

Property Owner	Secured and Utility	Unsecured	Total	Pct of Total
T D Desert Dev	\$ 103,996,303	\$ 0	\$ 103,996,303	4.30%
Griffin Ranch	40,944,546	0	40,944,546	1.69
Coral Option 1	39,280,517	0	39,280,517	1.63
Sterling Motors LTD	0	22,292,900	22,292,900	0.92
Mission South	22,128,320	0	22,128,320	0.92
Deutsch Engineered Connect Devices	0	17,595,342	17,595,342	0.73
FKC Palm Desert Parcel I	14,386,491	0	14,386,491	0.60
MSR Resort Golf Course	13,320,032	0	13,320,032	0.55
Cocopah Nurseries Inc.	13,116,708	0	13,116,708	0.54
Kerry Inc	12,533,500	0	12,533,500	0.52
Total, Top Ten:	259,706,417	39,888,242	299,594,659	12.40
Total, Top Twenty:	342,782,446	39,888,242	382,670,688	15.84
Total, Top Hundred:	624,564,495	62,077,884	686,642,379	28.42
Totals for the Area:	\$2,335,329,133	\$80,757,183	\$2,416,086,316	100.00%

Source: Urban Analytics

Projection of Housing Tax Revenues. The table below show a projection of Housing Tax Revenues over the life of the Bonds. The projections incorporate a decrease in overall assessed valuation of 2.0% in 2011-12, based on (i) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and (ii) the application of a CPI factor of 0.753% to real property in 2011-12. See "PROJECTED COVERAGE ON THE BONDS" in this Official Statement for further explanation of these assumptions.

TABLE B-16
DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA
Projected Housing Tax Revenues

Fiscal Year	Tax Revenues	Housing Tax Revenues
2010-11	\$22,182,389	\$4,436,478
2011-12	21,714,755	4,342,951
2012-13	22,173,037	4,434,607
2013-14	22,640,483	4,528,097
2014-15	23,117,279	4,623,456
2015-16	23,603,610	4,720,722
2016-17	24,099,669	4,819,934
2017-18	24,605,648	4,921,130
2018-19	25,121,747	5,024,349
2019-20	25,648,168	5,129,634
2020-21	26,185,117	5,237,023
2021-22	26,732,805	5,346,561
2022-23	27,291,447	5,458,289
2023-24	27,861,262	5,572,252
2024-25	28,442,474	5,688,495
2025-26	29,035,309	5,807,062
2026-27	29,640,001	5,928,000
2027-28	30,256,787	6,051,357
2028-29	30,885,909	6,177,182
2029-30	31,527,613	6,305,523
2030-31	32,182,151	6,436,430
2031-32	32,849,780	6,569,956
2032-33	33,530,762	6,706,152
2033-34	34,225,363	6,845,073
2034-35	34,933,856	6,986,771
2035-36	35,656,519	7,131,304
2036-37	36,393,636	7,278,727
2037-38	3,186,795	637,359
2038-39	3,162,872	632,574
2039-40	2,362,562	472,512
2040-41	2,456,393	491,279
2041-42	2,555,815	511,163
2042-43	2,657,226	531,445

Source: Urban Analytics

The Interstate 215 Corridor Redevelopment Project Area

General. The Interstate 215 Corridor Project Area was originally comprised of two project areas: Project Areas Nos. 5-1986 and 5-1987. The Board approved Project Area No. 5 on December 23, 1986 via Ordinance No. 639, and it included five sub-areas: Calimesa, Highgrove, Lakeview, Mead Valley and Romoland. In November of 1998, the Board approved an amendment to the project area to include additional territory in the Highgrove sub-area. Approximately 843 acres was added immediately adjacent to the existing project area. Project Area No. 5-1987 consisted of one sub-area in the community of Mead Valley and was approved by the Board on December 1, 1987 via Ordinance No. 648. The project area was amended to include additional territory on June 27, 1989 via Ordinance No. 715.

Both project areas were amended and merged on July 25, 2002 via Ordinance No. 821 and 822, respectively. Approximately 1,392 acres was added to the Romoland sub-area. The Mead Valley sub-area was also expanded and included the addition of 3,200 acres. The amended areas of both sub-areas are contiguous with the existing sub-area boundaries.

In 2006, Amendment No. 1a and Amendment No. 1b were adopted into the project area. Amendment No. 1a was adopted on May 16, 2006, and added approximately 2,820 acres of territory in the communities of Lakeview/Nuevo to the I-215. Amendment No. 1b was adopted on May 2, 2006, and added 3,289 acres of additional territory in the communities of Sun City/Quail Valley into the I-215. The total acreage for the project area is 15,830 acres.

On May 4, 2010, Amendment No. 2, called the Highway 74 Communities Sub-Area, was adopted into the project area. The amendment added approximately 5,865 acres to the I-215 Project Area; located within the communities of South Mead Valley, Wagon Wheel, Good Hope, Meadowbrook and Warm Springs. The total acreage for the project area is now 21,695 acres.

Calimesa. The Calimesa Sub-Area is comprised of 170 acres located along Interstate 10 between Sandalwood Drive and County Line Road. The Sub-Area primarily consists of commercial and light industrial uses. A number of residences can be found along the east and northeast parts of the area. This Sub-Area was transferred to the City of Calimesa in 1999.

Highgrove. The original Sub-Area contained 275 acres. On November 24, 1998, the Board approved an amendment to the project area to add approximately 843 acres to the Highgrove Sub-Area for a total of 1,118 acres. The area is characterized by older residential, neighborhood commercial and industrial development. Commercial development is primarily service-oriented serving the local community as well as the nearby cities of Riverside and Grand Terrace. Industrial development in the area began as a conglomeration of citrus packing facilities serving the citrus farms located at the east end of the community. Today many of these facilities have been converted into a variety of light manufacturing plants since the citrus industry has declined in the region. The Highgrove Sub-Area also includes Hunter Park, one of the most prosperous industrial areas which is home to the University of California, Riverside Technical Research Park.

Lakeview. The community of Lakeview is bisected by the Ramona Expressway and lies east of the City of Perris, west of the cities of Hemet and San Jacinto, east of Lake Perris State Recreation Area. The Sub-Area includes about 100 acres characterized by older commercial and industrial uses. The community is nestled in a generally flat rural setting and ringed by the Lakeview Mountains to the southeast and the Bernasconi Hills to the northwest. Recreational opportunities include bicycling, hiking and equestrian trails, picnicking, camping, boating, fishing and swimming. Lakeview's rural and agricultural atmosphere, mild climate, and proximity to

recreational opportunities are ideal for future large-lot residential development.

Mead Valley. The Sub-Area includes 6,563 acres along Interstate 215 between the cities of Riverside and Perris. The Sub-Area is bisected by Cajalco Road which is the major east-west arterial roadway through the community. The Sub-Area includes two large industrial specific plans and a community facilities district has funded all of the necessary infrastructure. The specific plans offer fully improved, ready to build lots from 1 to 40 acres. The Sub-Area primarily consists of large-lot residential development and industrial and commercial properties.

Romoland. The Romoland Sub-Area contains 1,939 acres located east of the City of Perris. As mentioned above, approximately 1,392 acres was added to the existing project area of 547 acres. The community offers prime freeway frontage with access and visibility from both Highway 74 and Interstate 215, and provides a good location for commercial and industrial uses. Romoland is characterized by older commercial and lower-income housing in the core of the community. Southern California Edison and Eastern Municipal Water District have regional facilities in the area. Romoland's rural atmosphere, mild climate, and proximity to recreational opportunities are fitting for in-fill and large-lot development. Portions of the sub-area are within the boundaries of the newly incorporated City of Menifee.

Lakeview/Nuevo. In 2006, the Agency amended the area and added 2,820 acres of land in the communities of Lakeview and Nuevo. The amendment area is primarily developed with single family residential homes and a small commercial area in the Nuevo area. There are opportunities for infill residential development throughout the area and there is a need for additional commercial development to serve the community.

Sun City/Quail Valley. The amendment area is composed of two sub-areas consisting of 3,289 acres in two non-contiguous areas in the Sun City and Quail Valley areas. The Quail Valley area consists of 2,039 acres and is located west of Interstate 215 and lies along Goetz Road between McCall Boulevard and Newport Road. It is primarily residential in nature with some small commercial uses. The Sun City sub-area consists of 1,250 acres and lies both east and west of Interstate 215 from Ethanac Road to just south of McCall Boulevard. The area is characterized by a large commercial area in the core of Sun City, commercial areas along Interstate 215 and both residential and industrial uses in the surrounding areas. Portions of the sub-area are located within the boundaries of the newly incorporated City of Menifee.

New Development in the I-215 Corridor Project Area

The I-215 Corridor Project Area is seeing new industrial and residential development occur as the market moves eastward to this area. The Highgrove Sub-Area is experiencing tremendous growth in the industrial sector particularly in the area within the boundaries of the City of Riverside. A backbone sewer is being constructed along a portion of the Sub-Area, along East La Cadena to Center Street, which will facilitate industrial and commercial development. In the Mead Valley Sub-Area, road improvements are being designed and constructed, specifically the Mead Valley Road Improvement Projects. The project consists of the paving of roads, which will spur both residential and thereby associated commercial development. The Romoland Sub-Area will be home to the Big League Dreams Sports Park, a thirty-five (35) acre sports park consisting of six softball/baseball fields, restaurant, two playground areas, batting cages, two open turf areas, and other amenities, including four (4) "replica" fields that are designed to look like major league stadiums. Development of Big League Dreams is fostering new interest among retail commercial developers who are interested in acquiring and leasing land for businesses that will service the people who attend events at the Big League Dreams sports park.

Land Use in the Interstate 215 Corridor Redevelopment Project Area. The largest use of the land in the Interstate 215 Corridor Redevelopment Project Area in terms of assessed value is for residential purposes. The following table shows the land use in the Interstate 215 Corridor Redevelopment Project Area, based on 2010-11 assessed valuation.

**TABLE B-17
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Land Use; Fiscal Year 2010-11**

Land Use	Secured AV ⁽¹⁾	Pct of AV	No. of Parcels	Pct of Parcels	Acres	Pct of Acres
Agricultural	\$ 7,230,285	0.4%	19	0.1%	312	2.0%
Commercial	171,433,853	9.0	255	1.9	472	3.0
Industrial	397,665,653	20.9	172	1.3	796	5.0
SF Residential.	650,535,343	34.2	5288	38.5	3,555	22.5
Condominiums	12,626,755	0.3	129	1.0	5	0.0
Other Residential	294,158,421	15.5	3,615	26.3	4,366	27.6
Vacant	374,833,175	19.7	4,252	30.9	6,313	39.9
Other	761,083	0.0	10	0.1	11	0.1
Totals:	\$1,902,706,472	100.0%	13,740	100.0%	15,830	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency.
Source: Urban Analytics

Historic Assessed Valuation. Assessed valuation in the Interstate I-215 Project Area decreased by 6.50% in 2010-11 due largely to Proposition 8 reductions in valuation on residential properties. This follows gains ranging from 1.24% to 99.23% over the previous four years; the large gain in 2007-08 was principally due to tax increment from the newly-added Lakeview/Nuevo and Sun Valley/Quail sub-areas.

The table below shows a five-year history of assessed valuation in the Interstate 215 Corridor Redevelopment Project Area.

TABLE B-18
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues

Roll	2006-07	2007-08	2008-09	2009-10	2010-11
Secured					
Land	\$476,305,383	\$945,099,684	\$1,068,075,509	\$ 961,253,294	\$ 878,330,815
Improvements	670,988,540	1,270,823,912	1,282,506,873	1,151,966,711	1,090,744,592
Personal Property	10,944,510	13,367,934	13,023,103	8,505,203	10,200,451
Exemptions	(38,914,630)	(73,806,851)	(72,530,873)	(72,606,662)	(76,569,386)
Secured Total	1,119,323,803	2,155,484,679	2,291,074,612	2,049,118,546	1,902,706,472
Unsecured					
Land	86,027	79,543	62,235	3,292	200,063
Improvements	61,185,834	69,376,628	78,341,849	84,831,054	81,997,477
Personal Property	106,692,962	106,914,217	108,535,755	91,088,091	86,003,539
Exemptions	0	0	(120,740)	(112,200)	(101,343)
Unsecured Total	167,964,823	176,370,388	186,819,099	175,810,237	168,099,736
Utility					
Land	5,569,607	5,204,370	5,204,370	604,370	5,234,862
Improvements	1,533,234	242,100,000	454,700,000	748,700,000	704,800,000
Personal Property	158,229	0	0	0	0
Exemptions	0	0	0	0	0
Utility Total	7,261,070	247,304,370	459,904,370	749,304,370	710,034,862
Totals:	1,294,549,696	2,579,159,437	2,937,798,081	2,974,233,153	2,780,841,070
Percent Change	24.53%	99.23%	13.91%	1.24%	(6.50%)
Plus: HOPTR AV	16,717,592	27,092,405	26,906,185	26,761,298	26,403,790
Less: Base AV	(426,623,684)	(1,067,164,071)	(1,067,164,071)	(1,067,164,071)	(1,067,164,071)
Incremental AV	884,643,604	1,539,087,771	1,897,540,195	1,933,830,380	1,740,080,789
Incremental Revenue	8,846,436	15,390,878	18,975,402	19,338,304	17,400,808
Plus: Additional Revenue (1)	1,323,575	2,908,867	923,828	461,787	(N.A.)
Tax Increment Collected	10,170,011	18,299,745	19,899,230	19,800,091	(N.A.)
Housing Tax Revenues Collected	2,034,002	3,659,949	3,979,846	3,960,018	(N.A.)

(1) Revenue from unitary and supplemental rolls, debt service levy, prior-year adjustments and other sources.
Source: Urban Analytics

Largest Taxpayers in the Interstate 215 Corridor Redevelopment Project Area. The following table shows the ten largest taxpayers in the Interstate 215 Corridor Redevelopment Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. See "APPENDIX H – FISCAL CONSULTANT REPORT – Largest Property Owners".

**TABLE B-19
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Largest Property Tax Payers**

Property Owner	Secured and Utility	Unsecured	Total	Pct of Total
Inland Empire Energy Center, LLC	\$ 709,400,000	\$ 0	\$ 709,400,000	25.51%
Majestic Freeway Business Center	51,940,644	0	51,940,644	1.87
K & N Engineering Inc	2,802,419	31,324,400	34,126,819	1.23
Fr Cal Harvill Road	24,792,918	0	24,792,918	0.89
Citrus Business Park	20,547,391	0	20,547,391	0.74
Oakmont Riverside Hunter Park	19,359,909	0	19,359,909	0.70
Perris Citrus Avenue Storage	18,323,787	0	18,323,787	0.66
Mdc Hunter Park	17,997,781	0	17,997,781	0.65
Johnson Machinery Co	9,931,400	5,234,886	15,166,286	0.55
Pacific Park Inv	14,540,400	0	14,540,400	0.52
Total, Top Ten:	889,636,649	36,559,286	926,195,935	33.31
Total, Top Twenty:	1,008,503,701	36,559,286	1,045,062,987	37.58
Total, Top Hundred:	1,315,345,719	98,074,245	1,413,419,964	50.83
Totals for the Area:	\$2,612,741,334	\$168,099,736	\$2,780,841,070	100.00%

Source: Urban Analytics

Projection of Housing Tax Revenues. The following table shows projected Tax Revenues and Housing Tax Revenues. The projections incorporate a decrease in overall assessed valuation of 2.0% in 2011-12, based on (i) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and (ii) the application of a CPI factor of 0.753% to real property in 2011-12. See "PROJECTED COVERAGE ON THE BONDS" in this Official Statement for further explanation of these assumptions.

TABLE B-20
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Projected Housing Tax Revenues

Fiscal Year	Tax Revenues	Housing Tax Revenues
2010-11	\$17,694,278	\$3,538,856
2011-12	17,168,489	3,433,698
2012-13	17,683,763	3,536,753
2013-14	18,209,341	3,641,868
2014-15	18,745,431	3,749,086
2015-16	19,292,243	3,858,449
2016-17	19,849,992	3,969,998
2017-18	20,418,895	4,083,779
2018-19	20,999,176	4,199,835
2019-20	21,591,063	4,318,213
2020-21	22,194,788	4,438,958
2021-22	22,810,587	4,562,117
2022-23	23,438,702	4,687,740
2023-24	24,079,379	4,815,876
2024-25	24,732,870	4,946,574
2025-26	25,399,431	5,079,886
2026-27	26,079,323	5,215,865
2027-28	26,772,813	5,354,563
2028-29	27,480,172	5,496,034
2029-30	28,201,679	5,640,336
2030-31	28,937,616	5,787,523
2031-32	29,688,272	5,937,654
2032-33	30,453,941	6,090,788
2033-34	31,234,923	6,246,985
2034-35	32,031,525	6,406,305
2035-36	32,844,058	6,568,812
2036-37	33,672,843	6,734,569
2037-38	27,879,527	5,575,905
2038-39	28,366,984	5,673,397
2039-40	29,098,273	5,819,655
2040-41	28,477,920	5,695,584
2041-41	29,210,411	5,842,082
2042-43	29,957,551	5,991,510

Source: Urban Analytics

APPENDIX C

COUNTY OF RIVERSIDE GENERAL INFORMATION

Information contained in this Appendix is presented as general background data. The Bonds are payable solely from the Housing Tax Revenues and other sources as described herein. The taxing power of the County, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds. See "SECURITY FOR THE BONDS" herein for a description of the security for the Bonds.

General Description and Background

Riverside County, which encompasses 7,303 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 26 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Population

According to the State Department of Finance, Demographic Research Unit, Riverside County's population was estimated at 2,139,535 as of January 1, 2010. The largest cities in Riverside County are the cities of Riverside, Moreno Valley, Corona, Hemet, Indio, Palm Springs, Temecula and Cathedral City. The areas of most rapid population growth continue to be those more populated and industrialized cities in the western and central regions of Riverside County and the southwestern unincorporated region of Riverside County between Sun City and Temecula.

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

**RIVERSIDE COUNTY
Population Estimates**

	1980 ⁽¹⁾	1990 ⁽¹⁾	2006	2007	2008	2009	2010
Banning	14,020	20,570	28,250	28,234	28,193	28,551	28,751
Beaumont	6,818	9,685	23,249	28,216	31,308	32,448	34,217
Blythe	6,805	8,428	22,238	22,609	21,621	21,346	21,812
Calimesa	--	--	7,475	7,433	7,417	7,504	7,555
Canyon Lake	--	--	10,987	10,957	10,990	11,143	11,225
Cathedral City	--	30,085	51,306	52,046	51,945	52,508	52,841
Coachella	9,129	16,896	35,359	38,434	40,292	41,043	42,591
Corona	37,791	76,095	145,295	145,848	146,620	148,770	150,416
Desert Hot Springs	5,941	11,668		23,464	24,857	25,926	26,584
Hemet	22,454	36,094	71,205	73,011	73,644	74,931	75,820
Indian Wells	1,394	2,647	4,886	4,934	4,997	5,099	5,144
Indio	21,611	36,793	71,965	77,047	80,920	82,325	83,675
Lake Elsinore	5,982	18,285	41,164	47,567	49,528	50,324	50,983
La Quinta	--	11,215	38,510	41,040	42,721	43,830	44,421
Moreno Valley	--	118,779	0	0	0	67,819	68,905
Murrieta	--	--	175,330	180,227	182,845	186,515	188,537
Norco	19,732	23,302	93,243	97,034	99,527	100,835	101,487
Palm Desert	11,081	23,252	27,363	27,333	27,134	27,189	27,370
Palm Springs	32,359	40,181	49,786	49,718	50,660	51,570	52,067
Perris	6,827	21,460	46,638	46,795	46,992	47,653	48,040
Rancho Mirage	6,281	9,778	47,346	50,598	53,312	54,387	55,133
Riverside	170,591	226,505	16,585	16,736	16,741	16,938	17,008
San Jacinto	7,098	16,210	289,045	291,814	296,038	300,769	304,051
Temecula	--	27,099	31,203	34,300	35,475	36,521	36,933
Wildomar	--	--	--	--	--	31,374	31,907
Unincorporated County Total	248,009	385,386	516,623	536,135	552,528	459,193	466,806
	633,923	1,170,413	1,962,198	2,030,054	2,077,183	2,109,882	2,139,535

(1) From U.S. Census.

Source: State Department of Finance estimates (as of January 1).

Commerce

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table.

Total taxable sales during calendar year 2009 in the County were reported to be \$22,227,877,000, a 14.5% decrease over the total taxable sales of \$26,003,595,000 reported during calendar year 2008. Figures are not yet available for 2010.

RIVERSIDE COUNTY Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2005	22,691	\$20,839,212	44,222	\$28,256,491
2006	23,322	21,842,345	43,672	29,816,237
2007	22,918	21,242,516	45,279	29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009 ⁽¹⁾	29,829	16,057,488	42,765	22,227,877

(1) "Retail Stores" category includes Food Services beginning in 2009.
Source: State Board of Equalization.

Employment

The following table presents the annual average distribution of persons in various wage and salary employment categories for Riverside-San Bernardino Primary Metropolitan Statistical Area for calendar years 2005 through 2009.

RIVERSIDE-SAN BERNARDINO PRIMARY METROPOLITAN STATISTICAL AREA Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2005	2006	2007	2008	2009
Civilian Labor Force ⁽¹⁾	1,707,400	1,751,300	1,774,800	1,783,800	1,778,200
Employment	1,616,600	1,665,100	1,671,900	1,636,900	1,541,600
Unemployment	90,800	86,200	102,900	146,900	236,500
Unemployment Rate	5.3%	4.9%	5.8%	8.2%	13.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	18,300	17,300	16,400	15,900	15,200
Natural Resources and Mining	1,400	1,400	1,300	1,200	1,200
Construction	123,300	127,500	112,500	90,700	67,400
Manufacturing	121,000	123,400	118,500	106,900	88,500
Wholesale Trade	49,900	54,200	56,800	54,100	48,300
Retail Trade	165,700	173,200	175,600	168,600	154,900
Transportation, Warehousing and Utilities	60,200	63,800	69,500	70,200	66,500
Information	14,500	15,300	15,400	14,900	14,800
Finance and Insurance	30,100	31,700	30,700	28,000	27,000
Real Estate and Rental and Leasing	18,900	19,900	19,500	18,700	16,600
Professional and Business Services	133,200	142,300	145,000	137,400	127,300
Educational and Health Services	119,900	122,100	127,000	131,500	132,600
Leisure and Hospitality	122,600	128,100	132,600	131,000	123,000
Other Services	40,800	42,500	41,200	40,800	36,700
Federal Government	18,700	19,300	19,400	19,600	20,100
State Government	27,000	27,400	28,700	29,600	29,700
Local Government	174,800	175,700	177,200	180,700	177,500
Total All Industries	1,240,300	1,285,000	1,287,300	1,239,700	1,147,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *State of California Employment Development Department.*

The 25 largest employers (listed alphabetically) in the County are shown below.

**RIVERSIDE COUNTY
LARGEST EMPLOYERS- Listed Alphabetically
(As of January 1, 2011)**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Abbott Vascular	Temecula	Physicians & Surgeons
Agua Caliente Casino	Rancho Mirage	Casinos
Corrections Dept	Norco	State Govt-Correctional Institutions
Crossroads Truck Dismantling	Mira Loma	Automobile Wrecking (Whls)
Eisenhower Medical Center	Rancho Mirage	Hospitals
Handsome Rewards	Perris	Internet & Catalog Shopping
Hemet Valley Medical Center	Hemet	Hospitals
Hotel At Fantasy Springs	Indio	Casinos
Hub International Of Ca Insurance	Riverside	Insurance
J W Marriott-Desert Springs Resort	Palm Desert	Hotels & Motels
Kaiser Permanente	Riverside	Hospitals
La Quinta Resort & Club	La Quinta	Resorts
Morongo Hotel	Cabazon	Casinos
Morongo Tribal Gaming Ent.	Banning	Business Management Consultants
Pechanga Casino	Temecula	Casinos
Restoration Technologies Inc.	Corona	Electronic Equipment & Supplies
Riverside Community Hospital	Riverside	Hospitals
Riverside County Regional Med	Moreno Valley	Hospitals
Riverside Forklift Training	Riverside	Trucks-Industrial (Whls)
Starcrest Of California	Perris	Internet & Catalog Shopping
Starcrest Products-California	Perris	Gift Shops
Sun World Intl LLC	Coachella	Fruits & Vegetables-Growers & Shippers
Universal Protection Services	Palm Desert	Security Guard & Patrol Service
University Of Ca-Riverside	Riverside	Schools-Universities & Colleges Academic
Watson Pharmaceuticals Inc.	Corona	Drug Millers (Mfrs)

Source: California Employment Development Dept., America's Labor Market Information System (ALMIS) Employer Database, 2011 1st Edition.

Construction Activity

The following is a five year summary of the valuation of building permits issued in the County.

RIVERSIDE COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Permit Valuation</u>					
New Single-family	\$2,972,203.7	\$4,412,255.1	\$1,263,350	\$1,214,753.0	\$892,790.0
New Multi-family	114,787.0	431,580.9	155,820.1	243,741.9	75,756.1
Res. Alterations/Additions	<u>157,825.3</u>	<u>158,099.4</u>	<u>128,336.1</u>	<u>118,488.7</u>	<u>85,148.0</u>
Total Residential	3,244,816.0	5,001,935.4	1,547,506.7	1,576,983.5	1,053,694.1
New Commercial	552,666.9	442,650.9	569,354.4	539,943.4	94,651.4
New Industrial	120,367.6	372,801.3	350,521.0	70,410.8	12,277.6
New Other	344,703.2	237,689.2	190,362.6	138,765.2	107,332.1
Com. Alterations/Additions	<u>274,337.7</u>	<u>268,738.1</u>	<u>255,984.2</u>	<u>292,693.8</u>	<u>162,557.5</u>
Total Nonresidential	1,292,075.4	1,321,879.5	1,366,222.3	1,041,813.1	376,818.7
<u>New Dwelling Units</u>					
Single Family	15,305	20,692	6,239	3,815	3,431
Multiple Family	<u>1,379</u>	<u>4,519</u>	<u>1,765</u>	<u>2,104</u>	<u>759</u>
TOTAL	16,684	25,211	8,004	5,919	4,190

Source: Construction Industry Research Board, Building Permit Summary.

Personal Income

The following table is based on effective buying income, as reported in the annual publication "Survey of Buying Power," published by Sales and Marketing Management. Effective buying income is defined as personal income less personal taxes and non-tax payments. Personal income includes wages and salaries, other labor-related income, proprietor's income, rental income, dividends, personal interest income and transfer payments. Deductions are then made for federal, state and local taxes, non-tax payments (such as fines and penalties) and personal contributions for social insurance. The following items are not included in the definition of effective buying income: (1) employer contributions to private pension funds, supplemental unemployment insurance funds and privately administered workers' compensation programs; (2) imputed personal income, which includes the imputed value of services provided by depository institutions and income earned by life insurance carriers and private noninsured pension funds on the principal amounts contributed by policy holders and pension beneficiaries; and (3) imputed rental income of owner-occupied nonfamily dwellings.

The table below summarizes the total effective buying income and the median household effective buying income for the City, the County, the State and the United States from 2005 through 2009.

RIVERSIDE COUNTY PERSONAL INCOME For Calendar Years 2005 Through 2009

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2005	Riverside County	\$ 32,004,438	\$41,326
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	Riverside County	\$ 35,656,620	\$43,490
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	Riverside County	\$ 38,631,365	\$45,310
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	Riverside County	\$ 40,935,408	\$46,958
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Riverside County	\$ 41,337,770	\$47,080
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

Source: The Nielsen Company (US), Inc.

Riverside County Agriculture

Agriculture remains a leading source of income in Riverside County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, dates, lemons and avocados. Four areas in Riverside County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of Riverside County, the Coachella Valley in the central portion and the Palo Verde Valley near Riverside County's eastern border.

Riverside County Transportation

Easy access to job opportunities in Riverside County and nearby Los Angeles, Orange and San Diego Counties is important to Riverside County's employment picture. Several major freeways and highways provide access between Riverside County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of Riverside County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternate (to Interstate 10) east-west link to Los Angeles County.

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

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The City of Banning also operates a local bus system.

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

APPENDIX D

**AGENCY'S AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2010**

APPENDIX E
FORMS OF OPINION OF BOND COUNSEL

[OPINION FOR SERIES A BONDS]

[LETTERHEAD OF JONES HALL]

[Closing Date]

Redevelopment Agency for the
County of Riverside
3525 West 14th Street
Riverside, California 92501

OPINION: \$ _____ Redevelopment Agency for the County of Riverside
2011 Tax Allocation Housing Bonds, Series A

Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Agency for the County of Riverside (the "Agency") of its \$ _____ aggregate principal amount of Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "2011 Series A Bonds"), pursuant to the provisions of Part 1 of Division 24 of the California Health and Safety Code (the "Law"), and an Indenture of Trust dated as of December 1, 2004, as heretofore supplemented and amended and as supplemented and amended by a Second Supplement to Indenture of Trust dated as of _____ 1, 2011 (collectively, the "Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. We have examined the law and such certified proceedings and other papers as we deem neceer this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is a public body corporate and politic, duly organized and validly existing under the laws of the State of California with the power to enter into the Indenture, perform the agreements on its part contained therei
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.
3. Pursuant to the Law, the Indenture creates a valid first lien on the Housing Tax Revenues pledged by the Indenture for the security of the 2011 Series A Bonds, on a parity with

the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds and the 2011 Series A-T Bonds (as such terms are defined in the Indenture), and any Parity Debt hereafter issued under and as such term is defined in the Indenture.

4. The 2011 Series A Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the 2011 Series A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (as defined for federal income tax purposes). The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the 2011 Series A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2011 Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2011 Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the 2011 Series A Bonds.

6. The interest on the 2011 Series A Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the 2011 Series A Bonds and the enforceability of the 2011 Series A Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

[OPINION FOR SERIES A-T BONDS]

[LETTERHEAD OF JONES HALL]

June __, 2010

Redevelopment Agency for the
County of Riverside
3403 10th Street
Riverside, California 92501

OPINION: \$ _____ Redevelopment Agency for the County of Riverside
2011 Taxable Tax Allocation Housing Bonds, Series A-T

Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Agency for the County of Riverside (the "Agency") of its \$ _____ aggregate principal amount of Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (Housing Tax Revenues) (the "2011 Series A-T Bonds"), pursuant to the provisions of Part 1 of Division 24 of the California Health and Safety Code (the "Law"), and an Indenture of Trust dated as of December 1, 2004, as supplemented and amended by a First Supplement to Indenture of Trust dated as of _____ 1, 2011 (collectively, the "Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is a public body corporate and politic, duly organized and validly existing under the laws of the State of California with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the 2011 Series A-T Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.
3. Pursuant to the Law, the Indenture creates a valid first lien on the Housing Tax Revenues pledged by the Indenture for the security of the 2011 Series A-T Bonds, on a parity with the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds and the

2011 Series A Bonds (as such terms are defined in the Indenture), and any Parity Debt hereafter issued under and as such term is defined in the Indenture.

4. The 2011 Series A-T Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the 2011 Series A-T Bonds is not excluded from gross income for federal income tax purposes, and is subject to all applicable federal income taxation.

6. The interest on the 2011 Series A-T Bonds is exempt from personal income taxation imposed by the State of California.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform owners of the Bonds that any U.S. federal tax advice contained in this opinion is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Further, we note that the rights of the owners of the 2011 Series A-T Bonds and the enforceability of the 2010 Series A-T Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

APPENDIX G
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX H
FISCAL CONSULTANT REPORT

APPENDIX I

BOOK-ENTRY ONLY BONDS

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY FORM HAS BEEN OBTAINED FROM SOURCES THAT THE AGENCY BELIEVES TO BE RELIABLE, BUT THE AGENCY TAKES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF. THE BENEFICIAL OWNERS (AS HEREINAFTER DEFINED) SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS.

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

Neither the District nor the Trustee take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges

between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only Form; Payment to Beneficial Owners

In the event that the book-entry form described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

SUPPLEMENT TO INDENTURE OF TRUST

TAXABLE HOUSING

SECOND SUPPLEMENT TO INDENTURE OF TRUST

Dated as of March 1, 2011

by and between the

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee**

Relating to

**\$ _____
Redevelopment Agency for the County of Riverside
2011 Taxable Tax Allocation Housing Bonds, Series A-T**

TABLE OF CONTENTS

**ARTICLE XIV
ADDITIONAL DEFINITIONS RELATING TO THE 2011 SERIES
A-T BONDS**

Section 14.01. Definitions 3

**ARTICLE XV
AUTHORIZATION OF 2011 SERIES A BONDS**

Section 15.01. Authorization of 2011 Series A-T Bonds 1
Section 15.02. Terms of 2011 Series A-T Bonds 1
Section 15.03. Redemption 2
Section 15.04. Form and Execution of 2011 Series A-T Bonds, CUSIP Numbers 4

**ARTICLE XVI
APPLICATION OF PROCEEDS OF 2011 SERIES A BONDS**

Section 16.01. Application of Proceeds of Sale of 2011 Series A-T Bonds 5
Section 16.02. 2011 Series A-T Costs of Issuance Fund 5
Section 16.03. 2011 Series A-T Tax Allocation Bond Proceeds Account 6
Section 16.04. 2011 Series A-T Sub-subaccount of the 2011 Reserve Subaccount 6

**ARTICLE XVII
MISCELLANEOUS**

Section 17.01. Security for 2011 Series A-T Bonds 7
Section 17.02. Continuing Disclosure 7
Section 17.03. [Reserved] 7
Section 17.04. Benefits Limited to Parties 7
Section 17.05. Effect of this Second Supplement 7
Section 17.06. Further Assurances 7
Section 17.07. Execution in Counterparts 7
Section 17.08. Governing Law 7

EXHIBIT A FORM OF 2011 SERIES A-T BOND
EXHIBIT B FORM OF 2011 SERIES A-T TAX ALLOCATION BOND PROCEEDS
ACCOUNT DISBURSEMENT REQUEST

SECOND SUPPLEMENT TO INDENTURE OF TRUST

This Second Supplement to Indenture of Trust (this "Second Supplement"), dated as of March 1, 2011, is by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Agency"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined 2004 Series A-T Indenture (the "Trustee");

WITNESSETH:

WHEREAS, the Agency was duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Redevelopment Law"), including the power to issue bonds and to enter into loan agreements for any of its corporate purposes;

WHEREAS, the Redevelopment Plan (as defined in the 2004 Series A-T Indenture) for the Agency's Redevelopment Project (as defined in the 2004 Series A-T Indenture) has been adopted under the Redevelopment Law pursuant to all applicable requirements of the Redevelopment Law;

WHEREAS, under the Redevelopment Law, twenty percent (20%) of the tax increment revenues (as defined in the 2004 Series A-T Indenture, the "Housing Tax Revenues") payable to the Agency pursuant to the Redevelopment Plan are required to be set aside in a Low and Moderate Income Housing Fund for use in increasing the supply of low- and moderate-income housing in the County of Riverside (the "County");

WHEREAS, the Agency issued, on December 29, 2004, its \$37,000,000 aggregate principal amount of 2004 Taxable Tax Allocation Housing Bonds, Series A-T (the "2004 Series A-T Bonds") for the purpose of financing low- and moderate-income housing in the County, pursuant to an Indenture of Trust, dated as of December 1, 2004 (the "2004 Series A-T Indenture"), by and between the Agency and the Trustee, and its \$38,225,000 aggregate principal amount of 2004 Tax Allocation Housing Bonds, Series A (the "2004 Series A Bonds" and, together with the 2004 Series A-T Bonds, the "2004 Bonds") for the purpose of financing low- and moderate-income housing in the County, pursuant to an Indenture of Trust, dated as of December 1, 2004 (the "2004 Series A Indenture" and, together with the 2004 Series A-T Indenture, the "2004 Indentures");

WHEREAS, the 2004 Bonds are secured by and payable from the Housing Tax Revenues;

WHEREAS, Section 3.05 of the 2004 Indentures permits the issuance of Parity Debt (within the meaning of the 2004 Indentures) payable from Housing Tax Revenues on a parity with the 2004 Bonds, subject to certain terms and conditions;

WHEREAS, on April 21, 2005, the Agency issued its \$18,245,000 aggregate principal amount of 2005 Tax Allocation Housing Refunding Bonds, Series A (the "2005 Series A Bonds") for the purpose of refinancing certain obligations which had been previously issued to finance

low- and moderate-income housing in the County, pursuant to the 2004 Series A Indenture and the First Supplement to Indenture dated as of April 1, 2005 (the "2005 Series A First Supplement"), by and between the Agency and the Trustee;

WHEREAS, the 2005 Bonds were issued in accordance with the requirements of Section 3.05 of the 2004 Indentures, and are equally secured by and payable from the Housing Tax Revenues on a parity with the 2004 Bonds;

WHEREAS, on June 3, 2010, for the purpose of financing additional low- and moderate-income housing in the County, the Agency issued its \$50,860,000 aggregate principal amount of 2010 Tax Allocation Housing Bonds, Series A-T (the "2010 Series A-T Bonds") pursuant to the 2004 Series A-T Indenture and the First Supplement to Indenture dated as of May 1, 2010 (the "First Supplement") by and between the Agency and the Trustee, and its \$15,885,000 aggregate principal amount of 2010 Tax Allocation Housing Bonds, Series A (the "2010 Series A Bonds") pursuant to the 2004 Series A Indenture, the 2005 Series A Indenture and the Second Supplement to Indenture dated as of May 1, 2010 (the "2010 Series A Second Supplement") by and between the Agency and the Trustee;

WHEREAS, for the purpose of financing additional low- and moderate-income housing in the County, the Agency proposes to issue, pursuant to the applicable provisions of the Redevelopment Law its \$_____ aggregate principal amount of Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "2011 Series A-T Bonds");

WHEREAS, the 2011 Series A-T Bonds are being issued as Parity Debt and, to that end, this Second Supplement is entered into pursuant to and in accordance with the provisions of and conditions applicable to the issuance of the 2011 Series A-T Bonds as Parity Debt under the 2004 Indentures, and for the purposes of supplementing and amending the 2004 Series A-T Indenture with respect thereto;

WHEREAS, simultaneously with the issuance of the 2011 Series A-T Bonds, the Agency is also issuing, as Parity Debt, its \$_____ aggregate principal amount of Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "2011 Series A Bonds"); and

WHEREAS, the Agency has certified that all acts and proceedings required by law necessary to make the 2011 Series A-T Bonds, when executed by the Agency, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Agency, and to constitute this Second Supplement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Second Supplement have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE XIV

ADDITIONAL DEFINITIONS RELATING TO THE 2011 SERIES A-T BONDS

Section 14.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 14.01 shall, for all purposes of this Second Supplement, have the respective meanings specified in this Section 14.01. All terms defined in Section 1.02 of the 2004 Series A-T Indenture and not otherwise defined in Section 10.01 of the First Supplement or this Section 14.01 shall, when used in this Second Supplement, have the respective meanings given to such terms in Section 1.02 of the 2004 Series A-T Indenture.

"Bond Year" means, with respect to the 2011 Series A-T Bonds, the one-year period beginning on October 2 in any year and ending on the next succeeding October 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date with respect to the 2011 Series A-T Bonds and end on October 1, 2011.

"Bonds" means the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds, the 2010 Series A Bonds, the 2010 Series A-T Bonds, the 2011 Series A Bonds, the 2011 Series A-T Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

"Closing Date" means, with respect to the 2011 Series A-T Bonds, the date on which the 2011 Series A-T Bonds are delivered to the original purchasers thereof.

"Continuing Disclosure Certificate" means, with respect to the 2011 Series A-T Bonds, that certain Continuing Disclosure Certificate relating to the 2011 Series A-T Bonds executed by the Agency and dated the date of issuance and delivery of the 2011 Series A-T Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Indenture" means the 2004 Series A-T Indenture, as supplemented and amended by the First Supplement and the Second Supplement, and as they each may be further supplemented or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

"Original Purchaser" means Stone & Youngberg LLC, on behalf of itself and E.J. De La Rosa & Co. Inc., as the original purchasers of the 2011 Series A-T Bonds.

"Resolution" means the resolution adopted by the Agency on February __, 2011 approving the issuance of the 2011 Series A-T Bonds.

"Second Supplement" means this Second Supplement to Indenture of Trust, dated as of March 1, 2011, by and between the Agency and the Trustee, as the same may be amended from time to time in accordance with the terms of the 2004 Series A-T Indenture.

"2004 Bonds" means, collectively, the 2004 Series A Bonds and the 2004 Series A-T Bonds.

"2004 Indentures" means, collectively, the 2004 Series A Indenture and the 2004 Series A-T Indenture.

"2004 Series A Bonds" means the Agency's 2004 Tax Allocation Housing Bonds, Series A initially issued in the principal amount of \$38,225,000 pursuant to the provisions of the 2004 Series A Indenture.

"2004 Series A Indenture" means the Indenture of Trust dated as of December 1, 2004, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee, pursuant to which the 2004 Series A Bonds were issued, as supplemented and amended.

"2004 Series A-T Bonds" means the Agency's 2004 Taxable Tax Allocation Housing Bonds, Series A-T initially issued in the principal amount of \$37,000,000 pursuant to the provisions of the 2004 Series A-T Indenture.

"2004 Series A-T Indenture" means the Indenture of Trust dated as of April 1, 2004, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee, pursuant to which the 2004 Series A-T Bonds were issued.

"2005 Series A Bonds" or "2005 Bonds" means the Agency's 2005 Tax Allocation Housing Refunding Bonds, Series A initially issued in the principal amount of \$18,245,000 in accordance with the provisions of the 2004 Series A Indenture.

"2010 Bonds" means, collectively, the 2010 Series A Bonds and the 2010 Series A-T Bonds.

"2010 Series A Bonds" means the Agency's 2010 Tax Allocation Housing Bonds, Series A issued in the initial principal amount of \$15,885,000 in accordance with the provisions of the 2004 Series A Indenture.

"2010 Series A-T Bonds" means the Agency's 2010 Taxable Tax Allocation Housing Bonds, Series A-T issued in the initial principal amount of \$50,860,000 pursuant to the provisions of the 2004 Series A-T Indenture and the First Supplement.

"2011 Reserve Subaccount" means the subaccount by that name established and held by the Trustee pursuant to Section 16.04 hereof and Section 21.04 of the 2004 Series A Indenture.

"2011 Series A Bonds" means the Agency's 2011 Tax Allocation Housing Bonds, Series A issued in the initial principal amount of \$ _____ in accordance with the provisions of the 2004 Series A Indenture.

"2011 Series A-T Bonds" means the Agency's 2011 Taxable Tax Allocation Housing Bonds, Series A-T issued in the initial principal amount of \$ _____ pursuant to the provisions of the 2004 Series A-T Indenture and this Second Supplement.

"2011 Series A-T Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 16.02.

"2011 Series A-T Tax Allocation Bond Proceeds Account" means the account by that name established pursuant to Section 16.03.

ARTICLE XV

AUTHORIZATION OF 2011 SERIES A BONDS

Section 15.01. Authorization of 2011 Series A-T Bonds. The 2011 Series A-T Bonds have been authorized to be issued by the Agency pursuant to a resolution adopted by the Agency on February __, 2011. The 2011 Series A-T Bonds are being issued as Parity Debt under the 2004 Indentures in the aggregate principal amounts of _____ Million _____ Thousand Dollars (\$_____), under and subject to the terms of the Indenture, the Resolution and the Redevelopment Law, for the purpose of providing funds to finance low and moderate income housing activities of benefit to the Redevelopment Project. The Indenture, including this Second Supplement, constitutes a continuing agreement with the Owners of all of the 2011 Series A-T Bonds issued hereunder and at any time Outstanding to secure the full and final payment of principal of and premium, if any, and interest on all 2011 Series A-T Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The 2011 Series A-T Bonds shall be designated the "Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T".

Section 15.02. Terms of 2011 Series A-T Bonds. The 2011 Series A-T Bonds shall be dated as of their Closing Date. The 2011 Series A-T Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The 2011 Series A-T Bonds shall be issued in Book-Entry Form as provided in Section 2.04 of the 2004 Series A-T Indenture.

The 2011 Series A-T Bonds shall mature on October 1 in each of the years and in the respective principal amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months), payable on each Interest Payment Date commencing October 1, 2011, at the rates per annum, as set forth in the following table:

Maturity Schedule

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
---------------------------------------	-----------------------------------	--------------------------------

[All of the 2011 Series A-T Bonds are hereby designated as Term Bonds.]

Each 2011 Series A-T Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before September 15, 2011, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2011 Series A-T Bond, interest thereon is in default, such 2011 Series A-T Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2011 Series A-T Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the applicable Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of 2011 Series A-T Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2011 Series A-T Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the 2011 Series A-T Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee.

Section 15.03. Redemption. The 2011 Series A-T Bonds shall be subject to redemption as provided in this Section 15.03.

(a) Optional Redemption. The 2011 Series A-T Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The 2011 Series A-T Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any date on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2011 Series A-T Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem 2011 Series A-T Bonds under this subsection (a) and of the maturities selected for redemption at least forty-five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

(b) Mandatory Sinking Fund Redemption. The 2011 Series A Term Bonds maturing October 1, 20__, October 1, 20__, October 1, 20__, and October 1, 20__ shall be subject to mandatory redemption in part by lot on October 1, 20__, October 1, 20__, October 1, 20__, and October 1, 20__, respectively, and on October 1 in each year thereafter as set forth below, from Sinking Account payments made by the Agency pursuant to Section 4.03(c) at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the last paragraph of this subsection (b), in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however,* that if some but not all of the 2011 Series A-T Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such 2011 Series A-T Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

In lieu of redemption of Term Bonds pursuant to this subsection (b), amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Agency, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following October 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following October 1 pursuant to this subsection (b).

(c) Redemption Procedures. Except as provided in this Section 15.03 to the contrary, Section 2.03(c) through (g) of the 2004 Series A-T Indenture shall also apply to the redemption of the 2011 Series A-T Bonds, and references in said Sections to the "2004 Series A-T Bonds" shall be deemed to be references to "Bonds". Additionally, the references in Section 4.02(c) to "Section 2.03(b)" shall now be deemed to be references to "Sections 2.03(b), 11.03(b) and 15.03(b)," and the references in Section 4.02(e) to "Section 2.03(a)" shall now be deemed to be references to "Sections 2.03(a), 11.03(a) and 15.03(a)."

Section 15.04. Form and Execution of 2011 Series A-T Bonds, CUSIP Numbers.

The 2011 Series A-T Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by the Indenture.

The 2011 Series A-T Bonds shall be executed as provided in Section 2.05 of the 2004 Series A-T Indenture, and shall be otherwise subject to said Section 2.05, Section 2.04 and Sections 2.06 through 2.10 of the 2004 Series A-T Indenture. References to the "2004 Series A-T Bonds" in said Sections shall be deemed to be references to "Bonds".

ARTICLE XVI

APPLICATION OF PROCEEDS OF 2011 SERIES A BONDS

Section 16.01. Application of Proceeds of Sale of 2011 Series A-T Bonds. On the Closing Date with respect to the 2011 Series A-T Bonds, the net proceeds of sale of the 2011 Series A-T Bonds (being the principal amount of the 2011 Series A-T Bonds, less an underwriters' discount of \$ _____ retained by the Original Purchaser, less an original issue discount of \$ _____, for a total purchase price of \$ _____) shall be paid to the Trustee and deposited by the Trustee as follows:

(a) The Trustee shall deposit the amount of \$ _____ in the 2011 Series A-T Costs of Issuance Fund created pursuant to Section 16.02.

(b) The Trustee shall deposit the amount of \$ _____ in the 2011 Series A-T Sub-subaccount of the 2011 Reserve Subaccount, both created as set forth in Section 16.04, in order to satisfy a portion of the Reserve Requirement with respect to the 2011 Series A-T Bonds and the 2011 Series A Bonds;

(c) The Trustee shall deposit the amount of \$ _____, being the remainder of the proceeds of the 2011 Series A-T Bonds, in the 2011 Series A-T Tax Allocation Bond Proceeds Account.

The Trustee may, at its discretion, establish a temporary fund or account in its books or records to facilitate such transfers.

Section 16.02. 2011 Series A-T Costs of Issuance Fund. There is hereby established a separate fund to be known as the "2011 Series A-T Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the 2011 Series A-T Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2011 Series A-T Bonds upon submission of a Written Request of the Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the 2011 Series A-T Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Written Request of the Agency; in each case together with a statement or invoice for each amount requested thereunder. On the earlier of October 1, 2011, or the date of receipt by the Trustee of a Written Request of the Agency, all amounts (if any) remaining in the 2011 Series A-T Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be transferred to the 2011 Series A-T Tax Allocation Bond Proceeds Account.

Section 16.03. 2011 Series A-T Tax Allocation Bond Proceeds Account. There shall be established within the Low and Moderate Income Housing Fund a separate and segregated account to be known as the "2011 Series A-T Tax Allocation Bond Proceeds Account", which shall be held by the Trustee, as agent of the Agency, and into which shall be deposited the amount required by Section 16.01(c). The moneys in the 2011 Series A-T Tax Allocation Bond Proceeds Account shall be used in the manner provided by the Law and the Agency by-laws solely for the purpose of aiding in financing activities which may be financed from the Low and Moderate Income Housing Fund (including, without limitation, the payment of any unpaid Costs of Issuance and interest on the 2011 Series A-T Bonds). The Agency covenants that no funds on deposit in the 2011 Series A-T Tax Allocation Bond Proceeds Account shall be applied for any purpose not authorized by the Law.

The Trustee shall disburse amounts on deposit in the 2011 Series A-T Tax Allocation Bond Proceeds Account promptly after receipt of, and in accordance with a Request of the Agency in the form attached hereto as Exhibit B. Each such Request of the Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Amounts on deposit in the 2011 Series A-T Tax Allocation Bond Proceeds Account may be used to pay interest on the 2011 Series A-T Bonds on each Interest Payment Date through December 1, 2013. Not less than sixty (60) days prior to each Interest Payment, the Trustee shall contact the Agency so that the Agency may inform the Trustee whether amounts on deposit in the 2011 Series A-T Tax Allocation Bond Proceeds Account will be used to pay interest on the 2011 Series A-T Bonds on each Interest Payment Date.

Section 16.04. 2011 Series A-T Sub-subaccount of the 2011 Reserve Subaccount. Pursuant to this Section 16.04 and Section 21.04 of the 2004 Series A Indenture, the Trustee shall establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2011 Reserve Subaccount", together with a 2011 Series A-T Sub-subaccount and a 2011 Series A Sub-subaccount therein. Amounts on deposit in the 2011 Reserve Subaccount shall be available to pay debt service only on the 2011 Series A-T Bonds, the 2011 Series A Bonds, and any other Parity Debt hereafter issued that the Agency elects to be secured by the 2011 Reserve Subaccount. In the event that the Agency elects to secure additional Parity Debt with the 2011 Reserve Subaccount, the Agency shall establish additional sub-subaccounts within the 2011 Reserve Subaccount as needed. Amounts on deposit in the 2011 Reserve Account are not available to pay debt service on the 2004 Bonds, the 2005 Bonds or the 2010 Bonds, and are not pledged to the payment thereof.

ARTICLE XVII

MISCELLANEOUS

Section 17.01. Security for 2011 Series A-T Bonds. The 2011 Series A-T Bonds shall be Parity Debt within the meaning of such term in Section 1.02 of the 2004 Indentures, and shall be secured in the manner and to the extent set forth in Article IV of the 2004 Series A-T Indenture. As provided in Section 4.01 and Section 4.02 of the 2004 Series A-T Indenture, the 2011 Series A-T Bonds shall be secured, on a parity with all other Bonds issued under the Indenture and all Parity Debt, by a first pledge of and lien on all of the Housing Tax Revenues in the Special Fund and all moneys in the Debt Service Fund and the accounts therein, including the 2011 Reserve Subaccount.

Section 17.02. Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any owner or beneficial owner of the 2011 Series A-T Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section 17.02.

Section 17.03. [Reserved].

Section 17.04. Benefits Limited to Parties. Nothing in this Second Supplement, expressed or implied, is intended to give to any person other than the Agency, the Trustee, and the Owners of the 2011 Series A-T Bonds, any right, remedy, claim under or by reason of this Second Supplement. Any covenants, stipulations, promises or agreements in this Second Supplement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee, and the Owners of the 2011 Series A-T Bonds.

Section 17.05. Effect of this Second Supplement. Except as in this Second Supplement expressly provided or except to the extent inconsistent with any provision of this Second Supplement, the 2011 Series A-T Bonds shall be deemed to be Bonds under and within the meaning thereof as set forth in Section 1.02 of the 2004 Series A-T Indenture.

Section 17.06. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the 2011 Series A-T Bonds and the rights and benefits provided in the Indenture.

Section 17.07. Execution in Counterparts. This Second Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 17.08. Governing Law. This Second Supplement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE has caused this Second Supplement to be signed in its name by its Executive Director and attested by its Secretary, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Second Supplement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

(SEAL)

ATTEST:

By: _____
Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Officer

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T" (the "Bonds") of an aggregate principal amount of _____ Million _____ Thousand Dollars (\$ _____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, or interest rates) and all issued pursuant to the provisions of the Redevelopment Law (as defined in the hereinafter defined Indenture) Health and Safety Code (the "Redevelopment Law") and pursuant to (i) an Indenture of Trust, dated as of December 1, 2004, by and between the Agency and the Trustee (the "2004 Series A-T Indenture") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2004 Tax Allocation Housing Bonds, Series A-T" (the "2004 Series A-T Bonds"), in an aggregate principal amount of Thirty Seven Million Dollars (\$37,000,000), (ii) a First Supplement to Indenture dated as of May 1, 2010, by and between the Agency and the Trustee (the "First Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2010 Tax Allocation Housing Bonds, Series A-T" (the "2010 Series A-T Bonds"), in an aggregate principal amount of Fifty Million Eight Hundred Sixty Thousand Dollars (\$50,860,000), and (iii) a Second Supplement to Indenture of Trust, dated as of March 1, 2011, by and between the Agency and the Trustee (the "Second Supplement" and, together with the 2004 Series A-T Indenture and the First Supplement, the "Indenture"). The Bonds have been issued by the Agency pursuant to a resolution of the Agency adopted on February __, 2011. The obligations of the Agency under the Indenture with respect to the Bonds are on a parity with the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds, the 2010 Series A Bonds, the 2010 Series A-T Bonds and the 2011 Series A Bonds (as such terms are defined in the Indenture). Additionally, the Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Housing Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency to provide funds for the Agency in order to finance low and moderate income housing within the County of Riverside.

This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Housing Tax Revenues derived by the Agency from the Redevelopment Project (as such terms are defined in the Indenture), and on a parity with any parity debt heretofore issued or hereafter issued at any time by the Agency under and in accordance with the Indenture. The Housing Tax Revenues consist of that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund. Tax Revenues consist of all taxes pledged and annually allocated within the Plan Limitations, following the Closing Date, and paid to the Agency with respect to the Project Area pursuant to the Redevelopment Law and the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts

payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the 2011 Series A-T Bonds or to the payment of Parity Debt, as applicable.

As and to the extent set forth in the Indenture, all of the Housing Tax Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest on the Bonds and any such parity obligations. Notwithstanding the foregoing, certain amounts out of Housing Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the County of Riverside, the State of California, or any of its political subdivisions, and neither said County nor said State or any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than the Housing Tax Revenues and amounts held in certain funds and accounts under the Indenture.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The 2011 Series A-T Bonds maturing on or before October 1, 202__, are not subject to optional redemption prior to maturity. The 2011 Series A-T Bonds maturing on and after October 1, 202__, are subject to redemption, at the option of the Agency on any date on or after October 1, 202__, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2011 Series A-T Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) and of the maturities selected for redemption at least thirty (30) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

The 2011 Series A-T Bonds October 1, 20__, October 1, 20__, October 1, 20__, and October 1, 20__ shall be subject to mandatory redemption in part by lot on October 1, 20__, October 1, 20__, October 1, 20__, and October 1, 20__, respectively, and on October 1 in each year thereafter as set forth below, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the Indenture, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of the Term Bonds have been optionally redeemed, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

2011 Series A-T Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount To Be
Redeemed or Purchased

(maturity)

In lieu of redemption of Term Bonds, amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Agency, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following October 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following October 1 pursuant to the mandatory Sinking Account redemption optional redemption described above.

The Trustee, on behalf and at the expense of the Agency, shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

The Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds shall be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond may be presented for transfer by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee in Los Angeles, California, or at such other place as is designated by the Trustee, but only in the manner, subject to the

limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Redevelopment Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Redevelopment Agency for the County of Riverside has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Original Issue Date set forth above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

ATTEST:

Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: March __, 2011

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guaranteed shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

**FORM OF 2011 SERIES A-T TAX ALLOCATION BOND
PROCEEDS ACCOUNT DISBURSEMENT REQUEST**

\$ _____
Redevelopment Agency for the County of Riverside
2011 Taxable Tax Allocation Housing Bonds, Series A-T

DISBURSEMENT REQUEST NO.: _____

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Re: \$ _____ Redevelopment Agency for the County of Riverside 2011
Taxable Tax Allocation Housing Bonds, Series A-T

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of December 1, 2004, as supplemented by a First Supplement to Indenture of Trust dated as of May 1, 2010 and a Second Supplement to Indenture of Trust dated as of March 1, 2011 (collectively, the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the 2011 Series A-T Tax Allocation Bond Proceeds Account for financing activities which may be financed from the Low and Moderate Income Housing Fund of the Agency (including, without limitation, the payment of any unpaid Costs of Issuance and interest on the 2011 Series A-T Bonds).

You are hereby requested to pay from the 2011 Series A-T Tax Allocation Bond Proceeds Account established by the Indenture, to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule, in payment of all or a portion of the costs of the Redevelopment Project described on said Schedule.

The undersigned hereby certifies that (i) no part of the amount requested herein has been included in any other request previously filed with you; and (ii) the labor, services and/or materials covered hereby have been performed upon or furnished and the payment requested herein is due and payable under a purchase order, contract or other authorization.

Dated: _____, 200_

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____

Schedule A

Payee
(include address)

Description
of Costs

Amount

PURCHASE CONTRACT

HOUSING TAXABLE

[\$Bond Amount]
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 TAXABLE TAX ALLOCATION HOUSING BONDS, SERIES A-T

PURCHASE CONTRACT

March __, 2011

Redevelopment Agency for the County of Riverside
c/o Riverside County Economic Development Agency
3403 10th Street, Suite 300
Riverside County, California 92501

Riverside County Public Financing Authority
c/o Riverside County Economic Development Agency
3403 10th Street, Suite 300
Riverside County, California 92501

Ladies and Gentlemen:

The undersigned, Stone & Youngberg LLC on behalf of itself and E. J. De La Rosa & Co., Inc (together, the "Underwriter"), offers to enter into this Purchase Contract (this "Purchase Contract") with the Redevelopment Agency for the County of Riverside (the "Agency") and the Riverside County Public Financing Authority (the "Authority") which will be binding upon the Agency, the Authority and the Underwriter upon the acceptance hereof by the Agency and the Authority. This offer is made subject to its acceptance by the Agency and the Authority by execution of this Purchase Contract and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$[Bond Amount] aggregate principal amount of the Agency's Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "Bonds"), at a purchase price equal to \$_____ (being the aggregate principal amount thereof, less original issue discount of \$_____ and less an underwriter's discount of \$_____). The Bonds are to be purchased by the Authority from the Agency pursuant hereto for resale and delivery to the Underwriter concurrently with the purchase of the Bonds by the Underwriter from the Authority; provided that the obligation of the Authority to purchase the Bonds from the Agency shall be solely with moneys provided by the Underwriter.

Section 2. Description of the Bonds. The Bonds shall be issued pursuant to an Indenture of Trust (the "Indenture"), dated as of December 1, 2004, by and between the Agency

and the predecessor to The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented, including as amended and supplemented by a Second Supplement to Indenture of Trust (the "Second Supplement") (as amended and supplemented, the "Indenture") and pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 commencing with Section 33000) of the California Health and Safety Code (the "Law") and a resolution of the Agency adopted February 15, 2011. The Bonds shall be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement"). The Indenture, together with the Continuing Disclosure Certificate (herein after defined) and this Purchase Contract, are referred to herein as the "Agency Legal Documents".

The net proceeds of the Bonds shall be used to finance low and moderate income housing within or of benefit the Agency's redevelopment project areas pursuant to Section 33334.2 of the Law

The Bonds shall be secured by a first pledge of and lien on all of the Housing Tax Revenues (as defined in the Indenture) allocated to the Agency with respect to each Project Area (as defined in the Indenture) on a parity with certain other obligations of the Agency (as provided in the Indenture).

Section 3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Section 4. Delivery of Official Statement. The Agency has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Contract, copies of the Preliminary Official Statement, dated as of February __, 2011, relating to the Bonds (the "Preliminary Official Statement"). Such Preliminary Official Statement is the official statement deemed final by the Agency for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") and approved for distribution by resolution of the Agency. The Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Appendix B.

Within seven (7) business days from the date hereof, but in no event less than three (3) days prior to the Closing (defined below), the Agency shall deliver to the Underwriter a sufficient number of copies of the final Official Statement, executed on behalf of the Agency by an authorized representative of the Agency and dated the date hereof, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Agency and the Underwriter to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End of the Underwriting Period (defined below). The Agency also agrees to deliver to the Underwriter, at the Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph

(b)(4) of the Rule and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board.

As used herein and for the purposes of the foregoing, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the date of the Closing unless the Authority shall have been notified in writing to the contrary by the Underwriter on or prior to the date of the Closing, (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12 provided, however, that the Authority may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period.

The Agency will undertake, pursuant to the Indenture and a continuing disclosure certificate (the "Continuing Disclosure Certificate"), to provide certain annual financial information and notices of the occurrence of certain events, if material. The form of the Continuing Disclosure Certificate is appended to the Official Statement.

Section 5. The Closing. At 8:00 a.m., California time, on March __, 2011, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency and the Underwriter (the "Closing Date"), the Authority and the Agency will deliver (i) the Bonds in definitive form (one bond for each annual maturity) to the Underwriter at The Depository Trust Company ("DTC") in New York, New York, or such other location as may be specified by the Underwriter, with CUSIP identification numbers printed thereon, in fully registered form and registered in the name of Cede & Co., and (ii) the closing documents hereinafter mentioned at the offices of Jones Hall, A Professional Law Corporation, in San Francisco, California, or another place to be mutually agreed upon by the Agency and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by federal funds wire payable to the order of the Trustee on behalf of the Agency. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

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

(a) *Due Organization and Existence of Agency.* The Agency is a public body corporate and politic, organized and existing under the laws of the State, including the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code (the "Redevelopment Law"), with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract and the Agency Legal Documents and to carry out and consummate the transactions contemplated by the Agency Legal Documents and the Official Statement.

(b) *Due Authorization and Approval.* By all necessary official action of the Agency, the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained in, the Agency Legal Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Agency Legal Documents will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Legal Documents, provided that no representation is made with

respect to compliance with the securities or "Blue Sky" laws of the various states of the United States.

(c) *Official Statement Accurate and Complete.* The Preliminary Official Statement was as of its date, and the final Official Statement is, and at all times subsequent to the date of the final Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the final Official Statement contain, and up to and including the Closing will contain, no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading. By all necessary official action of the Agency, the Agency has duly authorized and approved the execution and delivery of, the Official Statement.

(d) *Underwriter's Consent to Amendments and Supplements to Official Statement.* The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) *No Breach or Default.* As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Legal Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Legal Documents.

(f) *No Litigation.* As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of

any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Agency Legal Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Agency and its authority to pledge the Housing Tax Revenues; (iii) which may result in any material adverse change relating to the Agency; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) *Preliminary Official Statement.* For purposes of the Rule, the Agency has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule. The Agency has never failed to comply timely with any filing requirements under the Rule.

(h) *Excess Surplus.* The Agency's Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law does not on the date hereof, and will not on the date of the Closing, contain an "excess surplus" (within the meaning of Section 33334.12 of the Redevelopment Law) that would cause the Agency to be subject to the sanctions contained in Section 33334.12(e)(1) of the Redevelopment Law.

(i) *Court Order.* The Agency is not subject to a court order rendered pursuant to Section 33080.8 of the Redevelopment Law prohibiting the Agency from among other things, issuing, selling, offering for sale, or delivering bonds or other evidences of indebtedness.

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

(a) *Due Organization and Existence of Authority.* The Authority is a joint powers authority, duly organized and existing, and authorized to transact business and exercise powers under and pursuant to the provisions of the laws of the State of California and has, and on the Closing Date will have, full legal right, power and authority to enter into this Purchase Contract, and to carry out and to consummate the transactions contemplated by this Purchase Contract.

(b) *Official Statement Accurate and Complete.* The information relating to the Authority contained in the Preliminary Official Statement and the final Official Statement is correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(c) *Purchase and Sale of Bonds.* The Bonds will be purchased from the Agency and sold by the Authority to the Underwriters pursuant to authorization contained in the Mark-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5,

Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Act").

(d) *Compliance with Law.* The Authority has complied, and will on the Closing Date be in compliance, in all respects, with the JPA Act and all other applicable laws of the State of California (and it is understood that the Authority is not responsible for compliance with or the consequences of failure to comply with applicable "Blue Sky" laws).

Section 8. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Agency and the Authority of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the following additional conditions:

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

(b) *Executed Agreements and Performance Thereunder.* At the time of the Closing (i) the Agency Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter and (ii) there shall be in full force and effect such resolutions of the Agency and the Authority (the "Resolutions") as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Purchase Contract, the Official Statement and the Agency Legal Documents.

(c) *Closing Documents.* At or prior to the Closing, the Underwriter shall receive each of the documents identified in Section 9.

Section 9. Closing Documents. In addition to the other conditions to the Underwriter's obligations under this Purchase Contract to purchase and pay for the Bonds, at or before the Closing the Underwriter shall receive each of the following documents, provided that the actual payment for the Bonds by the Underwriter and the acceptance of delivery thereof shall be conclusive evidence that the requirements of this Section 9 shall have been satisfied or waived by the Underwriter.

(a) *Bond Counsel Opinion.* An approving opinion of Jones Hall, A Professional law Corporation ("Bond Counsel"), dated the date of the Closing and substantially in the form appended to the Official Statement, together with a letter from Bond Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(b) *Supplemental Opinion.* A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(i) This Purchase Contract has been duly authorized, executed and delivered by the Agency and the Authority, as applicable, and constitute the valid, legal and binding agreements of the Agency and the Authority, as applicable, enforceable in accordance with its terms.

(ii) The statements contained in the Official Statement (including the cover page and the Appendices thereto), insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture or federal tax law, accurately summarize the information presented therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical information contained therein.

(iii) The Agency's obligations under the Indenture are exempt from registration under the Securities Act of 1933, as amended, and the Indenture Authority Indenture and the Agency Bonds Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(c) *Agency Counsel Opinion.* An opinion of Counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(i) The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California;

(ii) The resolution of the Agency approving and authorizing the execution and delivery of the Agency Legal Documents and approving the Official Statement (the "Agency Resolution") was duly adopted at a meeting of the Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(iii) The Agency Legal Documents have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Agency 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;

(iv) The execution and delivery of the Agency Legal Documents and the Official Statement and compliance with the provisions of the Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Agency is subject;

(v) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel 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 Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Legal Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Legal Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Legal Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to use the Housing Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Housing Tax Revenues; and

(vi) The information in the Official Statement relating to the Agency, the Housing Tax Revenues and the Project Areas (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) is true and correct in all material respects, and the Official Statement contains no misstatement of any material fact and does not omit any statement necessary to make the statements contained therein with respect to, in the light of the circumstances in which such statements were made, not misleading.

(d) *Authority Counsel Opinion.* An opinion of Counsel to the Authority, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) The Authority is a public body, corporate and politic, organized and existing under the laws of the State, including the JPA Act.

(ii) The resolution of the Authority approving and authorizing the execution and delivery of this Purchase Contract (the "Authority Resolution") was duly adopted at a meeting of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded.

(iii) The Purchase Contract has been duly authorized, executed and delivered by the Authority and constitutes the valid, legal and binding obligation of the Authority enforceable in accordance with its 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.

(iv) The information in the Official Statement relating to the Authority and the Revenues (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) is true and correct in all material respects, and the Official Statement contains no misstatement of any material fact and does not omit any statement necessary to make the statements contained therein with respect to, in the light of the circumstances in which such statements were made, not misleading.

(v) To the best of such counsel's knowledge after due investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the

Authority to restrain or enjoin the Authority's participation in, or in any way contesting the existence of the Authority or the powers of the Authority with respect to the transactions contemplated by this Purchase Contract.

(e) *Trustee Counsel Opinion.* The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture.

(ii) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture, or the consummation of the transactions contemplated by the Indenture.

(f) *Agency Certificate.* A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by the Executive Director or other duly authorized officer of the Agency to the effect that:

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

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

(iii) No further consent is required to be obtained for the inclusion of the Agency's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2009/10 in the Official Statement.

(iv) Except as otherwise disclosed in the Official Statement and to the best knowledge of such signing officer 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 Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Legal Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Legal

Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Legal Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to use the Housing Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Housing Tax Revenues.

(g) *Authority Certificate.* A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by the Executive Director or other duly authorized officer of the Authority to the effect that:

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

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

(iii) Except as otherwise disclosed in the Official Statement and to the best knowledge of such signing officer after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental Authority or body, pending or threatened against the Authority, challenging the creation, organization or existence of the Authority, or the validity of this Purchase Contract or contesting the authority of the Authority to enter into or perform its obligations under this Purchase Contract.

(h) *Trustee's Certificate.* A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter, to the following effect:

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

(ii) The Trustee is duly authorized to enter into the Indenture.

(iii) To its best knowledge after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body that has been served on the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee, would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligation under the Indenture.

(i) *Documents.* An original executed copy of the Second Supplement and a certified copy of each of the Resolutions.

(j) *Rating Letters.* A letter from Standard & Poor's Credit Ratings Services to the effect that the Bonds have been assigned a rating of "___", which rating shall be in effect as of the Closing Date and a letter from Moody's Investor's Service to the effect that the Bonds have been assigned a rating of "___", which rating shall be in effect as of the Closing Date.

(k) *Disclosure Letter.* A letter of Jones Hall, A Professional Law Corporation ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the Appendices thereto, and excluding information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) *Fiscal Consultant Certificate.* An executed certificate of the Fiscal Consultant to the effect that (i) other than any modifications of debt service requirements after final sale of the Bonds reflected in the Official Statement, nothing has come to the attention of the Fiscal Consultant since the date of the Fiscal Consultant's Report set forth as Appendix A to the Official Statement which would cause it to believe that the Report was materially incorrect in any respect, (ii) the Report sets forth the best estimates of the Redevelopment Consultant with respect to the projections contained therein and (iii) the Redevelopment Consultant has consented to the reproduction of the Report as Appendix A to the Official Statement.

(m) *Agency Legal Documents.* Executed copies of this Purchase Contract and the other Agency Legal Documents.

(n) *Parity Certificate.* A copy of the executed certificate of the Agency required to be delivered to the Trustee as a condition of the issuance of the Bonds as "Parity Debt" within the meaning of the Indenture.

(o) *Additional Documents.* Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

If the Agency or the Authority shall be unable to satisfy the conditions contained in this Purchase Contract, if the Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State which if enacted and effective would impose additional limitations or burdens on the Agency or the County by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Agency or the Authority shall be under further obligation hereunder, except as further set forth in Section 11 hereof.

Section 10. Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by notification to the Agency and the Authority if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

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

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

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

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

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

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

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 6(f) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(j) there shall be in force a general suspension of trading on the New York Stock Exchange.

Section 11. Expenses. The Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency and the Authority hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Agency Legal Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Agency; (c) the fees and disbursements of Bond Counsel and Disclosure Counsel; (d) the cost of printing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter; (e) charges of rating agencies for the rating of the Bonds; (f) any out-of-pocket disbursements of the Authority, the Agency and of the Underwriter incurred in connection with the public offering and distribution of the Bonds, including any advertising expenses and expenses (included in the expense component of the spread) incurred on behalf of the Authority's or the Agency's employees which are incidental to implementing this Purchase Contract including, but not limited to, meals, transportation and lodging of those employees.

The Underwriter shall pay and the Agency shall be under no obligation to pay all expenses incurred by it in connection with the public offering and distribution of the Bonds, including, but not limited to, the fees and expenses of counsel to the Underwriter (if any), the fees of the California Debt and Investment Advisory Commission and the CUSIP Service Bureau charge for the assignment of CUSIP numbers to the Bonds.

Section 12. Notice. Any notice or other communication to be given to the Agency and the Authority under this Purchase Contract may be given by delivering the same in writing

to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to:

Sara Oberlies Brown, Managing Director
Stone & Youngberg LLC
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Phone: 213.443.5000
Fax: 213.443.5023
E-Mail: sbrown@syllc.com

Section 13. Entire Agreement. This Purchase Contract, when accepted by the Agency and the Authority, shall constitute the entire agreement between the Agency, the Authority and the Underwriter and is made solely for the benefit of the Agency, the Authority and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Agency's and the Authority's representations, warranties and covenants in this Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter.

Section 14. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 16. State of California Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State.

Section 17. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter, the Authority or the Agency without the prior written consent of the other parties hereto.

STONE & YOUNGBERG LLC as
representative

By: _____
Managing Director

Accepted as of the date first stated above:

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Deputy Executive Director

RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY

BY: _____
Deputy Executive Director

(Series A-T Bonds Signature Page)

APPENDIX A

Redevelopment Agency for the County of Riverside
2011 Taxable Tax Allocation Housing Bonds, Series A-T

Maturity Date <u>(October 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>
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Sinking Account Payments

\$ _____ Term Bonds Maturing October 1, 20_____

Date <u>(October 1)</u>	Principal Amount <u>To be Redeemed</u>
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APPENDIX B

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stone & Youngberg LLC. on behalf of itself and E. J. De La Rosa & Co., Inc. (the "Underwriter") that he is a duly appointed and acting officer of the Redevelopment Agency for the County of Riverside (the "Agency"), and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Agency's Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of February __, 2011, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the underwriter thereof.

IN WITNESS WHEREOF, we have hereunto set our hands as of the __th day of February, 2011.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By _____
Deputy Executive Director

SUPPLEMENT TO INDENTURE OF TRUST

HOUSING TAX EXEMPT

THIRD SUPPLEMENT TO INDENTURE OF TRUST

Dated as of March 1, 2011

by and between the

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee**

Relating to

**\$ _____
Redevelopment Agency for the County of Riverside
2011 Tax Allocation Housing Bonds, Series A**

TABLE OF CONTENTS

**ARTICLE XIX
ADDITIONAL DEFINITIONS RELATING TO THE 2011 SERIES
A BONDS**

Section 19.01. Definitions..... 3

**ARTICLE XX
AUTHORIZATION OF 2011 SERIES A BONDS**

Section 20.01. Authorization of 2011 Series A Bonds..... 6
Section 20.02. Terms of 2011 Series A Bonds..... 6
Section 20.03. Redemption..... 8
Section 20.04. Form and Execution of 2011 Series A Bonds, CUSIP Numbers..... 10

**ARTICLE XXI
APPLICATION OF PROCEEDS OF 2011 SERIES A BONDS**

Section 21.01. Application of Proceeds of Sale of 2011 Series A Bonds..... 11
Section 21.02. 2011 Series A Costs of Issuance Fund..... 11
Section 21.03. 2011 Series A Tax Allocation Bond Proceeds Account..... 12
Section 21.04. 2011 Series A Sub-subaccount of the 2011 Reserve Subaccount..... 12

**ARTICLE XXII
MISCELLANEOUS**

Section 22.01. Security for 2011 Series A Bonds; Determination of Principal Amount of 2011 Series A Bonds..... 13
Section 22.02. Continuing Disclosure..... 13
Section 22.03. Tax Covenants Relating to 2011 Series A Bonds..... 13
Section 22.04. Benefits Limited to Parties..... 14
Section 22.05. Effect of this Third Supplement..... 14
Section 22.06. Further Assurances..... 14
Section 22.07. Execution in Counterparts..... 14
Section 22.08. Governing Law..... 14

EXHIBIT A FORM OF 2011 SERIES A CURRENT INTEREST BOND
EXHIBIT B FORM OF 2011 SERIES A CAPITAL APPRECIATION BOND
EXHIBIT C FORM OF 2011 SERIES A CONVERTIBLE CAPITAL APPRECIATION BOND
EXHIBIT D FORM OF 2011 SERIES A TAX ALLOCATION BOND PROCEEDS ACCOUNT
DISBURSEMENT REQUEST

THIRD SUPPLEMENT TO INDENTURE OF TRUST

This Third Supplement to Indenture of Trust (this "Second Supplement"), dated as of March 1, 2011, is by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Agency"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined 2004 Series A Indenture (the "Trustee");

WITNESSETH:

WHEREAS, the Agency was duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Redevelopment Law"), including the power to issue bonds and to enter into loan agreements for any of its corporate purposes;

WHEREAS, the Redevelopment Plan (as defined in the 2004 Series A Indenture) for the Agency's Redevelopment Project (as defined in the 2004 Series A Indenture) has been adopted under the Redevelopment Law pursuant to all applicable requirements of the Redevelopment Law;

WHEREAS, under the Redevelopment Law, twenty percent (20%) of the tax increment revenues (as defined in the 2004 Series A Indenture, the "Housing Tax Revenues") payable to the Agency pursuant to the Redevelopment Plan are required to be set aside in a Low and Moderate Income Housing Fund for use in increasing the supply of low- and moderate-income housing in the County of Riverside (the "County");

WHEREAS, the the Agency issued, on December 29, 2004, its \$37,000,000 aggregate principal amount of 2004 Taxable Tax Allocation Housing Bonds, Series A-T (the "2004 Series A-T Bonds") for the purpose of financing low- and moderate-income housing in the County, pursuant to an Indenture of Trust, dated as of December 1, 2004 (the "2004 Series A-T Indenture"), by and between the Agency and the Trustee, and its \$38,225,000 aggregate principal amount of 2004 Tax Allocation Housing Bonds, Series A (the "2004 Series A Bonds" and, together with the 2004 Series A-T Bonds, the "2004 Bonds") for the purpose of financing low- and moderate-income housing in the County, pursuant to an Indenture of Trust, dated as of December 1, 2004 (the "2004 Series A Indenture" and, together with the 2004 Series A-T Indenture, the "2004 Indentures");

WHEREAS, the 2004 Bonds are secured by and payable from the Housing Tax Revenues;

WHEREAS, Section 3.05 of the 2004 Indentures permits the issuance of Parity Debt (within the meaning of the 2004 Indentures) payable from Housing Tax Revenues on a parity with the 2004 Bonds, subject to certain terms and conditions;

WHEREAS, on April 21, 2005, the Agency issued its \$18,245,000 aggregate principal amount of 2005 Tax Allocation Housing Refunding Bonds, Series A (the "2005 Series A Bonds") for the purpose of refinancing certain obligations which had been previously issued to finance

low- and moderate-income housing in the County, pursuant to the 2004 Series A Indenture and the First Supplement to Indenture dated as of April 1, 2005 (the "First Supplement"), by and between the Agency and the Trustee;

WHEREAS, the 2005 Bonds were issued in accordance with the requirements of Section 3.05 of the 2004 Indentures, and are equally secured by and payable from the Housing Tax Revenues on a parity with the 2004 Bonds;

WHEREAS, on June 3, 2010, for the purpose of financing additional low- and moderate-income housing in the County, the Agency issued its \$50,860,000 aggregate principal amount of 2010 Tax Allocation Housing Bonds, Series A-T (the "2010 Series A-T Bonds") pursuant to the 2004 Series A-T Indenture and the First Supplement to Indenture dated as of May 1, 2010 (the "2010 Series A-T First Supplement") by and between the Agency and the Trustee, and its \$15,885,000 aggregate principal amount of 2010 Tax Allocation Housing Bonds, Series A (the "2010 Series A Bonds") pursuant to the 2004 Series A Indenture, the 2005 Series A Indenture and the Second Supplement to Indenture dated as of May 1, 2010 (the "Second Supplement") by and between the Agency and the Trustee;

WHEREAS, for the purpose of financing additional low- and moderate-income housing in the County, the Agency proposes to issue, pursuant to the applicable provisions of the Redevelopment Law its \$_____ aggregate principal amount of Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "2011 Series A Bonds");

WHEREAS, the 2011 Series A Bonds are being issued as Parity Debt and, to that end, this Third Supplement is entered into pursuant to and in accordance with the provisions of and conditions applicable to the issuance of the 2011 Series A Bonds as Parity Debt under the 2004 Indentures, and for the purposes of supplementing and amending the 2004 Series A Indenture with respect thereto;

WHEREAS, simultaneously with the issuance of the 2011 Series A Bonds, the Agency is also issuing, as Parity Debt, its \$_____ aggregate principal amount of Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "2011 Series A-T Bonds"); and

WHEREAS, the Agency has certified that all acts and proceedings required by law necessary to make the 2011 Series A Bonds, when executed by the Agency, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Agency, and to constitute this Third Supplement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Third Supplement have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE XIX

ADDITIONAL DEFINITIONS RELATING TO THE 2011 SERIES A BONDS

Section 19.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 19.01 shall, for all purposes of this Third Supplement, have the respective meanings specified in this Section 19.01. All terms defined in Section 1.02 and not otherwise defined in Section 11.01 of the First Supplement, Section 15.01 of the Second Supplement or this Section 19.01 shall, when used in this Third Supplement, have the respective meanings given to such terms in Section 1.02 of the 2004 Series A Indenture.

"Accreted Value" means, with respect to Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds (until the Conversion Date), the initial principal amount of and accrued and compounded interest thereon as of any April 1 or October 1 determined solely by reference to the Table of Accreted Values set forth on the form of the Capital Appreciation Bond. The Accreted Value for any date not specified in said Table shall be determined by adding to the Accreted Value set forth in said Table for the date next preceding the date in question (the "Preceding Accreted Value") that portion of the difference between the Preceding Accreted Value and the Accreted Value for the date set forth in said Table for the date next succeeding the date in question (the "Succeeding Accreted Value") that the number of days (based on twelve 30-day months) from the Preceding Accreted Value bears to the total number of days from the date of the Preceding Accreted Value to the date of the Succeeding Accreted Value.

"Bond Obligation" means, with respect to any 2011 Series A Bond or any maturity of 2011 Series A Bonds or all Outstanding 2011 Series A Bonds and as of any given date of calculation, the principal amount of all Outstanding 2011 Series A Bonds other than Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, (2) the Accreted Value of all Outstanding Capital Appreciation Bonds as of the next preceding April 1 or October 1 (without any adjustment for any period elapsed after such April 1 or October 1, or, if the date of calculation is an April 1 or October 1, such April 1 or October 1), and (3) with respect to the Convertible Capital Appreciation Bonds, prior to the Conversion Date, the Accreted Value of all Outstanding Convertible Capital Appreciation Bonds as of the next preceding April 1 or October 1 (without any adjustment for any period elapsed after such April 1 or October 1, or, if the date of calculation is an April 1 or October 1, such April 1 or October 1) and, after the Conversion Date, the Conversion Value.

"Bond Year" means, with respect to the 2011 Series A Bonds, the one-year period beginning on October 2 in any year and ending on the next succeeding October 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date with respect to the 2011 Series A Bonds and end on October 1, 2011.

"Bonds" means the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds, the 2010 Series A Bonds, the 2010 Series A-T Bonds, the 2011 Series A Bonds, the 2011 Series A-T Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

"Capital Appreciation Bonds" means the portion of the 2011 Series A Bonds designated as such in Section 20.01.

"Closing Date" means, with respect to the 2011 Series A Bonds, the date on which the 2011 Series A Bonds are delivered to the original purchasers thereof.

"Continuing Disclosure Certificate" means, with respect to the 2011 Series A Bonds, that certain Continuing Disclosure Certificate relating to the 2011 Series A Bonds executed by the Agency and dated the date of issuance and delivery of the 2011 Series A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Conversion Date" means, with respect to any Convertible Capital Appreciation Bond, October 1, 20__, which is the date on which such Convertible Capital Appreciation Bond starts to pay bear interest on a current basis, payable each April 1, and October 1, commencing April 1, 20__.

"Conversion Value" means, with respect to any Convertible Capital Appreciation Bond, the value of such Convertible Capital Appreciation Bond as of its Conversion Date.

"Convertible Capital Appreciation Bonds" means the portion of the 2011 Series A Bonds designated as such in Section 20.01.

"Current Interest Bonds" means the portion of the 2011 Series A Bonds designated as such in Section 20.01.

"Indenture" means the 2004 Series A Indenture, as heretofore supplemented and amended by the First Supplement, the Second Supplement and the Third Supplement, and as they may be further supplemented or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

"Original Purchaser" means Stone & Youngberg LLC, on behalf of itself and E.J. De La Rosa & Co. Inc., as the original purchasers of the 2011 Series A Bonds.

"Resolution" means the resolution adopted by the Agency on February __, 2011 approving the issuance of the 2010 Series A Bonds.

"2004 Bonds" means, collectively, the 2004 Series A Bonds and the 2004 Series A-T Bonds.

"2004 Indentures" means, collectively, the 2004 Series A Indenture and the 2004 Series A-T Indenture.

"2004 Series A Bonds" means the Agency's 2004 Tax Allocation Housing Bonds, Series A initially issued in the principal amount of \$38,225,000 pursuant to the provisions of the 2004 Series A Indenture.

"2004 Series A Indenture" means the Indenture of Trust dated as of December 1, 2004, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee, pursuant to which the 2004 Series A Bonds were issued, as supplemented and amended.

"2004 Series A-T Bonds" means the Agency's 2004 Taxable Tax Allocation Housing Bonds, Series A-T initially issued in the principal amount of \$37,000,000 pursuant to the provisions of the 2004 Series A-T Indenture.

"2004 Series A-T Indenture" means the Indenture of Trust dated as of April 1, 2004, by and between the Agency and The Bank of New York Trust Company, N.A., as trustee, pursuant to which the 2004 Series A Bonds were issued, as supplemented and amended.

"2005 Series A Bonds" or "2005 Bonds" means the Agency's 2005 Tax Allocation Housing Refunding Bonds, Series A initially issued in the principal amount of \$18,245,000 pursuant to the provisions of the 2004 Series A Indenture and the First Supplement.

"2010 Bonds" means, collectively, the 2010 Series A Bonds and the 2010 Series A-T Bonds.

"2010 Series A Bonds" means the Agency's 2010 Tax Allocation Housing Bonds, Series A issued in the initial principal amount of \$15,885,000 pursuant to the provisions of the 2004 Series A Indenture and this Third Supplement.

"2010 Series A-T Bonds" means the Agency's 2010 Taxable Tax Allocation Housing Bonds, Series A-T issued in the initial principal amount of \$50,860,000 issued in accordance with the provisions of the 2004 Series A-T Indenture.

"2011 Reserve Subaccount" means the subaccount by that name established and held by the Trustee pursuant to Section 21.04 hereof and Section 16.04 of the 2004 Series A-T Indenture.

"2011 Series A Bonds" means the Agency's 2011 Tax Allocation Housing Bonds, Series A issued in the initial principal amount of \$ _____ in accordance with the provisions of the 2004 Series A Indenture and this Third Supplement in the form of (i) Current Interest Bonds, which are authorized and issued in an initial aggregate principal amount of \$ _____, (ii) Capital Appreciation Bonds, which are authorized and issued in an initial aggregate principal amount of \$ _____ and a total aggregate maturity amount of \$ _____, and (iii) Capital Appreciation Bonds, which are authorized and issued in an initial aggregate principal amount of \$ _____ and a total aggregate Conversion Value of \$ _____, and the.

"2011 Series A-T Bonds" means the Agency's 2011 Taxable Tax Allocation Housing Bonds, Series A-T issued in the initial principal amount of \$ _____ pursuant to the provisions of the 2004 Series A-T Indenture and this Third Supplement.

"2011 Series A Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 21.07.

"2011 Series A Tax Allocation Bond Proceeds Account" means the account by that name established pursuant to Section 21.03.

ARTICLE XX

AUTHORIZATION OF 2011 SERIES A BONDS

Section 20.01. Authorization of 2011 Series A Bonds. The 2011 Series A Bonds have been authorized to be issued by the Agency pursuant to a resolution adopted by the Agency on February __, 2011. The 2011 Series A Bonds are being issued as Parity Debt in the aggregate principal amounts of _____ Million _____ Thousand Dollars (\$ _____), under and subject to the terms of the Indenture, the Resolution and the Redevelopment Law, for the purpose of providing funds to finance low and moderate income housing activities of benefit to the Redevelopment Project. The 2011 Series A Bonds consist of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. The Current Interest Bonds are authorized to be issued in an initial aggregate principal amount of \$ _____, the Capital Appreciation Bonds are authorized to be issued in an initial aggregate principal amount of \$ _____ and a total aggregate maturity amount of \$ _____, and the Convertible Capital Appreciation Bonds are authorized to be issued in an initial aggregate principal amount of \$ _____ and a total aggregate Conversion Value of \$ _____. The Indenture, including this Third Supplement, constitutes a continuing agreement with the Owners of all of the 2011 Series A Bonds issued hereunder and at any time Outstanding to secure the full and final payment of principal of and premium, if any, and interest on all 2011 Series A Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The 2011 Series A Bonds shall be designated the "Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A".

Section 20.02. Terms of 2011 Series A Bonds. The 2011 Series A Bonds shall be dated as of their Closing Date. The 2011 Series A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 for Current Interest Bonds, \$5,000 maturity amount for Capital Appreciation Bonds and \$5,000 Conversion Value for the Convertible Capital Appreciation Bonds, or any integral multiple thereof. The 2011 Series A Bonds shall be issued in Book-Entry Form as provided in Section 2.04 of the 2004 Series A Indenture.

The 2011 Series A Bonds that are Current Interest Bonds shall mature on October 1 in each of the years and in the respective principal amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months), payable on each Interest Payment Date commencing October 1, 2011, at the rates per annum, as set forth below.

Maturity Schedule		
\$ _____ Current Interest Bonds		
<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>

The Current Interest Bonds maturing on October 1, 20__ are hereby designated as Term Bonds.

The 2011 Series A Bonds that are Capital Appreciation Bonds shall mature on October 1 in each of the years and in the respective principal amounts, and shall compound interest on each April 1 and October 1, commencing October 1, 2011 (calculated on the basis of a 360-day year of twelve 30-day months), at the rates set forth below, payable on the maturity dates thereof, as set forth in the following table:

Maturity Schedule
 \$ _____ Capital Appreciation Bonds
 (\$ _____ maturity value)

Maturity Date (October 1)	Initial Principal Amount	Interest Rate/Yield to Maturity	Maturity Value

The Accreted Value of any Capital Appreciation Bond shall be determined by reference to the Table of Accreted Values attached to each Capital Appreciation Bond

The 2011 Series A Bonds that are Convertible Capital Appreciation Bonds shall mature on October 1 in each of the years and in the respective principal amounts set forth below. Prior to the Conversion Date, the 2011 Series A Bonds that are Convertible Capital Appreciation Bonds shall compound interest on each April 1 and October 1, commencing October 1, 2011 (calculated on the basis of a 360-day year of twelve 30-day months), at the rates set forth below. From and after the Conversion Date, the Convertible Capital Appreciation Bonds shall bear interest at the rates set forth below, payable on each Interest Payment Date.

Maturity Schedule
 \$ _____ Convertible Capital Appreciation Bonds
 (\$ _____ Conversion Value)

Maturity Date (October 1)	Initial Principal Amount	Interest Rate/Yield to Maturity	Conversion Value

The Accreted Value of any Convertible Capital Appreciation Bond prior to and through the Conversion Date shall be determined by reference to the Table of Accreted Values attached to each Convertible Capital Appreciation Bond. The Convertible Capital Appreciation Bonds maturing on October 1, 20__ are hereby designated as Term Bonds.

Each Current Interest Bond and each Convertible Capital Appreciation Bond after its Conversion Date shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before September 15, 2011, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2011 Series A Bond, interest thereon is in default, such 2011 Series A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Current Interest Bonds and each Convertible Capital Appreciation Bonds after its Conversion Date Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the applicable Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of 2011 Series A Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2011 Series A Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal and Accreted Value of the 2011 Series A Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee.

Section 20.03. Redemption. The 2011 Series A Bonds shall be subject to redemption as provided in this Section 20.03.

(a) Optional Redemption. The 2011 Series A Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The 2011 Series A Bonds that are Current Interest Bonds or Convertible Capital Appreciation Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any date on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2011 Series A Bonds to be redeemed in the case of Current Interest Bonds, and the [Accreted Value/]Conversion Value thereof in the case of Convertible Capital Appreciation Bonds, together with accrued interest thereon to the date fixed for redemption, without premium.

The 2011 Series A Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The 2011 Series A Bonds that are Capital Appreciation Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any April 1 or October 1 on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds to be redeemed, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem 2011 Series A Bonds under this subsection (a) and of the maturities selected for redemption at least forty-five (45) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee). The Current Interest Bonds, the Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds may all be separately redeemed.

(b) Mandatory Sinking Fund Redemption. The 2011 Series A Term Bonds maturing October 1, 20__ and October 1, 20__, shall be subject to mandatory redemption in part by lot on October 1, 20__ and October 1, 20__, respectively, and on October 1 in each year thereafter as set forth below, from Sinking Account payments made by the Agency pursuant to Section 4.03(c) at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the last paragraph of this subsection (b), in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however,* that if some but not all of the 2011 Series A Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such 2011 Series A Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

2011 Series A Term Current Interest Bonds Maturing October 1, 20__

Sinking Account Redemption Date (October 1)	Principal Amount To Be Redeemed or Purchased
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(maturity)

2011 Series A Term Convertible Capital Appreciation Bonds Maturing October 1, 20__

Sinking Account Redemption Date (October 1)	Conversion Value To Be Redeemed or Purchased
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(maturity)

In lieu of redemption of Term Bonds pursuant to this subsection (b), amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Agency, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following October 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following October 1 pursuant to this subsection (b).

(c) Redemption Procedures. Except as provided in this Section 20.03 to the contrary, Section 2.03(c) through (g) of the 2004 Series A Indenture shall also apply to the redemption of the 2011 Series A Bonds, and references in said Sections to the "2004 Series A Bonds" shall be deemed to be references to "Bonds". Additionally, the references in Section 4.02(c) to "Section 2.03(b)" shall now be deemed to be references to "Sections 2.03(b),

11.03(b), 16.03(b) and 20.03(b)," and the references in Section 4.02(e) to "Section 2.03(a)" shall now be deemed to be references to "Sections 2.03(a), 11.03(a), 16.03(a) and 20.03(a)."

Section 20.04. Form and Execution of 2011 Series A Bonds, CUSIP Numbers. The 2011 Series A Bonds that are Current Interest Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by the Indenture.

The 2011 Series A Bonds that are Capital Appreciation Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by the Indenture.

The 2011 Series A Bonds that are Convertible Capital Appreciation Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit C attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by the Indenture.

The 2011 Series A Bonds shall be executed as provided in Section 2.05 of the 2004 Series A Indenture, and shall be otherwise subject to said Section 2.05, Section 2.04 and Sections 2.06 through 2.10 of the 2004 Series A Indenture. References to the "2004 Series A Bonds" in said Sections shall be deemed to be references to "Bonds".

ARTICLE XXI

APPLICATION OF PROCEEDS OF 2011 SERIES A BONDS

Section 21.01. Application of Proceeds of Sale of 2011 Series A Bonds. On the Closing Date with respect to the 2011 Series A Bonds, the net proceeds of sale of the 2011 Series A Bonds (being the principal amount of the 2011 Series A Bonds, less an underwriter's discount of \$ _____ retained by the Original Purchaser, plus an original issue premium of \$ _____, for a total purchase price of \$ _____) shall be paid to the Trustee and deposited by the Trustee as follows:

(a) The Trustee shall deposit the amount of \$ _____ in the 2011 Series A Costs of Issuance Fund.

(b) The Trustee shall deposit the amount of \$ _____ in the 2011 Series A Sub-subaccount of the 2011 Reserve Subaccount, both created as set forth in Section 21.04, in order to satisfy a portion of the Reserve Requirement with respect to the 2011 Series A Bonds and the 2011 Series A-T Bonds;

[(c) The Trustee shall deposit the amount of \$ _____ into the 2011 Series A Capitalized Interest Subaccount of the 2011 Series A Tax Allocation Bond Proceeds Account; and]

(d) The Trustee shall deposit the amount of \$ _____, being the remainder of the proceeds of the 2011 Series A Bonds, in the 2011 Series A Tax Allocation Bond Proceeds Account.

The Trustee may, at its discretion, establish a temporary fund or account in its books or records to facilitate such transfers.

Section 21.02. 2011 Series A Costs of Issuance Fund. There is hereby established a separate fund to be known as the "2011 Series A Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the 2011 Series A Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2011 Series A Bonds upon submission of a Written Request of the Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the 2011 Series A Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Written Request of the Agency; in each case together with a statement or invoice for each amount requested thereunder. On the earlier of October 1, 2011, or the date of receipt by the Trustee of a Written Request of the Agency, all amounts (if any) remaining in the 2011 Series A Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be transferred to the 2011 Series A Tax Allocation Bond Proceeds Account.

Section 21.03. 2011 Series A Tax Allocation Bond Proceeds Account. There shall be established within the Low and Moderate Income Housing Fund a separate and segregated account to be known as the "2011 Series A Tax Allocation Bond Proceeds Account", which shall be held by the Trustee, as agent of the Agency, and into which shall be deposited the amount required by Section 21.02(c). The moneys in the 2011 Series A Tax Allocation Bond Proceeds Account shall be used in the manner provided by the Law and the Agency by-laws solely for the purpose of aiding in financing activities which may be financed from the Low and Moderate Income Housing Fund (including, without limitation, the payment of any unpaid Costs of Issuance and interest on the 2011 Series A Bonds on or prior to April 1, 2013). The Agency covenants that no funds on deposit in the 2011 Series A Tax Allocation Bond Proceeds Account shall be applied for any purpose not authorized by the Law.

The Trustee shall disburse amounts on deposit in the 2011 Series A Tax Allocation Bond Proceeds Account promptly after receipt of, and in accordance with a Request of the Agency in the form attached hereto as Exhibit D. Each such Request of the Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Amounts on deposit in the 2011 Series A Tax Allocation Bond Proceeds Account may be used to pay interest on the 2011 Series A Bonds on each Interest Payment Date through December 1, 2013. Not less than sixty (60) days prior to each Interest Payment, the Trustee shall contact the Agency so that the Agency may inform the Trustee whether amounts on deposit in the 2011 Series A Tax Allocation Bond Proceeds Account will be used to pay interest on the 2011 Series A Bonds on each Interest Payment Date.

Section 21.04. 2011 Series A Sub-subaccount of the 2011 Reserve Subaccount. Pursuant to this Section 21.04 and Section 12.04 of the 2004 Series A-T Indenture, the Trustee shall establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2011 Reserve Subaccount", together with a 2011 Series A Sub-subaccount and a 2011 Series A-T Sub-subaccount therein. Amounts on deposit in the 2010 Reserve Subaccount shall be available to pay debt service only on the 2011 Series A Bonds, the 2011 Series A-T Bonds, and any other Parity Debt hereafter issued that the Agency elects to be secured by the 2010 Reserve Subaccount. In the event that the Agency elects to secure additional Parity Debt with the 2010 Reserve Subaccount, the Agency shall establish additional sub-subaccounts within the 2010 Reserve Subaccount as needed. Amounts on deposit in the 2010 Reserve Subaccount are not available to pay debt service on the 2004 Bonds, the 2005 Bonds or the 2010 Bonds, and are not pledged to the payment thereof.

ARTICLE XXII

MISCELLANEOUS

Section 22.01. Security for 2011 Series A Bonds; Determination of Principal Amount of 2011 Series A Bonds. The 2011 Series A Bonds shall be Parity Debt within the meaning of such term in Section 1.02 of the 2004 Indentures, and shall be secured in the manner and to the extent set forth in Article IV of the 2004 Series A Indenture. As provided in Section 4.01 and Section 4.02 of the 2004 Series A Indenture, the 2011 Series A Bonds shall be secured, on a parity with all other Bonds issued under the Indenture and all Parity Debt, by a first pledge of and lien on all of the Housing Tax Revenues in the Special Fund and all moneys in the Debt Service Fund and the accounts therein, including the 2011 Reserve Subaccount.

Whenever in the Indenture there is a need to determine the aggregate principal amount of 2011 Series A Bonds Outstanding, the principal amount of the 2011 Series A Bonds shall be the Bond Obligations with respect thereto. Additionally, for purposes of Section 4.03 of the Indenture, Accreted Value and Conversion Value will be deemed to constitute principal.

Section 22.02. Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any owner or beneficial owner of the 2011 Series A Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section 22.02.

Section 22.03. Tax Covenants Relating to 2011 Series A Bonds.

(a) Maintenance of Tax Exemption. The Agency shall take all actions necessary to assure the exclusion of interest on the 2011 Series A Bonds from the gross income of the Owners of the 2011 Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2011 Series A Bonds.

(b) Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2011 Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) Rebate Requirement. The Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2011 Series A Bonds.

(d) No Arbitrage. The Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2011 Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2011 Series A Bonds would have caused the 2011 Series A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) Maintenance of Tax-Exemption. The Agency shall take all actions necessary to assure the exclusion of interest on the 2011 Series A Bonds from the gross income of the owners of the 2011 Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2011 Series A Bonds.

(f) Private Activity Bond Limitation. The Agency shall assure that the proceeds of the 2011 Series A Bonds are not so used as to cause the 2011 Series A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 22.04. Benefits Limited to Parties. Nothing in this Third Supplement, expressed or implied, is intended to give to any person other than the Agency, the Trustee, and the Owners of the 2011 Series A Bonds, any right, remedy, claim under or by reason of this Third Supplement. Any covenants, stipulations, promises or agreements in this Third Supplement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee, and the Owners of the 2011 Series A Bonds.

Section 22.05. Effect of this Third Supplement. Except as in this Third Supplement expressly provided or except to the extent inconsistent with any provision of this Third Supplement, the 2011 Series A Bonds shall be deemed to be Bonds under and within the meaning thereof as set forth in Section 1.02 of the 2004 Series A Indenture.

Section 22.06. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the 2011 Series A Bonds and the rights and benefits provided in the Indenture.

Section 22.07. Execution in Counterparts. This Third Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 22.08. Governing Law. This Third Supplement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE has caused this Third Supplement to be signed in its name by its Executive Director and attested by its Secretary, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Third Supplement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

(S E A L)

ATTEST:

By: _____
Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Officer

Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to such account as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A" (the "Bonds") of an aggregate principal amount of _____ Million _____ Thousand Dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, or interest rates) and all issued pursuant to the provisions of the Redevelopment Law (as defined in the hereinafter defined Indenture) Health and Safety Code (the "Redevelopment Law") and pursuant to (i) an Indenture of Trust, dated as of December 1, 2004, by and between the Agency and the Trustee (the "2004 Series A Indenture") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2004 Tax Allocation Housing Bonds, Series A" (the "2004 Series A Bonds"), in an aggregate principal amount of Thirty Eight Million Two Hundred Twenty Five Thousand Dollars (\$38,225,000), (ii) a First Supplement to Indenture of Trust, dated as of April 1, 2005, by and between the Agency and the Trustee (the "First Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2005 Tax Allocation Housing Refunding Bonds, Series A" (the "2005 Series A Bonds"), in an aggregate principal amount of Eighteen Million Two Hundred Forty Five Thousand Dollars (\$18,245,000), (iii) a Second Supplement to Indenture of Trust dated as of May 1, 2010, by and between the Agency and the Trustee (the "Second Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2010 Tax Allocation Housing Refunding Bonds, Series A" (the "2010 Series A Bonds"), in an aggregate principal amount of Fifteen Million Eight Hundred Eighty Five Thousand Dollars (\$15,885,000), and (iv) a Third Supplement to Indenture of Trust dated as of March 1, 2011, by and between the Agency and the Trustee (the "Third Supplement" and, together with the 2004 Series A Indenture, the First Supplement and the Second Supplement, the "Indenture"). The Bonds have been authorized to be issued by the Agency pursuant to a resolution of the Agency adopted on February 15, 2011. The Bonds are issued in the form of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, all as defined and as provided for in the Indenture. This Bond is a Current Interest Bond. The obligations of the Agency under the Indenture with respect to the Bonds are on a parity with the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds, the 2010 Series A Bonds, the 2010 Series A-T Bonds and the 2011 Series A-T Bonds (as such terms are defined in the Indenture). Additionally, the Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Housing Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency to provide funds for the Agency in order to finance low and moderate income housing within the County of Riverside.

This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Housing Tax Revenues derived by the Agency from the Redevelopment Project (as such terms are defined in the Indenture), and on a parity with any parity debt heretofore

issued or hereafter issued at any time by the Agency under and in accordance with the Indenture. The Housing Tax Revenues consist of that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund. Tax Revenues consist of all taxes pledged and annually allocated within the Plan Limitations, following the Closing Date, and paid to the Agency with respect to the Project Area pursuant to the Redevelopment Law and the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the 2011 Series A Bonds or to the payment of Parity Debt, as applicable.

As and to the extent set forth in the Indenture, all of the Housing Tax Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest on the Bonds and any such parity obligations. Notwithstanding the foregoing, certain amounts out of Housing Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the County of Riverside, the State of California, or any of its political subdivisions, and neither said County nor said State or any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than the Housing Tax Revenues and amounts held in certain funds and accounts under the Indenture.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any date on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed in the case of Current Interest Bonds, the Accreted Value (as defined in the Indenture) thereof in the case of Capital Appreciation Bonds, and the [Accreted Value/]Conversion Value (as defined in the Indenture) thereof in the case of Convertible Capital Appreciation Bonds, together, in the case of Current Interest Bonds and Convertible Capital Appreciation Bonds after the Conversion Date, together with accrued interest thereon to the date fixed for redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) and of the maturities selected for redemption at least thirty (30) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

The Bonds maturing October 1, 20__ (the "Term Bonds"), are subject to mandatory redemption in part by lot on October 1, 20__, and on October 1 in each year thereafter as set forth below, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the Indenture, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of the Term Bonds have been optionally redeemed, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

2011 Series A Term Bonds Maturing October 1, 20__

Sinking Account Redemption Date (October 1)	Principal Amount To Be <u>Redeemed or Purchased</u>
---	--

(maturity)

In lieu of redemption of Term Bonds, amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Agency, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following October 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following October 1 pursuant to the mandatory Sinking Account redemption optional redemption described above.

The Trustee, on behalf and at the expense of the Agency, shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

The Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds shall be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond may be presented for transfer by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee in Los Angeles, California, or at such other place as is designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Redevelopment Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Redevelopment Agency for the County of Riverside has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Original Issue Date set forth above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

ATTEST:

Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: March __, 2011

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guaranteed shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

**FORM OF 2011 SERIES A BOND
CAPITAL APPRECIATION BOND**

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 TAX ALLOCATION HOUSING BOND, SERIES A**

MATURITY DATE:
October 1, _____

DATED DATE:
[Closing Date]

CUSIP:
769123 ____

REGISTERED OWNER: CEDE & CO.

MATURITY AMOUNT: DOLLARS

The REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Maturity Amount stated above, which equals the Accreted Value hereof (as such term is defined in the within-mentioned Indenture) at maturity, as such Accreted Value is determined in accordance with the Table of Accreted Values set forth hereon, representing the principal sum of \$_____ per \$5,000 of Maturity Amount together with interest thereon from the Dated Date identified above, compounded at a rate equal to _____% per annum semiannually on April 1 and October 1 of each year, commencing October 2011. The Maturity Amount or the Accreted Value hereof, as the case may be, is payable in lawful money of the United States of America upon presentation hereof upon maturity or prior redemption, as applicable, at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., in Los Angeles, California, as trustee (the "Trustee"), or at such other place designated by the Trustee (the "Office").

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A" (the "Bonds") of an aggregate principal amount of _____ Million _____ Thousand Dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, or interest rates) and all issued pursuant to the provisions of the Redevelopment Law (as defined in the hereinafter defined Indenture) Health and Safety Code (the "Redevelopment Law") and pursuant to (i) an Indenture of Trust, dated as of December 1, 2004, by and between

the Agency and the Trustee (the "2004 Series A Indenture") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2004 Tax Allocation Housing Bonds, Series A" (the "2004 Series A Bonds"), in an aggregate principal amount of Thirty Eight Million Two Hundred Twenty Five Thousand Dollars (\$38,225,000), (ii) a First Supplement to Indenture of Trust, dated as of April 1, 2005, by and between the Agency and the Trustee (the "First Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2005 Tax Allocation Housing Refunding Bonds, Series A" (the "2005 Series A Bonds"), in an aggregate principal amount of Eighteen Million Two Hundred Forty Five Thousand Dollars (\$18,245,000), (iii) a Second Supplement to Indenture of Trust dated as of May 1, 2010, by and between the Agency and the Trustee (the "Second Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2010 Tax Allocation Housing Refunding Bonds, Series A" (the "2010 Series A Bonds"), in an aggregate principal amount of Fifteen Million Eight Hundred Eighty Five Thousand Dollars (\$15,885,000), and (iv) a Third Supplement to Indenture of Trust dated as of March 1, 2011, by and between the Agency and the Trustee (the "Third Supplement" and, together with the 2004 Series A Indenture, the First Supplement and the Second Supplement, the "Indenture"). The Bonds have been authorized to be issued by the Agency pursuant to a resolution of the Agency adopted on February 15, 2011. The Bonds are issued in the form of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, all as defined and as provided for in the Indenture. This Bond is a Capital Appreciation Bond. The obligations of the Agency under the Indenture with respect to the Bonds are on a parity with the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds, the 2010 Series A Bonds, the 2010 Series A-T Bonds and the 2011 Series A-T Bonds (as such terms are defined in the Indenture). Additionally, the Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Housing Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency to provide funds for the Agency in order to finance low and moderate income housing within the County of Riverside.

This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Housing Tax Revenues derived by the Agency from the Redevelopment Project (as such terms are defined in the Indenture), and on a parity with any parity debt heretofore issued or hereafter issued at any time by the Agency under and in accordance with the Indenture. The Housing Tax Revenues consist of that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund. Tax Revenues consist of all taxes pledged and annually allocated within the Plan Limitations, following the Closing Date, and paid to the Agency with respect to the Project Area pursuant to the Redevelopment Law and the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts

payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the 2011 Series A Bonds or to the payment of Parity Debt, as applicable.

As and to the extent set forth in the Indenture, all of the Housing Tax Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest on the Bonds and any such parity obligations. Notwithstanding the foregoing, certain amounts out of Housing Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the County of Riverside, the State of California, or any of its political subdivisions, and neither said County nor said State or any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than the Housing Tax Revenues and amounts held in certain funds and accounts under the Indenture.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any April 1 or October 1 on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed in the case of Current Interest Bonds, the Accreted Value (as defined in the Indenture) thereof in the case of Capital Appreciation Bonds, and the [Accreted Value/]Conversion Value (as defined in the Indenture) thereof in the case of Convertible Capital Appreciation Bonds, together, in the case of Current Interest Bonds and Convertible Capital Appreciation Bonds after the Conversion Date, together with accrued interest thereon to the date fixed for redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) and of the maturities selected for redemption at least thirty (30) days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

The Trustee, on behalf and at the expense of the Agency, shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

The Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption

shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds shall be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond may be presented for transfer by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee in Los Angeles, California, or at such other place as is designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Redevelopment Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Redevelopment Agency for the County of Riverside has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Original Issue Date set forth above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

ATTEST:

Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: March __, 2011

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guaranteed shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT C

FORM OF 2011 SERIES A BOND
CONVERTIBLE CAPITAL APPRECIATION BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 TAX ALLOCATION HOUSING BOND, SERIES A

MATURITY DATE:
October 1, _____

DATED DATE:
[Closing Date]

CUSIP:
769123 ____

REGISTERED OWNER: CEDE & CO.

CONVERSION VALUE: DOLLARS

The REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Conversion Value stated above, which equals the Accreted Value hereof (as such term is defined in the within-mentioned Indenture) through the Conversion Date (as defined in the Indenture), as such Conversion Value is determined in accordance with the Table of Accreted Values set forth hereon, representing the principal sum of \$_____ per \$5,000 of Conversion Value, together with interest thereon from the Dated Date identified above, compounded at a rate equal to _____% per annum semiannually on April 1 and October 1 of each year, commencing October 2011, through the Conversion Date. The Conversion Value or the Accreted Value hereof, as the case may be, is payable in lawful money of the United States of America upon presentation hereof upon maturity or prior redemption, as applicable, at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., in Los Angeles, California, as trustee (the "Trustee"), or at such other place designated by the Trustee (the "Office"). From and after the Conversion Date, this Bond shall bear interest at the rate of interest identified above payable in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to the first Record Date after the Conversion Date, in which event it shall bear interest from the Conversion Date; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or

made available for payment), payable semiannually on April 1 and October 1 in each year, commencing October 1, 20__ (the "Interest Payment Dates") until payment of such Conversion Amount. in full.

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A" (the "Bonds") of an aggregate principal amount of _____ Million _____ Thousand Dollars (\$ _____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, or interest rates) and all issued pursuant to the provisions of the Redevelopment Law (as defined in the hereinafter defined Indenture) Health and Safety Code (the "Redevelopment Law") and pursuant to (i) an Indenture of Trust, dated as of December 1, 2004, by and between the Agency and the Trustee (the "2004 Series A Indenture") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2004 Tax Allocation Housing Bonds, Series A" (the "2004 Series A Bonds"), in an aggregate principal amount of Thirty Eight Million Two Hundred Twenty Five Thousand Dollars (\$38,225,000), (ii) a First Supplement to Indenture of Trust, dated as of April 1, 2005, by and between the Agency and the Trustee (the "First Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2005 Tax Allocation Housing Refunding Bonds, Series A" (the "2005 Series A Bonds"), in an aggregate principal amount of Eighteen Million Two Hundred Forty Five Thousand Dollars (\$18,245,000), (iii) a Second Supplement to Indenture of Trust dated as of May 1, 2010, by and between the Agency and the Trustee (the "Second Supplement") pursuant to which the Agency issued its Redevelopment Agency for the County of Riverside 2010 Tax Allocation Housing Refunding Bonds, Series A" (the "2010 Series A Bonds"), in an aggregate principal amount of Fifteen Million Eight Hundred Eighty Five Thousand Dollars (\$15,885,000), and (iv) a Third Supplement to Indenture of Trust dated as of March 1, 2011, by and between the Agency and the Trustee (the "Third Supplement" and, together with the 2004 Series A Indenture, the First Supplement and the Second Supplement, the "Indenture"). The Bonds have been authorized to be issued by the Agency pursuant to a resolution of the Agency adopted on February 15, 2011. The Bonds are issued in the form of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, all as defined and as provided for in the Indenture. This Bond is a Convertible Capital Appreciation Bond. The obligations of the Agency under the Indenture with respect to the Bonds are on a parity with the 2004 Series A Bonds, the 2004 Series A-T Bonds, the 2005 Series A Bonds, the 2010 Series A Bonds, the 2010 Series A-T Bonds and the 2011 Series A-T Bonds (as such terms are defined in the Indenture). Additionally, the Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Trustee) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Housing Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency to provide funds for the Agency in order to finance low and moderate income housing within the County of Riverside.

This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Housing Tax Revenues derived by the Agency from the Redevelopment Project

(as such terms are defined in the Indenture), and on a parity with any parity debt heretofore issued or hereafter issued at any time by the Agency under and in accordance with the Indenture. The Housing Tax Revenues consist of that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund. Tax Revenues consist of all taxes pledged and annually allocated within the Plan Limitations, following the Closing Date, and paid to the Agency with respect to the Project Area pursuant to the Redevelopment Law and the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the 2011 Series A Bonds or to the payment of Parity Debt, as applicable.

As and to the extent set forth in the Indenture, all of the Housing Tax Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest on the Bonds and any such parity obligations. Notwithstanding the foregoing, certain amounts out of Housing Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the County of Riverside, the State of California, or any of its political subdivisions, and neither said County nor said State or any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than the Housing Tax Revenues and amounts held in certain funds and accounts under the Indenture.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the owners required to effect any such modification or amendment.

The Bonds maturing on or before October 1, 202_, are not subject to optional redemption prior to maturity. The Bonds maturing on and after October 1, 202_, are subject to redemption, at the option of the Agency on any April 1 or October 1 on or after October 1, 202_, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed in the case of Current Interest Bonds, the Accreted Value (as defined in the Indenture) thereof in the case of Capital Appreciation Bonds, and the [Accreted Value]/Conversion Value (as defined in the Indenture) thereof in the case of Convertible Capital Appreciation Bonds, together, in the case of Current Interest Bonds and Convertible Capital Appreciation Bonds after the Conversion Date, together with accrued interest thereon to the date fixed for redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a) and of the maturities selected for redemption at least thirty (30)

days prior to the date fixed for redemption (or such later date as shall be acceptable to the Trustee).

The Bonds maturing October 1, 20__ (the "Term Bonds"), are subject to mandatory redemption in part by lot on October 1, 20__, and on October 1 in each year thereafter as set forth below, from Sinking Account payments made by the Agency, at a redemption price equal to the principal amount or Conversion Value thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the Indenture, in the aggregate respective Conversion Value and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of the Term Bonds have been optionally redeemed, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

2011 Series A Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Conversion Value To Be
Redeemed or Purchased

(maturity)

The Trustee, on behalf and at the expense of the Agency, shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

The Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds shall be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond may be presented for transfer by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee in Los Angeles, California, or at such other place as is designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and

cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Redevelopment Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Redevelopment Agency for the County of Riverside has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Original Issue Date set forth above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

ATTEST:

Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: March __, 2011

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guaranteed shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT D

**FORM OF 2011 SERIES A TAX ALLOCATION BOND
PROCEEDS ACCOUNT DISBURSEMENT REQUEST**

\$ _____ Redevelopment Agency for the County of Riverside
2011 Tax Allocation Housing Bonds, Series A

DISBURSEMENT REQUEST NO.: _____

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Re: \$ _____ Redevelopment Agency for the County of Riverside 2011 Tax
Allocation Housing Bonds, Series A

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of December 1, 2004, as heretofore amended and supplemented and as supplemented by the Third Supplement to Indenture of Trust dated as of March 1, 2011 (as so amended and supplemented, the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the 2011 Series A Tax Allocation Bond Proceeds Account for financing activities which may be financed from the Low and Moderate Income Housing Fund of the Agency (including, without limitation, the payment of any unpaid Costs of Issuance and interest on the 2011 Series A Bonds).

You are hereby requested to pay from the 2011 Series A Tax Allocation Bond Proceeds Account established by the Indenture, to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule, in payment of all or a portion of the costs of the Redevelopment Project described on said Schedule.

The undersigned hereby certifies that (i) no part of the amount requested herein has been included in any other request previously filed with you; and (ii) the labor, services and/or materials covered hereby have been performed upon or furnished and the payment requested herein is due and payable under a purchase order, contract or other authorization.

Dated: _____, 200_

REDEVELOPMENT AGENCY FOR
THE COUNTY OF RIVERSIDE

By: _____

Schedule A

Payee
(include address)

Description
of Costs

Amount

PURCHASE CONTRACT
HOUSING TAX EXEMPT

[\$Bond Amount]
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
2011 TAX ALLOCATION HOUSING BONDS, SERIES A

PURCHASE CONTRACT

March __, 2011

Redevelopment Agency for the County of Riverside
c/o Riverside County Economic Development Agency
3403 10th Street, Suite 300
Riverside County, California 92501

Riverside County Public Financing Authority
c/o Riverside County Economic Development Agency
3403 10th Street, Suite 300
Riverside County, California 92501

Ladies and Gentlemen:

The undersigned, Stone & Youngberg LLC on behalf of itself and E. J. De La Rosa & Co., Inc (together, the "Underwriter"), offers to enter into this Purchase Contract (this "Purchase Contract") with the Redevelopment Agency for the County of Riverside (the "Agency") and the Riverside County Public Financing Authority (the "Authority") which will be binding upon the Agency, the Authority and the Underwriter upon the acceptance hereof by the Agency and the Authority. This offer is made subject to its acceptance by the Agency and the Authority by execution of this Purchase Contract and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$[Bond Amount] aggregate principal amount of the Agency's Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "Bonds"), at a purchase price equal to \$_____ (being the aggregate principal amount thereof less an underwriter's discount of \$_____ and plus/less an original issue premium/discount of _____). The Bonds are to be purchased by the Authority from the Agency pursuant hereto for resale and delivery to the Underwriter concurrently with the purchase of the Bonds by the Underwriter from the Authority; provided that the obligation of the Authority to purchase the Bonds from the Agency shall be solely with moneys provided by the Underwriter.

Section 2. Description of the Bonds. The Bonds shall be issued pursuant to an Indenture of Trust, dated as of December 1, 2004, by and between the Agency and the predecessor to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented, including as amended and supplemented pursuant to a Third Supplement to Indenture of Trust (the "Third Supplement"), dated as of March 1, 2011, by and between the Agency and the Trustee (as amended and supplemented, the "Indenture and pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 commencing with Section 33000) of the California Health and Safety Code (the "Law") and a resolution of the Agency adopted February 15, 2011. The Bonds shall be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement"). The Indenture, together with the Continuing Disclosure Certificate (herein after defined) and this Purchase Contract, are referred to herein as the "Agency Legal Documents".

The net proceeds of the Bonds shall be used to finance low and moderate income housing within or of benefit the Agency's redevelopment Project Areas pursuant to Section 33334.2 of the Law

The Bonds shall be secured by a first pledge of and lien on all of the Housing Tax Revenues (as defined in the Indenture) allocated to the Agency with respect to each Project Area (as defined in the Indenture) on a parity with certain other obligations of the Agency (as provided in the Indenture).

Section 3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Section 4. Delivery of Official Statement. The Agency has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Contract, copies of the Preliminary Official Statement, dated as of February __, 2011, relating to the Bonds (the "Preliminary Official Statement"). Such Preliminary Official Statement is the official statement deemed final by the Agency for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") and approved for distribution by resolution of the Agency. The Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Appendix B.

Within seven (7) business days from the date hereof, but in no event less than three (3) days prior to the Closing (defined below), the Agency shall deliver to the Underwriter a sufficient number of copies of the final Official Statement, executed on behalf of the Agency by an authorized representative of the Agency and dated the date hereof, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Agency and the Underwriter to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End of the Underwriting Period (defined below). The Agency also agrees to deliver to the Underwriter, at the Agency's'

sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board.

As used herein and for the purposes of the foregoing, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the date of the Closing unless the Authority shall have been notified in writing to the contrary by the Underwriter on or prior to the date of the Closing, (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12 provided, however, that the Authority may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period.

The Agency will undertake, pursuant to the Indenture and a continuing disclosure certificate (the "Continuing Disclosure Certificate"), to provide certain annual financial information and notices of the occurrence of certain events, if material. The form of the Continuing Disclosure Certificate is appended to the Official Statement.

Section 5. The Closing. At 8:00 a.m., California time, on March __, 2011, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency and the Underwriter (the "Closing Date"), the Authority and the Agency will deliver (i) the Bonds in definitive form (one bond for each annual maturity) to the Underwriter at The Depository Trust Company ("DTC") in New York, New York, or such other location as may be specified by the Underwriter, with CUSIP identification numbers printed thereon, in fully registered form and registered in the name of Cede & Co., and (ii) the closing documents hereinafter mentioned at the offices of Jones Hall, A Professional Law Corporation, in San Francisco, California, or another place to be mutually agreed upon by the Agency and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by federal funds wire payable to the order of the Trustee on behalf of the Agency. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

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

(a) *Due Organization and Existence of Agency.* The Agency is a public body corporate and politic, organized and existing under the laws of the State, including the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code (the "Redevelopment Law"), with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract and the Agency Legal Documents and to carry out and consummate the transactions contemplated by the Agency Legal Documents and the Official Statement.

(b) *Due Authorization and Approval.* By all necessary official action of the Agency, the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained in, the Agency Legal Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Agency Legal Documents will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The

Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Legal Documents, provided that no representation is made with respect to compliance with the securities or "Blue Sky" laws of the various states of the United States.

(c) *Official Statement Accurate and Complete.* The Preliminary Official Statement was as of its date, and the final Official Statement is, and at all times subsequent to the date of the final Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the final Official Statement contain, and up to and including the Closing will contain, no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading. By all necessary official action of the Agency, the Agency has duly authorized and approved the execution and delivery of, the Official Statement.

(d) *Underwriter's Consent to Amendments and Supplements to Official Statement.* The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) *No Breach or Default.* As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Legal Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Legal Documents.

(f) *No Litigation.* As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the

Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Agency Legal Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Agency and its authority to pledge the Housing Tax Revenues; (iii) which may result in any material adverse change relating to the Agency; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) *Preliminary Official Statement.* For purposes of the Rule, the Agency has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule. The Agency has never failed to comply timely with any filing requirements under the Rule.

(h) *Excess Surplus.* The Agency's Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law does not on the date hereof, and will not on the date of the Closing, contain an "excess surplus" (within the meaning of Section 33334.12 of the Redevelopment Law) that would cause the Agency to be subject to the sanctions contained in Section 33334.12(e)(1) of the Redevelopment Law.

(i) *Court Order.* The Agency is not subject to a court order rendered pursuant to Section 33080.8 of the Redevelopment Law prohibiting the Agency from among other things, issuing, selling, offering for sale, or delivering bonds or other evidences of indebtedness.

(j) *Arbitrage Certificate.* The Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certificates may not be relied upon.

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

(a) *Due Organization and Existence of Authority.* The Authority is a joint powers authority, duly organized and existing, and authorized to transact business and exercise powers under and pursuant to the provisions of the laws of the State of California and has, and on the Closing Date will have, full legal right, power and authority to enter into this Purchase Contract, and to carry out and to consummate the transactions contemplated by this Purchase Contract.

(b) *Official Statement Accurate and Complete.* The information relating to the Authority contained in the Preliminary Official Statement and the final Official Statement is correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or

necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(c) *Purchase and Sale of Bonds.* The Bonds will be purchased from the Agency and sold by the Authority to the Underwriters pursuant to authorization contained in the Mark-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5, Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Act").

(d) *Compliance with Law.* The Authority has complied, and will on the Closing Date be in compliance, in all respects, with the JPA Act and all other applicable laws of the State of California (and it is understood that the Authority is not responsible for compliance with or the consequences of failure to comply with applicable "Blue Sky" laws).

Section 8. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the Agency and the Authority of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the following additional conditions:

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

(b) *Executed Agreements and Performance Thereunder.* At the time of the Closing (i) the Agency Legal Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter and (ii) there shall be in full force and effect such resolutions of the Agency and the Authority (the "Resolutions") as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Purchase Contract, the Official Statement and the Agency Legal Documents.

(c) *Closing Documents.* At or prior to the Closing, the Underwriter shall receive each of the documents identified in Section 9.

Section 9. Closing Documents. In addition to the other conditions to the Underwriter's obligations under this Purchase Contract to purchase and pay for the Bonds, at or before the Closing the Underwriter shall receive each of the following documents, provided that the actual payment for the Bonds by the Underwriter and the acceptance of delivery thereof shall be conclusive evidence that the requirements of this Section 9 shall have been satisfied or waived by the Underwriter.

(a) *Bond Counsel Opinion.* An approving opinion of Jones Hall, A Professional Law Corporation ("Bond Counsel"), dated the date of the Closing and substantially in the form appended to the Official Statement, together with a letter from Bond Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(b) *Supplemental Opinion.* A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(i) This Purchase Contract has been duly authorized, executed and delivered by the Agency and the Authority, as applicable, and constitute the valid, legal and binding agreements of the Agency and the Authority, as applicable, enforceable in accordance with its terms.

(ii) The statements contained in the Official Statement (including the cover page and the Appendices thereto), insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture or federal tax law, accurately summarize the information presented therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical information contained therein.

(iii) The Agency's obligations under the Indenture are exempt from registration under the Securities Act of 1933, as amended, and the Authority Indenture and the Agency Bonds Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(c) *Agency Counsel Opinion.* An opinion of Counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(i) The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California;

(ii) The resolution of the Agency approving and authorizing the execution and delivery of the Agency Legal Documents and approving the Official Statement (the "Agency Resolution") was duly adopted at a meeting of the Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded.

(iii) The Agency Legal Documents have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Agency 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;

(iv) The execution and delivery of the Agency Legal Documents and the Official Statement and compliance with the provisions of the Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Agency a violation, breach of or

default under any existing law, regulation, court order or consent decree to which the Agency is subject;

(v) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel 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 Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Legal Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Legal Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Legal Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to use the Housing Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Housing Tax Revenues; and

(vi) The information in the Official Statement relating to the Agency, the Tax Revenues and the Project Areas (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) is true and correct in all material respects, and the Official Statement contains no misstatement of any material fact and does not omit any statement necessary to make the statements contained therein with respect to, in the light of the circumstances in which such statements were made, not misleading.

(d) *Authority Counsel Opinion.* An opinion of Counsel to the Authority, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) The Authority is a public body, corporate and politic, organized and existing under the laws of the State, including the JPA Act.

(ii) The resolution of the Authority approving and authorizing the execution and delivery of this Purchase Contract (the "Authority Resolution") was duly adopted at a meeting of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded.

(iii) The Purchase Contract has been duly authorized, executed and delivered by the Authority and constitutes the valid, legal and binding obligation of the Authority enforceable in accordance with its 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.

(iv) The information in the Official Statement relating to the Authority and the Revenues (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) is true and correct in all material respects, and the Official Statement contains no misstatement of any material fact and does not omit any statement necessary to make the statements contained

therein with respect to, in the light of the circumstances in which such statements were made, not misleading.

(v) To the best of such counsel's knowledge after due investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Authority to restrain or enjoin the Authority's participation in, or in any way contesting the existence of the Authority or the powers of the Authority with respect to the transactions contemplated by this Purchase Contract.

(e) *Trustee Counsel Opinion.* The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture.

(ii) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture, or the consummation of the transactions contemplated by the Indenture.

(f) *Agency Certificate.* A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by the Executive Director or other duly authorized officer of the Agency to the effect that:

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

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

(iii) No further consent is required to be obtained for the inclusion of the Agency's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2009/10 in the Official Statement.

(iv) Except as otherwise disclosed in the Official Statement and to the best knowledge of such signing officer 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 Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Legal Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Legal Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Legal Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to use the Housing Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Housing Tax Revenues.

(g) *Authority Certificate.* A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by the Executive Director or other duly authorized officer of the Authority to the effect that:

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

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

(iii) Except as otherwise disclosed in the Official Statement and to the best knowledge of such signing officer after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental Authority or body, pending or threatened against the Authority, challenging the creation, organization or existence of the Authority, or the validity of this Purchase Contract or contesting the authority of the Authority to enter into or perform its obligations under this Purchase Contract.

(h) *Trustee's Certificate.* A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter, to the following effect:

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

(ii) The Trustee is duly authorized to enter into the Indenture.

(iii) To its best knowledge after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or

governmental agency, public board or body that has been served on the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee, would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligation under the Indenture.

(i) *Documents.* An original executed copy of the Third Supplement, a certified copy of each of the Resolutions and an arbitrage certificate in form acceptable to Bond Counsel.

(j) *Rating Letters.* A letter from Standard & Poor's Credit Ratings Services to the effect that the Bonds have been assigned a rating of "___" which rating shall be in effect as of the Closing Date and a letter from Moody's Investor's Service to the effect that the Bonds have been assigned a rating of "___", which rating shall be in effect as of the Closing Date.

(k) *Disclosure Letter.* A letter of Jones Hall, A Professional Law Corporation ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the Appendices thereto, and excluding information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) *Fiscal Consultant Certificate.* An executed certificate of the Fiscal Consultant to the effect that (i) other than any modifications of debt service requirements after final sale of the Bonds reflected in the Official Statement, nothing has come to the attention of the Fiscal Consultant since the date of the Fiscal Consultant's Report set forth as Appendix A to the Official Statement which would cause it to believe that the Report was materially incorrect in any respect, (ii) the Report sets forth the best estimates of the Redevelopment Consultant with respect to the projections contained therein and (iii) the Redevelopment Consultant has consented to the reproduction of the Report as Appendix A to the Official Statement.

(m) *Agency Legal Documents.* Executed copies of this Purchase Contract and the other Agency Legal Documents.

(n) *Parity Certificate.* A copy of the executed certificate of the Agency required to be delivered to the Trustee as a condition of the issuance of the Bonds as "Parity Debt" within the meaning of the Indenture.

(o) *Additional Documents.* Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

If the Agency or the Authority shall be unable to satisfy the conditions contained in this Purchase Contract, if the Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State which if enacted and effective would impose additional limitations or burdens on the Agency or the County by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Agency or the Authority shall be under further obligation hereunder, except as further set forth in Section 11 hereof.

Section 10. Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by notification to the Agency and the Authority if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

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

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

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of

the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

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

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

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

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 6(f) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(j) there shall be in force a general suspension of trading on the New York Stock Exchange.

Section 11. Expenses. The Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency and the Authority hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Agency Legal Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Agency; (c) the fees and disbursements of Bond Counsel and Disclosure Counsel; (d) the cost of printing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter; (e) charges of rating agencies for the rating of the Bonds; (f) any out-of-pocket disbursements of the Authority, the Agency and of the Underwriter incurred in connection with the public offering and distribution of the Bonds, including any advertising expenses and expenses (included in the expense component of the spread) incurred on behalf of the Authority's or the Agency's employees which are incidental to implementing this Purchase Contract including, but not limited to, meals, transportation and lodging of those employees.

The Underwriter shall pay and the Agency shall be under no obligation to pay all expenses incurred by it in connection with the public offering and distribution of the Bonds, including, but not limited to, the fees and expenses of counsel to the Underwriter (if any), the fees of the California Debt and Investment Advisory Commission and the CUSIP Service Bureau charge for the assignment of CUSIP numbers to the Bonds.

Section 12. Notice. Any notice or other communication to be given to the Agency and the Authority under this Purchase Contract may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to:

Sara Oberlies Brown, Managing Director
Stone & Youngberg LLC
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Phone: 213.443.5000
Fax: 213.443.5023
E-Mail: sbrown@syllc.com

Section 13. Entire Agreement. This Purchase Contract, when accepted by the Agency and the Authority, shall constitute the entire agreement between the Agency, the Authority and the Underwriter and is made solely for the benefit of the Agency, the Authority and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Agency's and the Authority's representations, warranties and covenants in this Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter.

Section 14. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 16. State of California Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State.

Section 17. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter, the Authority or the Agency without the prior written consent of the other parties hereto.

STONE & YOUNGBERG LLC. as
representative

By: _____
Managing Director

Accepted as of the date first stated above:

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Deputy Executive Director

RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY

BY: _____
Deputy Executive Director

(Series A Bonds Signature Page)

APPENDIX A

**Redevelopment Agency for the County of Riverside
2011 Tax Allocation Housing Bonds, Series A**

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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C: Yield to first call date on October 1, 2020.

Sinking Account Payments

Term Bonds Maturing October 1, 20

<u>Date</u> <u>(October 1)</u>	<u>Principal Amount</u> <u>To be Redeemed</u>
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APPENDIX B

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stone & Youngberg LLC. on behalf of itself and E. J. De La Rosa & Co., Inc. (the "Underwriter") that he is a duly appointed and acting officer of the Redevelopment Agency for the County of Riverside (the "Agency"), and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Agency's Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of February __, 2011, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the underwriter thereof.

IN WITNESS WHEREOF, we have hereunto set our hands as of the __th day of February, 2011.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By _____
Executive Director

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Redevelopment Agency for the County of Riverside (the "Agency") in connection with the issuance by the Agency of its \$ _____ Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "Series A Bonds") and its \$ _____ Redevelopment Agency for the County of Riverside 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "Series A-T Bonds" and, together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to two separate Indentures of Trust, each dated as of December 1, 2004, as supplemented and amended (together, the "Indentures"), and each between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Agency hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indentures, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is six months after the end of the Agency's fiscal year (currently December 31 based on the Agency's fiscal year end of June 30).

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean the Agency or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" shall mean the final Official Statement dated March __, 2011, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing December 31, 2011, with the report for the 2010-11 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee and the Participating Underwriter. Not later than 15 Business Days prior to the Annual Report Date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Agency hereunder.

(b) If the Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required

to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement for the Bonds, as follows:

(i) information, updated to incorporate information with respect to the most recently ended Fiscal Year, of the type included in Table 6 of the Official Statement, "Historic Assessed Values, Tax Revenues and Housing Tax Revenues", in Table 7 of the Official Statement, "Largest Property Tax Payers", in Table 8 of the Official Statement, "Projected Housing Tax Revenues" and in Table 9 of the Official Statement, "Projected Debt Service Coverage Schedule"; and

(ii) description of any Parity Debt (date, amount, term, rating, insurance) issued by the Agency in the Fiscal Year to which the Annual Report pertains and of the amount of all Agency debt outstanding and payable with Housing Tax Revenues.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Agency shall clearly identify each such other document so included by reference.

(e) The Trustee shall have no responsibility for the content of the Annual Report, or any part thereof.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Agency or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the Agency or an obligated person, or the sale of all or substantially all of the assets of the Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall, or shall cause the Dissemination Agent (if not the Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Agency determines the event's occurrence is material for purposes of U.S. federal securities law.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. From time to time, the Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided however, no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of the Dissemination Agent):

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indentures for amendments to the Indentures with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the

extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indentures, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Trustee shall not be required to consent to any amendment which would impose any greater duties or risk of liability on the Trustee. No person shall have any right to commence any action against the Trustee seeking any remedy other than to compel specific performance of this Agreement. The Trustee shall not be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: March __, 2011

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Executive Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Redevelopment Agency for the County of Riverside

Name of Bond Issue: \$ _____ Redevelopment Agency for the County of
Riverside 2011 Tax Allocation Housing Bonds, Series A and
\$ _____ Redevelopment Agency for the County of Riverside
2011 Taxable Tax Allocation Housing Bonds, Series A-T

Date of Issuance: March __, 2011

NOTICE IS HEREBY GIVEN that the Redevelopment Agency for the County of Riverside (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by that certain Third Supplement to Indenture of Trust, dated as of March 1, 2011, between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented and amended and that certain Second Supplement to Indenture of Trust, dated as of March 1, 2011, between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented and amended. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By _____

cc: Trustee