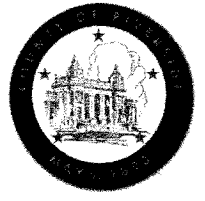


647c



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

FROM: Economic Development Agency

SUBMITTAL DATE:
February 17, 2011

SUBJECT: Resolution Number 2011-054 Approving Issuance by the Redevelopment Agency for the County of Riverside Tax Allocation Bonds and Providing Other Matters Properly Relating Thereto

RECOMMENDED MOTION: That the Board of Supervisors adopt Resolution Number 2011-054 approving issuance of four series of bonds by the Redevelopment Agency for the County of Riverside and providing other matters properly relating thereto.

BACKGROUND: The Redevelopment Agency for the County of Riverside proposes to issue Jurupa Valley Project Area 2011 Tax Allocation Bonds, Series B, and Jurupa Valley Project Area 2011 Taxable Tax Allocation Bonds, Series B-T, in a combined initial amount not-to-exceed \$40,000,000; Interstate 215 Corridor 2011 Second Lien Tax Allocation Bonds, Series E, in an initial amount not-to-exceed \$15,000,000; and Desert Communities Project Area 2011 Second Lien Tax Allocation Bonds, Series D, in an initial amount not-to-exceed \$8,000,000 to fund various capital improvement projects within the respective redevelopment project areas mentioned above and within the County of Riverside.

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: Yes

SOURCE OF FUNDS: RDA Tax Increment	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

- Dep't Recomm.: Consent
- Per Exec. Ofc.: Consent
- Policy
- Policy

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone and Ashley
Nays: None
Absent: Benoit
Date: March 1, 2011
xc: EDA, RDA, Public Finance Authority
(Comp. Item 4.2 and 5.1)

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: District: ALL **Agenda Number:** 3.36

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner
DATE: 2/17/11
Departmental Concurrence

3 RESOLUTION NO. 2011-054

4 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
5 RIVERSIDE APPROVING ISSUANCE BY THE REDEVELOPMENT AGENCY
6 FOR THE COUNTY OF RIVERSIDE OF TAX ALLOCATION BONDS, AND
7 PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

8 WHEREAS, the Redevelopment Agency for the County of Riverside (the "Agency")
9 proposes to issue up to four (4) separate series of bonds (the "Bonds") under and pursuant to
10 the provisions of Part 1 of Division 24 (commencing with Section 33000) of the Health and
11 Safety Code of the State of California (the "Law") and other applicable laws, for the purpose of
12 financing and refinancing redevelopment activities within and of benefit to the Agency's various
13 redevelopment projects;

14 WHEREAS, Section 33640 of the Law requires the Agency to obtain the approval of the
15 Board of Supervisors of the County of Riverside prior to issuance of the Bonds;

16 WHEREAS, the Board of Supervisors approves of the issuance of the Bonds as being
17 in the public interests of the County of Riverside and of the Agency;

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

20 Section 1. Approval of Issuance of Bonds. The Board of Supervisors of the County
21 of Riverside approves the issuance of the following bonds (collectively, the "Bonds") by the
22 Agency:

23 (i) Redevelopment Agency for the County of Riverside Jurupa Valley
24 Redevelopment Project Area 2011 Tax Allocation Bonds, Series B, in a combined initial
25 amount with the Taxable Jurupa Bonds (as defined below) not to exceed \$40,000,000 (the
26 "Tax-Exempt Jurupa Bonds");

27 (ii) Redevelopment Agency for the County of Riverside Jurupa Valley
28 Redevelopment Project Area 2011 Taxable Tax Allocation Bonds, Series B-T, in a combined

FORM APPROVED COUNTY COUNSEL

BY: *DALE GARDNER* DATE: *2/17/11*

1 initial amount with the Tax-Exempt Jurupa Bonds not to exceed \$40,000,000 (the "Taxable
2 Jurupa Bonds");

3 (ii) Redevelopment Agency for the County of Riverside Desert Communities
4 Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series D, in an initial
5 amount not to exceed \$8,000,000 (the "DCPA Bonds"); and

6 (iv) Redevelopment Agency for the County of Riverside Interstate 215
7 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E, in an
8 initial amount not to exceed \$15,000,000 (the "I-215 Bonds").

9 **Section 2. Subordination Agreements.** The appropriate officers of the County are
10 also authorized to execute and deliver subordination agreements or acknowledgements with
11 the Agency and, if appropriate, other taxing entities within the County pursuant to which such
12 taxing entities subordinate their right to receive tax increment to the payment of debt service on
13 the Bonds and other outstanding parity debt of the Agency.

14 **Section 3. Effective Date.** This Resolution shall take effect from and after its
15 adoption.

16 //

17 // ROLL CALL:

18 // Ayes: Buster, Tavaglione, Stone and Ashley

19 // Nays: None

20 // Absent: Benoit

21 //

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

24 // KECIA HARPER-IHEM, Clerk of said Board

25 // By: _____
26 Deputy

27 //

28 //

29 S:\RDACOM\RDACOM\ADMN\Bond Issues\2011 Non-Housing\Resolutions\2011 County Reslution.doc/



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 28, 2011

SUBJECT: Minority Opinion Response (Items 3.36; 4.2 and 5.1)

Response to DAC Dissenting Opinion

The Debt Advisory Committee has forwarded to the Board its analysis of the Agency's proposed bond issues. The following is the Agency's response.

DAC comments regarding the I215 and DCPA bonds suggested that debt service coverage is too low and that ratings on the existing bonds could be affected.

DCPA - A drop in AV of more than \$155 Million (6%) would cause a technical bond default. This is less than last year's decline of 9.5%. The AV would have to stay there or decline further and not recover the follow year for the reserve fund to run out and cause a bond payment default.

I 215 - A drop in AV of more than \$327 Million (12%) would cause a technical bond default. Last year's decline was 6.5%. The AV would have to stay there or decline further and not recover the following year for the reserve fund to run out and cause a bond payment default.

Jurupa - A drop in AV of more than \$522 Million (12%) decline would cause a technical bond default. Last year's decline was 4.3%. The AV would have to stay there or decline further and not recover for the reserve fund to run out and cause a bond payment default.

The statement that the margin of error is much smaller than for the other bonds is not supported by the facts for I-215.

The additional issuance of subordinate lien bonds would not impact the ratings the senior bonds in DCPA or I 215. The additional issuance of Jurupa bonds might impact the ratings of other outstanding Jurupa Project Area Bonds. Any reduction in the rating of outstanding debt has not financial impact upon the Agency.



MEMORANDUM

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

Robert Field
Assistant County Executive Officer/EDA

The other points in the memorandum are the same as those raised in the on the Housing Issue and included below are the responses to those points.

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

The submission to the debt advisory commission was provided 7 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 bonds 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 bond 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 may be higher. Also 50% of the proposed JPFA 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."

See above

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 distinction."

The JVPA Bonds are expected to be rated in the "A" category while the I 215 and DCPA Bonds may be unrated. The ratings or lack thereof 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 County has also issue non rated Mello Roos and Assessment bonds in the past without



MEMORANDUM

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

Robert Field
Assistant County Executive Officer/EDA

an adverse impact on General Fund Ratings.

The dissenting opinions do raise legitimate issues

1. The State may stop the issuance of the bonds at any time and the County will have incurred costs.
2. Bond proceeds, if uncommitted, may have to be used to pay debt service –depending on final legislation.
3. The rating on prior bonds may be downgraded if the 2011 bonds have a lower rating-a risk for investors.
4. Interest rates are higher due to concerns about the State Budget as discussed above
5. The County might be criticized for rushing to bond ahead of State Action or there may be other impacts
6. Any further decline in AV without an immediate recovery would make the County unable to pay pass though payments and this liability would accrue.
7. The subordinate DCPA bonds are most at risk for further AV decline. I 215 is most at risk for decline of the Inland Energy Center. Both I 215 and DCPA had greater declines last year than JVPA.
8. In the current economic climate is not knowable if AV will continue to decline or recover. The proposed subordinate DCPA and I 215 Bonds are riskier.



MEMORANDUM

EXECUTIVE OFFICE, COUNTY OF RIVERSIDE

Bill Luna

County Executive Officer

Jay E. Orr

Assistant County Executive Officer

TO: Clerk of the Board

FROM: Christopher Hans, DAC Chair

DATE: February 23, 2011

RE: DAC Opinion of Items 3.36 and 4.2 and 5.1

Before the Board on March 1, 2011 for consideration and approval are four separate RDA bond issuances (See items 3.36 and 4.2 and 5.1). 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 (4 for, 1 against, and 1 abstention), the committee voted to send no recommendation to the Board regarding two of the 4 RDA bonds before the Board today. By a split vote (3 for, 2 against, and 1 abstention) the committee supported approval of the other two RDA bonds before the Board today.

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 thorough debate which ultimately resulted in the split votes mentioned above.

Regarding the I215 and Desert Communities Bonds. 4-1 vote to forward no committee opinion.

As chair, I voted against this approach. Personally, I can't support the issuance of these bonds for three main reasons.

- First the margin of error is much smaller than for the other bonds. A fairly small (small in comparison to recent drops) decrease in property values would lead to bond default. This could potentially affect the bond rating on other RDA bonds.
- Second, these bonds will have poor ratings or no ratings at all and will be subordinate to existing bonds. This alone could potentially lower the ratings of existing RDA bonds.
- Additionally, all of the risks associated with the other two bonds – discussed below, and see attachment – apply to these bonds.

From the meeting's discussion, my opinion is that the other committee members agree with my position.

(continued on the next page)

Regarding the Jurupa Valley Bonds. 3-2 vote in favor.

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
- EDA financial data is integral in the CAFR. The credit rating services use CAFR to base credit ratings. This bond issuance could potentially impact the County's credit rating impacting future critical borrowing like the TRANS. (CAFR FY10 pgs. 31, 81-82, 120, 136).

The second dissenting opinion had several main concerns:

- The high 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 the projected 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

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2011

NEW ISSUE
FULL BOOK-ENTRY

Rating: Standard & Poor's: "___"
(See "MISCELLANEOUS - 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 Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____ *
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The Redevelopment Agency For the County of Riverside (the "Agency") has determined to issue its \$ _____ * principal amount of Redevelopment Agency For the County of Riverside, Interstate 215 Corridor Redevelopment Project Area, 2011 Second Lien Tax Allocation Bonds, Series E (the "Bonds") pursuant to that certain Indenture of Trust, dated as of March 1, 2011 (the "Indenture"). Proceeds of the Bonds will be used to (i) fund projects of benefit to the Agency's Interstate 215 Corridor Redevelopment Project Area (the "Project Area"), (ii) fund a Reserve Subaccount for the Bonds; and (iii) pay the costs of issuing the Bonds.

The Bonds are being issued as Current Interest Bonds and Capital Appreciation 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 principal amount or maturity amount, as applicable, or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of certificates representing their ownership interest in the Bonds. The Current Interest Bonds bear current interest from the date of their delivery payable semiannually on December 1 and June 1 of each year, commencing December 1, 2011. The Capital Appreciation Bonds will not bear current interest but will accrete interest from the date of their delivery, compounded semiannually on December 1 and June 1 of each year, commencing December 1, 2011. The principal of, premium if any, and semiannual interest on the Current Interest Bonds and the Accreted Value on the Capital Appreciation Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds.

The Bonds are subject to optional and mandatory redemption as described herein.

The Bonds are special obligations of the Agency and are payable exclusively from Tax Revenues (as defined herein) to be derived from the Project Area and from amounts on deposit in certain funds and accounts established pursuant to the Indenture. The Bonds are payable from Tax Revenues on a basis subordinate to certain outstanding debt of the Agency. See "SECURITY FOR THE BONDS - Outstanding Senior Bonds". The receipt of Tax Revenues is subject to certain risks and limitations. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

THE BONDS ARE NOT A DEBT, LIABILITY OR OBLIGATION 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 TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. NEITHER THE MEMBERS OF THE AGENCY, 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 cover)

The Bonds are offered when, as and if delivered and received by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Jones Hall is also serving as Disclosure Counsel. Certain legal matters will be passed upon for the Agency by 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 to DTC on or about March __, 2011.

[Stone & Youngberg Logo]

Dated _____, 2011

MATURITY SCHEDULE

(Base CUSIP[†]: 769123)

\$ Current Interest Bonds

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
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\$ _____ % Term Bonds due December 1, 20__ ; Yield: _____ % CUSIP[†]: _____
\$ _____ % Term Bonds due December 1, 20__ ; Yield: _____ % CUSIP[†]: _____

\$ Capital Appreciation Bonds

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

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP services. Neither the Agency nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth above.

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 Underwriter. 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 Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion 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, the Project Area, or 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.

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.
Los Angeles, California

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

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APPENDIX A – Report of Fiscal Consultant
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APPENDIX F - Form of Continuing Disclosure Certificate
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[MAP OF THE PROJECT AREA]

\$ _____ *

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Redevelopment Agency For the County of Riverside (the "**Agency**") of its Interstate 215 Corridor Redevelopment Project Area, 2011 Second Lien Tax Allocation Bonds, Series E (the "**Bonds**"). The Bonds will be issued as current interest bonds ("**Current Interest Bonds**") in the aggregate principal amount of \$ _____ and as capital appreciation bonds ("**Capital Appreciation Bonds**") in the aggregate initial principal amount of \$ _____. This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX D – Summary of Certain Provisions of the Indenture".

Purpose. The proceeds of the Bonds will be used to (i) fund projects of benefit to the Agency's Interstate 215 Corridor Redevelopment Project Area (the "**Project Area**"), (ii) fund a Reserve Subaccount for the Bonds; and (iii) pay the costs of issuing the Bonds. See "FINANCING PLAN" and "SECURITY FOR THE BONDS" herein.

Legal Authority. The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the "**State**"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the "**Redevelopment Law**"). The Bonds are being issued under the Redevelopment Law. The Bonds will be issued pursuant to and will be secured by the terms of an Indenture of Trust (the "**Indenture**"), dated as of March 1, 2011, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the "**Trustee**"). The Bonds will be payable from and secured by Tax Revenues (as defined herein) allocated to the Project Area. The Indenture permits, upon satisfaction of certain conditions, the issuance of additional indebtedness ("**Parity Debt**") payable from and secured by Tax Revenues and secured by a lien and charge upon Tax Revenues equal to the lien and charge securing the Bonds. . See "FINANCING PLAN " and "APPENDIX D – Summary of Certain Provisions of the Indenture."

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, as underwriter (the "**Underwriter**").

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 redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period

* Preliminary, subject to change.

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 indicated above.

The Bonds are secured by a pledge of Tax Revenues. "**Tax Revenues**" generally include the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area. Tax Revenues are more fully described under the caption "SECURITY FOR THE BONDS -- Tax Revenues". The pledge of Tax Revenues to the payment of the Bonds is on a subordinate basis with a prior pledge of Tax Revenues for the payment of debt service due on certain outstanding bonds of the Agency. See "SECURITY FOR THE BONDS – Outstanding Senior Bonds."

Any future decrease in the taxable valuation in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency and correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS" herein.

The 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 Project Area. The total acreage for the Project Area is currently 15,21,695 acres.

The majority of assessed value in the Project Area is used for single-family residential, with a mixture of vacant, industrial, and other residential land. The assessed value of the Project Area for fiscal year 2010-11 is approximately \$2.78 billion.

See "THE PROJECT AREA" for additional information on land use and property ownership within the Project Area.

The County of Riverside. The County of Riverside (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. The Agency was activated by the Board of the County on August 6, 1985 by an ordinance of the Board, at which time the Board declared itself to be the governing board of the Agency. The Project Area is one of eight separate redevelopment project areas of the Agency.

Outstanding Senior Bonds. The Agency currently has outstanding Senior Bonds with respect to the Project Area. The Agency's pledge of Tax Revenues to the repayment of the Outstanding Senior Bonds is senior to the Agency's pledge of Tax Revenues for the payment of debt service on the Bonds. See "SECURITY FOR THE BONDS – Outstanding Senior Bonds."

Continuing Disclosure. The Agency will undertake all responsibilities for continuing disclosure to Owners of the Bonds as described below. The Agency has covenanted in the Indenture and in a Continuing Disclosure Certificate to prepare and deliver an annual report to the Municipal Securities Rule-making Board, and to provide certain other information. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX F – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The Agency has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

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 Bonds under the Indenture.

C. M. de Crinis & Co., Inc., Los Angeles, 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 Area. See "APPENDIX A – REPORT OF FISCAL CONSULTANT" 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 Underwriter. The fees and expenses of the Financial Advisor, Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Other Information. Following in this Official Statement are brief descriptions of the Bonds, the Agency, the County, the Tax Revenues, the Project Area, security for the Bonds, risk factors and limitations on Tax Revenues and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture are qualified in their entirety by reference to

the Indenture and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indenture. All capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture.

FINANCING PLAN

General

The Bonds are being issued to provide funds for various projects of benefit to the Project Area, to fund a Reserve Subaccount for the Bonds, and pay the costs of issuing the Bonds.

The Projects

The net proceeds of the Bonds will be deposited in the Redevelopment Fund established for the Project Area and held by the Trustee. It is expected that such net proceeds will be used to finance all or a portion of the costs of the following projects.

[PROJECT LIST TO COME]

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.

There is currently significant uncertainty as to the future of the funding and administration of redevelopment agencies and redevelopment projects in the State of California, due to certain proposals in Governor's proposed State Budget for fiscal year 2011-12. See "RISK FACTORS -State of California Fiscal Issues; ERAF; SERAF- Proposed 2011-12 Budget and Redevelopment Agencies." The Agency is unable to predict the eventual outcome of the 2011-12 State Budget, when adopted, or its impact on the proposed projects of the Agency.

Estimated Sources and Uses of Funds

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

SOURCES:

Principal Amount of the Bonds
Less: Underwriter's Discount
Less: Net Original Issue Discount
Total Sources:

USES:

Costs of Issuance Fund ⁽¹⁾
Reserve Subaccount
Redevelopment Fund
Total Uses:

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

THE BONDS

Description

Current Interest 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 June 1 and December 1 (each, an “**Interest Payment Date**”), commencing December 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.

Each Current Interest 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 November 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, interest thereon is in default, such Current Interest 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 (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 value 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 Values 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 Maturity Value 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. The Accreted Value of a Capital Appreciation Bond shall be determined by compounding interest semiannually on June 1 and December 1 in each year, commencing December 1, 2011, from the Closing Date, payable upon maturity or prior redemption thereof, all as contained in the Table of Accreted Values set forth in Appendix H hereto.

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.

While the Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the Bonds. The principal of the Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Trustee. See "APPENDIX G – Book Entry Only System".

Optional Redemption

Current Interest Bonds. The Current Interest Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to maturity. The Current Interest Bonds maturing on and after December 1, 20__, are subject to redemption, at the option of the Agency on any date on or after December 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 Current Interest Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Capital Appreciation Bonds. The Capital Appreciation Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption From Sinking Fund Payments

The Term Bonds maturing December 1, 20__, and the Term Bonds maturing on December 1, 20__, are also subject to mandatory redemption in part by lot on December 1 in each year, as set forth below, from Sinking Account payments made by the Agency pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table. If some but not all of the Bonds have been redeemed pursuant to optional redemption, the total amount of all future Sinking Account payments shall be reduced by the aggregate principal amount of 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.

\$ _____ Term Bonds Maturing December 1, 20

Date (December 1)	Amount
----------------------	--------

\$ _____ Term Bonds Maturing December 1, 20

Date (December 1)	Amount
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In lieu of mandatory Sinking Account redemption of 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 Bonds otherwise required to be redeemed on the following December 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 Bonds otherwise required to be redeemed on the following December 1.

General Redemption Provisions

Notice of Redemption. Notice of redemption shall be mailed by the Trustee (by first class mail, postage prepaid) at least thirty but not more than sixty days prior to the redemption date to the respective registered Owners of the Bonds designated for redemption, to one or more Information Services and to the Securities Depositories.

Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the redemption price, giving notice also that interest on such Bonds will no longer accrue from and after the redemption date.

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.

Selection of Bonds for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Transfer and Exchange. Any Bond may, in accordance with its terms, be transferred, upon the registration books of the Trustee, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination.

The Trustee may refuse to transfer, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Debt Service Schedule

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table. For a schedule showing debt service on the Bonds, together with amounts due on the Agency's Outstanding Senior Bonds (which are payable from Tax Revenues on a senior basis to the Bonds), see Table 6 herein.

**TABLE 1
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Debt Service Schedule**

Bond Year Ending December 1	Initial Amount or Principal Amount	Interest or Accreted Value	Total 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			
2044			
Total			

SECURITY FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a 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.

Allocation of Taxes

As provided in the Redevelopment Plan, and pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code) and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State of California and any city, county, city and county, district or other public corporation (herein collectively referred to as "taxing agencies") for each Fiscal Year beginning after the effective dates of the respective ordinances approving redevelopment plans for the constituent project areas and the additions of territories thereto comprising the merged Project Area, as amended (see Table 3 below for the numbers and dates of the ordinances pertaining to the Project Area) are divided as follows:

1. To other taxing agencies: 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 the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior the effective dates of the ordinances referred to above (the "Base Year Amount") shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies in the same manner as taxes by or for the taxing agencies on all other property are paid; and

2. To the Agency: Except for taxes which are attributable to a tax rate levied 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 respective taxing agency, and except for non-subordinated statutory pass-through payments, that portion of the levied taxes each year in excess of the Base Year Amount shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the Project Area.

When all bonds, loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Project Area shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid. See "Tax Revenues," below.

Tax Revenues

General. Subject to the prior and senior pledge of and security interest in and lien on the Tax Revenues in favor of the Senior Bonds, the Bonds, and all Parity Debt are equally secured by a pledge of, security interest in, and lien on all of the Tax Revenues, a pledge of all of the moneys in the Special Fund. In addition, the Bonds, and any Parity Debt, are secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account created pursuant to the Indenture. See "APPENDIX D – Summary of Certain Provisions of the Indenture".

As defined in the Indenture (see "APPENDIX D – Summary of Certain Provisions of the Indenture"), "**Tax Revenues**" means all taxes annually allocated within the Plan Limitations and paid to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, including 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 payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110 *et seq.* as of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Bonds and any Parity Debt (including applicable reserves and financing costs) used to finance or refinance the increasing or improving of the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding investment earnings. Tax Revenues shall not include amounts payable by the Agency under agreements entered into pursuant to Section 33401 of the Law, 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, including any Parity Debt).

None of the proceeds of the Outstanding Senior Debt was used with respect to low and moderate income housing. In addition, none of the proceeds of the Bonds are expected to be used to improve the supply of low and moderate income housing. Accordingly, no portion of the Tax Revenues consist of amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund.

The Agency's receipt of Tax Revenues is subject to certain limitations ("**Plan Limits**") contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.4 of the Redevelopment Law. As described in "THE PROJECT AREA – The Redevelopment Project Plan," "Redevelopment Plan Limitations," the Agency's collection of Tax Revenues in the Project Area is subject to limitations on the respective component project areas (but not with respect to the portion added by Amendment No. 2 in 2009) of the total tax increment collected by the Agency over the life of the Redevelopment Plan. See Table 4 "Redevelopment Plan Limits".

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 that would otherwise be available to pay debt service on the Bonds. Likewise,

broadened property tax exemptions could have a similar effect. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

THE BONDS ARE NOT A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA, THE COUNTY OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE STATE, THE COUNTY NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREON. THE AGENCY HAS NO TAXING POWER. THE BONDS ARE REVENUE BONDS, PAYABLE EXCLUSIVELY FROM THE TAX REVENUES AND OTHER FUNDS AS PROVIDED IN THE INDENTURE. THE OBLIGATIONS OF THE AGENCY UNDER THE BONDS, ANY ADDITIONAL PARITY DEBT, AND OUTSTANDING SENIOR BONDS ARE PAYABLE SOLELY FROM TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.

Outstanding Senior Bonds

"**Senior Bonds**" means, collectively (and described below), the 2004 Bonds, the 2005 Bonds, the 2006 Bonds and the 2010 Bonds, and any debt issued on a parity therewith solely for the purpose of refunding all or a portion of the 2004 Bonds, the 2005 Bonds, the 2006 Bonds or the 2010 Bonds that complies with the requirements of the Indenture or to refund bonds previously issued to refund all or a portion of the 2004 Bonds, the 2005 Bonds, the 2006 Bonds or the 2010 Bonds that complies with the requirements of the Indenture.

The following are the Senior Bonds that are currently outstanding:

2004 Interstate 215 Corridor Bonds. In December 2004, the Authority issued its \$102,785,000 Riverside County Public Financing Authority 2004 Tax Allocation Bonds (County of Riverside Redevelopment Projects) (the "**2004 Authority Bonds**"), payable, in part, from Agency bonds issued for the Project Area (the "**2004 Interstate 215 Corridor Bonds**"). Debt service on the 2004 Interstate 215 Corridor Bonds issued with respect to the Project Area is payable on a parity with debt service on the Bonds and constitutes Parity Debt under the Indenture. As of March 1, 2011, \$94,190,000 of the 2004 Authority Bonds remain outstanding, with \$18,460,000 of such amount relating to the 2004 Interstate 215 Corridor Bonds.

The remaining \$75,730,000 of the outstanding 2004 Authority Bonds relate to Jurupa Valley Redevelopment Project Area, Desert Communities Redevelopment Project Area, Redevelopment Project Area No. 1 and the Mid-County Redevelopment Project Area.

2005 Interstate 215 Corridor Bonds. In August 2005, the Authority issued its \$144,075,000 Riverside County Public Financing Authority 2005 Tax Allocation Bonds (County of Riverside Redevelopment Projects) (the "**2005 Authority Bonds**"), payable, in part, from Agency bonds issued for the Project Area (the "**2005 Interstate 215 Corridor Bonds**"). Debt service on the 2005 Interstate 215 Corridor Bonds issued with respect to the Project Area is payable on a parity with debt service on the Bonds and constitutes Parity Debt under the Indenture. As of March 1, 2011, \$136,970,000 of the 2005 Authority Bonds remain outstanding, with \$23,130,000 of such amount relating to the 2005 Interstate 215 Corridor Bonds.

The remaining \$108,600,000 of the outstanding 2005 Authority Bonds relate to Jurupa Valley Redevelopment Project Area, Desert Communities Redevelopment Project Area, Redevelopment Project Area No. 1 and the Mid-County Redevelopment Project Area.

2006 Interstate 215 Corridor Bonds. In November 2006, the Authority issued its \$169,720,000 Riverside County Public Financing Authority 2006 Series A Tax Allocation Bonds

(Jurupa Valley, Interstate 215 Corridor and Interstate 215 Corridor Redevelopment Projects) (the "**2006 Authority Bonds**"), payable, in part, from Agency bonds issued for the Project Area (the "**2006 Interstate 215 Corridor Bonds**"). Debt service on the 2006 Interstate 215 Corridor Bonds issued with respect to the Project Area is payable on a parity with debt service on the Bonds and constitutes Parity Debt under the Indenture. As of March 1, 2011, \$157,520,000 of the 2006 Authority Bonds remain outstanding, with \$27,225,000 of such amount relating to the 2006 Interstate 215 Corridor Bonds.

The remaining \$130,295,000 of the outstanding 2006 Authority Bonds relate to Jurupa Valley Redevelopment Project Area and the Desert Communities Redevelopment Project Area.

2010 Interstate 215 Corridor Bonds. In July 2010, the Agency issued its \$50,520,000 Redevelopment Agency For the County of Riverside, Interstate 215 Corridor Redevelopment Project Area, 2010 Tax Allocation Bonds, Series E (the "**2010 Bonds**"), payable from Tax Revenues on a senior basis to the Bonds. As of March 1, 2011, \$50,520,000 of the 2010 Bonds remain outstanding.

Set forth below is a summary of the Outstanding Parity Debt of the Project Area as of March 1, 2011.

2004 Interstate 215 Corridor Bonds	\$18,460,000
2005 Interstate 215 Corridor Bonds	23,130,000
2006 Interstate 215 Corridor Bonds	27,225,000
2010 Interstate 215 Corridor Bonds	<u>50,520,000</u>
Total	\$119,335,000

The Senior Bonds were issued pursuant to respective Indentures of Trust (Collectively, the "**Senior Indentures**").

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 the portions of the Project Area that were adopted prior to 1994 (the "**Tax Sharing Agreements**"). See "APPENDIX A – Report of Fiscal Consultant – Fiscal Agreements" for a description of the Tax Sharing Agreements. Payments on the Tax Sharing Agreements are senior to payments of debt service on the Bonds, additional Parity Debt and Senior Debt.

In addition, certain Sub-Areas of the Project Area 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**") or, upon amendment of certain plan limitations, is required to pay Statutory Tax Sharing after such limitation otherwise would have been in effect. Prior to the delivery of the Bonds, the Agency will have completed proceedings for the subordination of the Statutory Tax Sharing payments to the payment of debt service on the Bonds. See "APPENDIX A – Report of Fiscal Consultant – Fiscal Agreements" for a description of the Agency's obligation to make Statutory Tax Sharing payments.

Additional Bonds and Subordinate Debt

Issuance of Additional Bonds. In addition to the Bonds, the Agency may issue or incur Parity Debt in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any such Parity Debt subject to certain specific conditions, including the following:

(a) No Event of Default shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in the Indenture; and

(b) The 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 twenty five percent (125%) of Annual Debt Service (as defined in the Senior Indentures) on the Senior Bonds for each applicable succeeding Bond Year (as defined in the Senior Indentures), plus (ii) one hundred twenty-five percent (125%) of Annual Debt Service on the Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. For purposes of this provision, the applicable Bond Year for the Senior Bonds and the applicable Bond Year for the Bonds and Parity Debt shall always end in the same calendar year.

(c) The Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement.

The Indenture defines the term "**Additional Revenues**" to mean, as the date of calculation, the amount of Tax Revenues which are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (a) construction which has been completed and for which a certificate of occupancy has been issued by the County or other appropriate governmental entity but which is not then reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

Issuance of Subordinate Debt. The Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the certain conditions, including the following:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture, all Parity Debt instruments and the Senior Indentures; and

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations on the amount of Tax Revenues, then debt service on all Outstanding Bonds, Senior Bonds and Subordinate Debt coming due and payable following the issuance or incurrence of such Subordinate Debt shall not exceed the maximum amount of remaining Tax Revenues permitted to be collected within the Plan Limitations.

2011 Reserve Subaccount

Pursuant to the Indenture, the Trustee will establish, maintain and hold in trust, the 2011 Series E Subaccount of the Reserve Account (the "**2011 Reserve Subaccount**"). Amounts on deposit in the 2011 Reserve Subaccount shall be available to pay debt service only on the

Bonds and any other Parity Debt hereafter issued that the Agency elects to be secured by the 2011 Reserve Subaccount of the Reserve Account. In the event that the Agency elects to secure additional Parity Debt with the 2011 Reserve Subaccount of the Reserve Account, the Agency shall establish subaccounts within the Reserve Account as needed.

The 2011 Reserve Subaccount is established and held by the Trustee. **"Reserve Requirement"** is defined in the Indenture to mean, with respect to the Bonds or any Parity Debt as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Bonds or Parity Debt, provided that if the original issue discount of the Bond or Parity Debts 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, (ii) Maximum Annual Debt Service with respect to the Bonds or Parity Debt, or (iii) 125% of average Annual Debt Service on the Bonds or Parity Debt; provided further that the Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. 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 rate permitted by the Parity Debt Instrument. The calculation of the Reserve Requirement may, at the option of the Agency, be made with respect to the Bonds and all Parity Debt on a combined basis, as provided in the Indenture, provided that the Trustee shall establish separate subaccounts for the proceeds of the Bonds and such Parity Debt to enable the Trustee to track the investment of the proceeds of the Bonds and Parity Debt.

In the event proceeds of the Bonds or Parity Debt are deposited in an escrow described in the definitions of Annual Debt Service and Maximum Annual Debt Service, each such time that moneys are released from such escrow, other than to prepay a portion of the Bonds or Parity Debt, an amount of such released moneys shall be deposited in the applicable Reserve Account as is necessary to ensure that the amount on deposit therein at least equals the Reserve Requirement for the Bonds or Parity Debt after such release.

The Reserve Account may be maintained in the form of one or more separate subaccounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Agency in writing to the Trustee. Additionally, the Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

All money in the 2011 Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the applicable Bonds, or for the retirement of all the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the 2011 Reserve Subaccount semiannually on or before four (4) Business Days preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account.

The 2011 Reserve Subaccount may be satisfied with the acquisition of a financial instrument meeting the definition of "Qualified Reserve Account Credit Instrument" set forth in the APPENDIX D – Summary of Certain Provisions of the Indenture". Generally, "Qualified Reserve Account Credit Instrument" is defined to mean an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and

deposited with the Trustee that meets certain requirements at the time of such deposit, including the following: (a) the long-term credit rating of such bank or claims paying ability of such insurance company is AAA or better from S&P and Aaa or better from Moody's and, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement; and (d) the Trustee is authorized to draw on the instrument in an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account.

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 Area.

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 firm's examination was made in accordance with generally accepted auditing standards. The Agency follows fund accounting principles reflecting the modified accrual basis of accounting in which revenue is recognized when earned or otherwise becomes available, and expenditures are recognized when incurred. The firm reported after their examination that they noted no instances of noncompliance for the fiscal year ended June 30, 2010. See "APPENDIX B – Audited Financial Statements for Fiscal Year Ended June 30, 2010". The Agency has not requested nor did the Agency obtain permission from Teaman, Ramirez & Smith to include the audited financial statements as an appendix to this Official Statement. Accordingly, Teaman, Ramirez & Smith has not performed any post-audit review of the financial condition or operations of the Agency.

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 AREA

Redevelopment Plan

Under the Redevelopment Law a city or county that activates its redevelopment agency is required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency may only undertake those activities within a redevelopment project 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 Plan for the Project Area and Sub-Areas have two principal purposes (i) the removal of blight from the Project Area and (ii) the provision of low and moderate income housing both within the Project Area and within any other area of the County of Riverside. In order to accomplish these two purposes the Redevelopment Plan provides 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 Plan also allows for redevelopment of land by private enterprise and participation by owners and tenants of properties in the Project Area.

General Description

The Interstate 215 Corridor Project Area was originally comprised of two project areas: Project Areas Nos. 5-1986 and 5-1987. The Board approved Sub-Area Project Area No. 5-1986 on December 23, 1986 via Ordinance No. 639, and it includes four Sub-Areas: Highgrove, Lakeview, Mead Valley and Romoland, for a total of 3,429 acres. In November of 1998, the Board approved an amendment to the project area to include an additional 843 acres of territory in the Highgrove Sub-Area. Project Area No. 5-1987 consisted of one Sub-Area of 141 acres 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 an additional 715 acres of 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 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.

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 21,695 acres.

Highgrove. The original Sub-Area contained 275 acres. On November 24, 1998, the Board approved an amendment to the Interstate 215 Corridor 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.

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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 Area 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. The Redevelopment Plan was 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 Plan for the Project Area may be amended to add up to three years on to the effectiveness of the Redevelopment Plan 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 Plan was adopted too recently to be able to take advantage of the extensions permitted by SB 1096.

The Agency has covenanted in the Indenture that it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, payments on obligations of the Agency payable from tax increment revenues that are senior to the Bonds, and payments on obligations that are subordinate to the Bonds. If, based on such review, the allocation of tax increment revenues to the Agency in any of the next three succeeding Fiscal Years will (a) cause an amount equal to ninety-five (95%) of the amount remaining under the Plan Limitations to fall below the sum of (i) remaining cumulative Annual Debt Service, (ii) payments on obligations of the Agency payable from tax increment revenues that are senior to the Bonds, and (iii) payments on obligations that are subordinate to the Bonds or (b) cause the tax increment cap in a Sub-Area of the Project Area to meet its cap, the Agency shall adopt a plan approved by an Independent Redevelopment Consultant that demonstrates the Agency's continuing ability to pay debt service on the Bonds and Senior Bonds. Such plan may include, among other actions, defeasing or redeeming the Bonds or Senior Bonds or reducing the amount of tax increment being claimed from one or more Sub-Areas within the

Project Area. In the event that the Agency determines to defease the Bonds or Senior Bonds, such defeasance shall be accomplished as provided in the Indenture.

The Agency annually conducts a review as required in Section 5.12 of the Indenture to confirm the availability of sufficient tax increment revenues under Sub-Area plan limitations to pay all remaining bond debt service and senior and subordinate obligations. The last annual review was completed in [November of 2009]. As of the issuance date of the Bonds and based upon the tax increment projections in the Fiscal Consultant Report there is sufficient tax increment available under the Plan Limitation to pay all remaining bond debt service and senior and subordinate obligations including principal and interest on the Bonds.

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 REPORT".

Table 2
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Summary of Interstate 215 Corridor Project Area and Constituent Sub-Areas

	Date of Adoption	Ordinance Number	Termination of Plan Activities	Last Date to Repay Debt	Tax Increment Limit	Acreage
Interstate 215 Project Area						
5-1986 ()	12/23/1986	639	12/23/2027	12/23/2037	578,005,274	3,154
5-1986 (Highgrove)	12/23/1986	639	12/23/2027	12/23/2037	50,000,000	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	120,000,000	141
5-1989 (Mead Valley 2 Amend)	7/5/1989	677	7/5/2030	7/5/2040	540,000,000	715
5-2002 (Mead Valley Amend) (1)	6/25/2002	821	6/25/2033	6/25/2048	--	3,200
5-2006 (Lakeview/Nuevo) (2)	05/16/2006	854	05/16/2036	05/16/2051	--	2,821
5-2006 (Sun Valley/Quail) (3)	05/02/2006	855	05/02/2051	05/02/2051	--	3,289
5-2010 (Highway 74)	05/04/2010		05/04/2055	05/04/2055	--	5,865

(1) This Sub-Area has a debt incurrence limit of 06/25/2022.

(2) This Sub-Area has a debt incurrence limit of 05/16/2026.

(3) This Sub-Area has a debt incurrence limit of 05/16/2026.

Source: The Agency

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 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 Plan 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 Area 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 2009-10 roll year, the County Assessor applied Proposition 8 reductions to 384,289 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 \$42.7 billion, or approximately -19% of the 2008-09 Countywide assessed valuation; of this amount, \$33.3 billion was for properties in incorporated areas and \$9.4 billion for properties in unincorporated areas. The total change in valuation Countywide was -10.5% for 2009-10.

Based on preliminary information provided by the County Assessor's office, there are currently 311 appeals pending in the Project Area. Appeals filings for 2010-11 have not yet been fully processed by the County; the number of pending appeals may be understated. The preliminary estimate of the amount of assessed valuation in dispute - the difference between the County valuation and the applicant's opinion of the property's value - totals \$202 million, primarily from filings for the 2009-10 roll year. The disputed amounts shown will be resolved in the appeals process and some portion of that disputed amount may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, the Tables provide information on resolved appeals filed in previous years in the Project Area. Overall, the 420 appeals settled in the Project Area resulted in reductions in valuation of \$12.3 million out of \$350 million in enrolled valuation, or 3.5%. The overall retention rate has thus been about 97% of the original valuation.

The Fiscal Consultant reports that independent appeals of assessments by property owners in the Project Area can result in reductions in assessed valuations that affect the

Agency. The Auditor-Controller's office debits the Agency for tax refunds due to successful property tax appeals by offsetting the Agency's allocation of supplemental roll revenue. The Auditor-Controller's office has stated that current practice is to offset no more than the Agency's supplemental revenue in any given period. Under this system the Agency's regular tax increment revenue, pledged to the bonds, is not reduced by tax refunds. Should this practice change at some future date it would be possible for the Agency's tax increment revenue to be affected.

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 A – Report of Fiscal Consultant – Table 5".

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.

For more specific information about pending and settled appeals in the Project Area, see "APPENDIX A – Report of Fiscal Consultant – Assessment Appeals".

New Development in the Project Area

The Interstate 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 Project Area

The largest use of the land in the 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 3
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	6,088,661	0.3	129	0.9	5	0.0
Other Residential (2)	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.

(2) "Other Residential" includes multi-family residential and mobile homes.

Source: Urban Analytics

Historic Assessed Valuation

Assessed valuation in the 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 Project Area.

TABLE 4
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 (1)	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 (2)	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) HOPTR is an acronym for "Homeowners Property Tax Relief".

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

Source: Urban Analytics

Largest Taxpayers in the Project Area

The following table shows the ten largest taxpayers in Project Area. The largest property owner in the Project Area is the Inland Empire Energy Center, an 800 megawatt power plant located on 46 acres in the Romoland Sub-Area. The power plant, owned by General Electric and Calpine Corporation, was licensed by the California Energy Commission in 2005 and came online in 2008. The facility is assessed at \$709.4 million in 2010-11, accounting for 25.51% of the assessed value in the Project Area. Valuation on this property increased from \$459 million in 2008-09 due to construction. Valuation on this property decreased from \$748.7 million in 2010-11. The property is assessed by the State Board of Equalization.

Other properties in the Project Area include the Majestic Freeway Business Center, a

215-parcel vacant land industrial park located in the Mead Valley Sub-Area near Interstate 215. Other large property owners with substantial vacant land include FR Cal Harvill Road and MDC Hunter Park. Large industrial property owners include K & N Engineering, Oakmont Riverside Hunter Park, Johnson Machinery, Guthrie Leach and Pacific Park Investors.

**TABLE 5
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Largest Property Tax Payers**

Property Owner	Secured and Utility	Unsecured	Total (3)	Pct of Total	Sub-Area
Inland Empire Energy Center, LLC (1)	\$ 709,400,000	\$ 0	\$ 709,400,000	25.51%	5-2002(Romoland Amend. Area)
Majestic Freeway Business Center	51,940,644	0	51,940,644	1.87	5-1986(Lakeview, Mead Valley 1)
K & N Engineering Inc	2,802,419	31,324,400	34,126,819	1.23	5-1998(Highgrove Amend. Area)
Fr Cal Harvill Road (2)	24,792,918	0	24,792,918	0.89	5-1986(Lakeview, Mead Valley 1)
Citrus Business Park	20,547,391	0	20,547,391	0.74	5-1998(Highgrove Amend. Area)
Oakmont Riverside Hunter Park	19,359,909	0	19,359,909	0.70	5-1998(Highgrove Amend. Area)
Perris Citrus Avenue Storage (2)	18,323,787	0	18,323,787	0.66	5-1986(Lakeview, Mead Valley 1)
Mdc Hunter Park (2)	17,997,781	0	17,997,781	0.65	5-1998(Highgrove Amend. Area)
Johnson Machinery Co	9,931,400	5,234,886	15,166,286	0.55	5-1998(Highgrove Amend. Area)
Pacific Park Inv	14,540,400	0	14,540,400	0.52	5-1998(Highgrove Amend. Area)
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%	

(1) The assessed valuation of Inland Empire Energy Center in the Interstate 215 Corridor Project Area had a decrease of approximately 5.2% from the 2009-10 assessed valuation of \$748,700,000, due to the facility being reassessed following completion of construction.

(2) Owner has one or more appeals pending.

(3) Assessed valuation figures include homeowner's exemptions. Sub-areas not currently contributing tax increment are excluded.

Source: Riverside County Office of the Assessor, Urban Analytics

Projection of Tax Revenues and Estimated Coverage

The tables below show (i) a projection of Tax Revenues over the life of the Bonds and (ii) estimated debt service coverage on the Bonds. The projections incorporate a projected decrease in 2011-12 assessed valuation of -2.0% for the Project Area based on a) continued weakness in the local economy as of the January 1, 2011 lien date for the 2011-12 roll and b) the application of a CCPI factor of 0.753% to real property in 2011-12.

In addition to reflecting assumptions regarding tax increment growth over the next two years, Table 6 illustrates the manner in which the assessed valuation decreases as component Sub-Areas terminate. The tax increment shown from 2012-13 forward assumes a constant rate of growth of 2%, and does not include any further increases or decreases in assessed valuation from new development, property sales, changes in pre-1989 debt service levies, assessment appeals, Proposition 8 assessment adjustments or other causes.

TABLE 6
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Projected Tax Revenues (Net Tax Increment)

Fiscal Year	Gross Tax Increment(1)	Less Housing Tax Revenues	Less Senior Pass-Through Payments	Less Other Senior Obligations(2)	Net Tax Increment
2010-11	\$17,694,278	\$(3,538,856)	\$(990,072)	\$(765,414)	\$12,399,936
2011-12	17,168,489	(3,433,698)	(968,497)	(745,720)	12,020,574
2012-13	17,683,763	(3,536,753)	(989,641)	(765,020)	12,392,349
2013-14	18,209,341	(3,641,868)	(1,011,207)	(784,706)	12,771,559
2014-15	18,745,431	(3,749,086)	(1,033,205)	(804,786)	13,158,354
2015-16	19,292,243	(3,858,449)	(1,055,643)	(825,268)	13,552,884
2016-17	19,849,992	(3,969,998)	(1,078,530)	(846,159)	13,955,305
2017-18	20,418,895	(4,083,779)	(1,101,874)	(867,468)	14,365,774
2018-19	20,999,176	(4,199,835)	(1,125,685)	(889,203)	14,784,453
2019-20	21,591,063	(4,318,213)	(1,149,973)	(911,373)	15,211,505
2020-21	22,194,788	(4,438,958)	(1,174,746)	(933,986)	15,647,098
2021-22	22,810,587	(4,562,117)	(1,200,014)	(957,052)	16,091,404
2022-23	23,438,702	(4,687,740)	(1,225,788)	(980,578)	16,544,595
2023-24	24,079,379	(4,815,876)	(1,252,078)	(1,004,576)	17,006,850
2024-25	24,732,870	(4,946,574)	(1,278,893)	(1,029,053)	17,478,350
2025-26	25,399,431	(5,079,886)	(1,306,245)	(1,054,020)	17,959,280
2026-27	26,079,323	(5,215,865)	(1,334,143)	(1,079,486)	18,449,829
2027-28	26,772,813	(5,354,563)	(1,362,600)	(1,105,461)	18,950,189
2028-29	27,480,172	(5,496,034)	(1,391,626)	(1,131,956)	19,460,556
2029-30	28,201,679	(5,640,336)	(1,421,232)	(1,158,981)	19,981,130
2030-31	28,937,616	(5,787,523)	(1,451,430)	(1,186,547)	20,512,116
2031-32	29,688,272	(5,937,654)	(1,482,233)	(1,214,663)	21,053,722
2032-33	30,453,941	(6,090,788)	(1,513,651)	(1,243,342)	21,606,159
2033-34	31,234,923	(6,246,985)	(1,545,698)	(1,272,595)	22,169,646
2034-35	32,031,525	(6,406,305)	(1,578,385)	(1,302,433)	22,744,402
2035-36	32,844,058	(6,568,812)	(1,611,727)	(1,332,867)	23,330,653
2036-37	33,672,843	(6,734,569)	(1,645,735)	(1,363,910)	23,928,629
2037-38	27,879,527	(5,575,905)	(329,204)	(922,965)	21,051,453
2038-39	28,366,984	(5,673,397)	(285,214)	(940,772)	21,467,602
2039-40	29,098,273	(5,819,655)	(291,140)	(962,446)	22,025,033
2040-41	28,477,920	(5,695,584)	0	(427,169)	22,355,168
2041-42	29,210,411	(5,842,082)	0	(438,156)	22,930,172
2042-43	29,957,551	(5,991,510)	0	(449,363)	23,516,677
2043-44	30,719,634	(6,143,929)	0	(460,795)	24,114,913

(1) Gross tax increment includes unitary taxes.

(2) Consists of Riverside County administration fee.

Source: Urban Analytics

TABLE 7
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
Projected Debt Service Coverage (1)

Fiscal Year	Net Tax Increment(2)	Outstanding Senior Bonds Debt Service(3)	Bonds Debt Service*	Total Debt Service*	Projected Coverage*
2010-11	\$12,399,936				
2011-12	12,020,574				
2012-13	12,392,349				
2013-14	12,771,559				
2014-15	13,158,354				
2015-16	13,552,884				
2016-17	13,955,305				
2017-18	14,365,774				
2018-19	14,784,453				
2019-20	15,211,505				
2020-21	15,647,098				
2021-22	16,091,404				
2022-23	16,544,595				
2023-24	17,006,850				
2024-25	17,478,350				
2025-26	17,959,280				
2026-27	18,449,829				
2027-28	18,950,189				
2028-29	19,460,556				
2029-30	19,981,130				
2030-31	20,512,116				
2031-32	21,053,722				
2032-33	21,606,159				
2033-34	22,169,646				
2034-35	22,744,402				
2035-36	23,330,653				
2036-37	23,928,629				
2037-38	21,051,453				
2038-39	21,467,602				
2039-40	22,025,033				
2040-41	22,355,168				
2041-42	22,930,172				
2042-43	23,516,677				
2043-44	24,114,913				

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

(2) See Table 6.

(3) Includes the 2004 I-215 Bonds, the 2005 I-215 Bonds, the 2006 I-215 Bonds and the 2010 I-215 Bonds of the Project Area.

Source: Urban Analytics

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

To estimate the revenues available to pay debt service on the Bonds, the Agency has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay debt service on the Bonds will, in all likelihood, be less than those projected.

Reduction in Taxable Value

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area 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 the 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 the Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the 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 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 A – Report of Fiscal Consultant - Section D - Assessment Appeals".

The County's current policy is to allocate 100% of the Project Area's tax increment revenues to the Agency with no offset for taxpayer delinquencies, taxable value adjustments, refunds due to successful assessment appeals or tax roll correction (see "Property Taxes, Teeter Plan"). However, the County could change this policy in the future and begin making deductions for such delinquencies, adjustments, refunds and corrections from tax increment revenues allocated in the Agency. In that event, substantial delinquencies in the payment of property taxes, substantial property tax refunds, significant reductions in taxable value or significant tax roll corrections due to such causes could impair the timely receipt by the Agency of Tax Revenues.

Reduction in Inflationary Rate

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 0.0753% 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 Area, whether an increase or a reduction, will be realized in the future.

Tax Increment Caps

As noted above under the caption "THE PROJECT AREA – Redevelopment Plan Limitations," the Project Area contains certain Sub-Areas that are subject to limitations on the amount of tax increment that can be derived from such Sub-Areas (the "tax increment caps"). The Agency is unable to predict whether one or more of these Sub-Areas will meet its applicable tax increment cap prior to the final maturity date of the Bonds. Whether or not a tax increment cap is met prior to the final maturity of the Bonds will depend on the growth of assessed value in a Sub-Area, which, in turns, depends on several factors, including the pace of real estate development within such Sub-Area, the number and types of sales of properties within such Sub-Area and the prices at which such properties are sold, and the overall strength of the real estate market within such Sub-Area. Once a tax increment cap is met, absent an amendment to the Redevelopment Plan increasing the tax increment cap, the Agency will no longer receive any tax increment from such Sub-Area, and, accordingly, no Tax Revenues will be available from such Sub-Area after its tax increment cap is met.

The Agency has covenanted in the Indenture that it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, payments on obligations of the Agency payable from tax increment revenues that are senior to the Bonds, and payments on obligations that are subordinate to the Bonds. See "THE PROJECT AREA - Redevelopment Plan Limitations".

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.

Senior Bonds

As described in "THE BONDS – Additional Bonds and Subordinate Debt," the Agency has Senior Bonds payable from Tax Revenues on a senior basis with its pledge of Tax Revenues to payment of debt service on the Bonds. The existence the Senior Bonds increases the risks associated with the Agency's payment of debt service on the Bonds in the event of a decrease in the Agency's collection of Tax Revenues.

Concentration of Property Ownership in Sub-Areas

The Project Area is comprised of multiple Sub-Areas, each of which have their own plan limitations and base years. There are a total of 9 Sub-Areas (see "THE PROJECT AREA – General Description"). Additionally, some of the Sub-Areas may 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 could occur.

Factors Relating to Sub-Prime Loans

From the end of 2002 through the middle of 2006, many homeowners 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 Area may adversely impact assessed values and, therefore the availability of 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. The Agency's 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 appealed 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.

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, use of Bond proceeds to retire debt prior to maturity, 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 the Project Area. 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 the 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. Southern California has numerous seismically active faults, several of which are in or in close proximity to the portions of the Project Area. The risk of earthquakes is greater in the most heavily populated portion of the Coachella Valley, and becomes moderate east of the Coachella Valley. The San Andreas Fault, as well as several fault zones, run directly through the North Shore Sub-Area in the DCPA. The risk of liquefaction ranges from low to high throughout the Mecca, 100 Palms, Oasis and North Shore Sub-Areas. Lastly, most of the assessed valuation growth in the Project Area 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 Area. 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 Area. Such a reduction of assessed valuations could result in a reduction of the 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 – Form of Bond Counsel Opinion".

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 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 Area 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 Area.

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 Area, 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). The County does not include Mello Roos taxes and 1915 Act assessments on the Teeter Plan. 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 the Project Area. The calculations of Tax Revenues take such administrative costs into account.

Unitary Taxation of Utility Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, 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 A – Report of Fiscal Consultant - 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.

MISCELLANEOUS

Litigation

There is no litigation pending or, to the Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the Agency with respect thereto. In the opinion of the Agency and its counsel, there are no lawsuits or claims pending against the Agency which will materially affect the Agency's finances so as to impair the ability to pay principal of and interest (or Accreted Value) on the Bonds when due.

Rating

The Bonds have received the rating of "___" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P").

Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, 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.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

The opinions set forth in the preceding paragraph 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 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 Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Certain Legal Matters

The legal opinion of Bond Counsel, approving the validity of the Bonds, in substantially the form attached hereto as Appendix E, will be made available to purchasers at the time of original delivery of the Bonds, and a copy thereof will be printed on each Bond. Bond Counsel

will, as Disclosure Counsel, also deliver a disclosure letter to the Agency and the Underwriter regarding the contents of this Official Statement. Certain matters will be passed upon for the Agency by Riverside County Counsel, as Agency Counsel.

Underwriting

The Bonds will be sold to the Authority for concurrent resale to Stone & Youngberg LLC , as Underwriter (the "**Underwriter**") under a bond purchase agreement among the Authority, the Agency and the Underwriter (the "**Purchase Contract**"), pursuant to which the Underwriter will agree to purchase all of the Bonds for an aggregate purchase price of \$ _____ (being an amount equal to the principal amount of the Bonds (\$ _____), less an underwriter's discount (\$ _____) and less a net original issue discount (\$ _____)). The Underwriter is committed to purchase all of the Bonds if any are purchased.

The Bonds are offered for sale at the initial prices stated on the cover page of this Official Statement, which may be changed from time to time by the Underwriter. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

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.

The Authority

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of March 20, 1990 (the "**Joint Powers Agreement**") by and between the County and the Agency. The Joint Powers Agreement was entered into pursuant to the provisions of the California Government Code. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting its members in financing and refinancing projects and activities. The Authority is governed by a board of five directors, consisting of the members of the Board of Supervisors of the County.

Miscellaneous

All summaries of the Indenture, applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____
Deputy Executive Director

APPENDIX A
REPORT OF FISCAL CONSULTANT

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY
FOR FISCAL YEAR ENDED JUNE 30, 2010**

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	26,811
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
County Total	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)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
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

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E
FORM OF BOND COUNSEL OPINION

APPENDIX F

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 Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2011, (the "Indenture"), 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 Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, 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 _____, 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 5 of the Official Statement, "Historic Assessed Values and Tax Increment", in Table 6 of the Official Statement, "Largest Property Tax Payers", in Table 7 of the Official Statement, "Projected Tax Revenues (Net Tax Increment)" and in Table 8 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 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 events with respect to the Bonds, if material:

- (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 City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City 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 Indenture for amendments to the Indenture 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 Indenture, 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 Underwriter 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 Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E

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 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. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By _____

cc: Trustee

APPENDIX G

BOOK ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("**DTC**"), the procedures and record keeping with respect to beneficial ownership interests in the securities described in this Official Statement (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 issuer of the Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "**Agent**") take any responsibility for the information contained in this Appendix.

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) certificates 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 Bonds (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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 Bond ("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 Bond 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 Issuer, as the issuer of the bonds, 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 Issuer or the Paying 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, the Paying Agent, or the Issuer, 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 Issuer or the Paying 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. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

APPENDIX H
TABLE OF ACCRETED VALUES

\$ _____
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E

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 (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).

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's length commercial transaction among the Agency, the Authority and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Agency or the Authority; (iii) the Underwriter has not assumed (individually or collectively) a fiduciary responsibility in favor of the Agency or the Authority with respect to: (x) the offering of the Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Agency or the Authority on other matters); or (y) any other obligation to the Agency or the Authority except the obligations expressly set forth in this Purchase Contract; and (iv) the Agency has consulted with its own legal and financial advisors in connection with the offering of the Bonds, including but not limited to matters relating to the timing of the sale of the Bonds, the size of the Bonds, the potential impacts of the sale of the Bonds on the Agency's financial condition and the potential financial

and legal consequences on the Agency for selling the Bonds in light of the 2011-12 budget proposal made by the Governor of California.

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 \$_____ aggregate principal amount of the Agency's Redevelopment Agency for the County of Riverside Interstate 215 Corridor Redevelopment Project Area, 2011 Second Lien Tax Allocation Bonds, Series E (the "Bonds"), at a purchase price equal to \$_____ (being the aggregate principal amount thereof less an underwriter's discount of \$_____ and less a net original issue 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 March 1, 2011, by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), 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 March 1, 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), are referred to herein as the "Agency Documents".

The Bonds shall be in the form of current interest bonds (the "Current Interest Bonds") in the aggregate initial principal amount of \$_____ and the form of capital appreciation bonds (the "Capital Appreciation Bonds") in the initial aggregate principal amount of \$_____ and the aggregate maturity amount of \$_____. The net proceeds of the Bonds shall be used to finance redevelopment activities with respect to the Agency's I-Interstate 215 Corridor Redevelopment Project Area (the "Project Area") as provided in the Law.

The Bonds shall be secured by a second pledge of and lien on all of the Tax Revenues (as defined in the Indenture) allocated to the Agency with respect to the Project Area 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 March __, 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 3 business days prior to 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 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 Documents and to carry out and consummate the transactions contemplated by the Agency 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 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 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 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.

(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 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 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 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 Tax Revenues; (iii) which may result in any material adverse change relating to the Agency or the Project Area; 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) *SERAF Payment.* The Agency timely paid its May 10, 2010, payment obligation under Section 33690(a) of the Redevelopment Law and has funds available

and will timely pay its May 10 2011, payment obligation under Section 33691(a) of the Redevelopment Law.

(k) *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.

(l) *End of Underwriting Period.* Until the date which is twenty-five (25) days after the End of the Underwriting Period, if any event shall occur of which the Agency is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the Agency shall promptly furnish to the Participating Underwriter a reasonable number of copies of such supplement

(m) *Prior Continuing Disclosure Undertaking.* The Agency has not defaulted under any prior continuing disclosure undertaking.

(n) *Qualification for Sale under "Blue Sky" or Other Securities Laws.* The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that the Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

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 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 and sold by the Authority pursuant to 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).

(e) *No Litigation.* To the best knowledge of the Authority, as of the time of acceptance hereof and the date of the Closing, no litigation is or will be pending or threatened in any court: (i) in any way challenging any member of the Authority; or (ii) in any way contesting or affecting the validity of this Purchase Contract or contesting the powers of the Authority to enter into this Purchase Contract and to perform its obligations hereunder.

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 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 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 bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is 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 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 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 Documents and the Official Statement and compliance with the provisions of the Agency 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 Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency 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 Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the 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 (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 or the Project Area 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 Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency 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 Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the 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 Indenture, a certified copy of each of the Resolutions and an arbitrage certificate in form acceptable to Bond Counsel.

(j) *Rating Letter.* 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 Delivery 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 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.* A certificate of Urban Analytics, dated the date of the Closing, addressed to the Agency, the Authority and the Underwriters, in form and substance acceptable to the Underwriter, certifying as to the accuracy of APPENDIX H—"FISCAL CONSULTANT REPORT" and the information in the Official Statement attributed to Urban Analytics," consenting to the inclusion of such firm's Fiscal Consultant Report in the Official Statement, and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report.

(m) *Financial Advisor Certificate.* A certificate, dated the date of Closing, signed by a duly authorized official of the Financial Advisor addressed to the Underwriter and the Agency to the effect, that, in connection with the preparation of the Official Statement, nothing has come to the attention of the Financial Advisor that would lead it to believe that the statements and information contained in the Official Statement as of the date thereof and the date of the Closing, contains an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(n) *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 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; and (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, lodging and entertainment 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, 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: _____
Assistant Secretary

(I-215 Signature Page)

APPENDIX A

**Redevelopment Agency for the County of Riverside
Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E**

MATURITY SCHEDULE

<u>Maturity Date (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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T: Term Bonds.

APPENDIX B

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stone & Youngberg LLC (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 Interstate 215 Corridor Redevelopment Project Area, 2011 Second Lien Tax Allocation Bonds, Series E (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of March __, 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 March, 2011.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By _____
Deputy Executive Director

APPENDIX F

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 Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2011, (the "Indenture"), 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 Indenture, 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 1, 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 2009-10 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 4 of the Official Statement, "Historic Assessed Valuation, Tax Revenues and Housing Tax Revenues", in Table 5 of the Official Statement, "Largest Property Tax Payers – fiscal Year 2010-11", in Table 6 of the Official Statement, "Projected Tax Revenues (Net Tax Increment)", in Table 7 of the Official Statement, "Projected Debt Service Coverage";

(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 Tax Revenues;

(iii) any amendments to any Redevelopment Plan affecting the receipt of Tax Revenues;

(iv) the results of the calculations required to be performed pursuant to Section 5.12 of the Indenture; and

(v) any change to the County's policy with respect to the Teeter Plan (as defined in the Official Statement) potentially affecting the Tax Revenues, and, if any such change occurs, information regarding any property tax delinquencies relating to the top ten property taxpayers for the applicable fiscal year.

(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 events with respect to the Bonds, if material:

- (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 Indenture for amendments to the Indenture 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 Indenture, 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 Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E

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 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. The Agency anticipates that the Annual Report will be filed by _____.

Dated:_____

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By_____

cc: Trustee

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
Interstate 215 Corridor Redevelopment Project Area
2011 Second Lien Tax Allocation Bonds, Series E**

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EXHIBIT B	FORM OF CAPITAL APPRECIATION 2011 SERIES E BOND
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EXHIBIT D	FORM OF REDEVELOPMENT FUND DISBURSEMENT REQUEST

INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture") is made and entered into as of March 1, 2011, 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 duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Agency is a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), including the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for the Interstate 215 Corridor Redevelopment Project Area in the County of Riverside, California (the "Redevelopment Project") has been adopted in compliance with all requirements of the Law; and

WHEREAS, to finance and refinance redevelopment activities with respect to the Redevelopment Project, the Agency has heretofore borrowed money pursuant to a loan (the "1997 Loan") from the Riverside County Public Financing Authority (the "Authority") pursuant to a Loan Agreement in the original principal amount of \$12,890,000, dated as of September 1, 1997, with respect to Project Area No. 5 (now known as Interstate 215 Corridor Redevelopment Project Area), and being by and between the Agency, the Authority and U.S. Trust Company of California, as succeeded by The Bank of New York Trust Company, N.A. (the "1997 Loan Agreement"); and

WHEREAS, to finance activities with respect to the Redevelopment Project, the Agency has heretofore issued its Redevelopment Agency For the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2004 Tax Allocation Bonds, Series E in the aggregate principal amount of \$20,240,000 (the "2004 Bonds"); and

WHEREAS, for the purpose of providing funds to refinance the 1997 Loan Agreement and to finance additional redevelopment activities with respect to the Redevelopment Project, the Agency has heretofore issued its Redevelopment Agency For the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2005 Tax Allocation Bonds, Series E in the aggregate principal amount of \$25,420,000 (the "2005 Bonds"); and

WHEREAS, for the purpose of providing funds to finance additional redevelopment activities with respect to the Redevelopment Project, the Agency has heretofore issued its Redevelopment Agency For the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2006 Tax Allocation Bonds, Series E in the aggregate principal amount of \$29,255,000 (the "2006 Bonds"); and

WHEREAS, for the purpose of providing funds to finance additional redevelopment activities with respect to the Redevelopment Project, the Agency has heretofore issued its issuance of its Redevelopment Agency For the County of Riverside Interstate 215 Corridor

Redevelopment Project Area 2010 Tax Allocation Bonds, Series E, in the aggregate principal amount of \$50,520,000 (the "2010 Bonds"); and

WHEREAS, for the purpose of providing funds to finance additional redevelopment activities with respect to the Redevelopment Project, the Agency has determine to authorize the issuance of its Redevelopment Agency For the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E, in the aggregate principal amount of \$_____ (the "2011 Series E Bonds"); and

WHEREAS, the payment of debt service on the 2011 Series E Bonds and any Parity Debt (as defined herein) from Tax Revenues (as defined herein) will be subordinated, with respect to the claim on the Tax Revenues, to the payment of debt service on the 2004 Bonds, the 2005 Bonds, the 2006 Bonds and the 2010 Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the 2011 Series E Bonds, to establish and declare the terms and conditions upon which the 2011 Series E Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Agency has determined that all acts and proceedings required by law necessary to make the 2011 Series E 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 Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. Findings and Determinations. The Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the 2011 Series E Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly empowered, pursuant to each and every requirement of law, to issue the 2011 Series E Bonds in the manner and form provided in this Indenture.

SECTION 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"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 interest thereon as of any June 1 or December 1 determined solely by reference to the Table of Accreted Values set forth on the form of the Capital Appreciation Bond and the Convertible Capital Appreciation Bonds (until the Conversion Date). 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.

"Additional Revenues" means, as the date of calculation, the amount of Tax Revenues which, as shown in a report of an Independent Redevelopment Consultant, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (a) construction which has been completed and for which a certificate of occupancy has been issued by the County or other appropriate governmental entity but which is not then reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Agency" means the Redevelopment Agency For the County of Riverside (also known as the Redevelopment Agency of the County of Riverside), a public body corporate and politic duly organized and existing under the Law.

"Agreement" means that certain Joint Exercise of Powers Agreement, dated as of March 20, 1990, by and between the County and the Agency, together with any amendments thereof and supplements thereto.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Bonds (including any Parity Debt) in such Bond Year, and (b) the principal amount, Accreted Value and Conversion Value of the Outstanding Bonds (including any Parity Debt) scheduled to be paid in such Bond Year upon the maturity or mandatory sinking account redemption thereof. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded debt service payments with respect to the Bonds or any Parity Debt (i) to the extent that amounts due with respect to the Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with this Indenture or the relevant Parity Debt Instrument or (ii) to the extent the proceeds thereof are then deposited in an escrow fund in which amounts are invested in Permitted Investments and from which moneys may not be released to the Agency unless the amount of Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus Additional Revenues at least meets the requirements of Section 3.05(b).

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Obligation" means, with respect to any Bond or any maturity of Bonds or all Outstanding Bonds and as of any given date of calculation, (1) the principal amount of all Outstanding 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 June 1 or December 1 (without any adjustment for any period elapsed after such June 1 or December 1, or, if the date of calculation is an June 1 or December 1, such June 1 or December 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 June 1 or December 1 (without any adjustment for any period elapsed after such June 1 or December 1, or, if the date of calculation is an June 1 or December 1, such June 1 or December 1) and, after the Conversion Date, the Conversion Value).

"Bond Year" means any twelve-month period beginning on December 2 in any year and extending to the next succeeding December 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on December 1, 2011.

"Bonds" means, collectively, the 2011 Series E Bonds and, if the context requires, any additional Parity Debt issued as bonds under this Indenture.

"Business Day" means a day of the year (other than a Saturday or Sunday) on which banks in the State or the State of New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

"Capital Appreciation Bonds" means the portion of the 2011 Series E Bonds designated as such in Sections 2.01 and 2.02.

"Certificate of the Agency" means a certificate in writing signed by the Executive Director, any Deputy Executive Director or the Fiscal Manager of the Agency, or any other officer of the Agency duly authorized by the Agency for that purpose.

"Closing Date" means, with respect to the 2011 Series E Bonds, the date on which the 2011 Series E Bonds are delivered by the Agency to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2011 Series E Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2011 Series E Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate, if any, executed by the Agency, 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, December 1, 20__, which is the date on which such Convertible Capital Appreciation Bond starts to pay bear interest on a current basis, payable each June 1, and December 1, commencing June 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 E Bonds designated as such in Sections 2.01 and 2.02.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the 2011 Series E Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the 2011 Series E Bonds and any other cost, charge or fee in connection with the original issuance of the 2011 Series E Bonds..

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03 hereof.

"County" means the County of Riverside, a county duly organized and existing under the Constitution and laws of the State.

"Current Interest Bonds" means the portion of the 2011 Series E Bonds designated as such in Sections 2.01 and 2.02.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Defeasance Obligations" means:

- (a) cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);

(c) Direct obligations of the Treasury that have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(f) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration); (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed Title XI financings of the U.S. Maritime Administration; (vii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.04.

"Depository System Participant" means any participant in the Depository's book-entry system.

"Development Agreements" means (i) the Agreement dated as of November 1, 1990 (and executed as of October 30, 1990) between the Agency and Community Facilities District No. 87-1 of the County of Riverside and (ii) the Agreement dated as of May 1, 1990 between the Agency and Community Facilities District No. 88-8 of the County of Riverside ("CFD No. 88-8"), as amended by the First Amendment to Agreement dated August 22, 1995 between the Agency and CFD No. 88-8.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described in Section 8.01.

"Fair Market Value" means, with respect to any investment, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment

provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Agency in any written directions of the Agency.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period pursuant to a Certificate of the Agency filed with the Trustee.

"Indenture" means this Indenture of Trust by and between the Agency and the Trustee, as amended or supplemented from time to time pursuant to any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Independent Fiscal Consultant" means any consultant or firm or firms of such consultants appointed by or acceptable to the Agency and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

(a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the domination of the Agency;

(c) does not have any substantial interest, direct or indirect, with the Agency, other than as the original purchaser of the Bonds or any Parity Debt; and

(d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means, in accordance with then current guidelines of the Securities and Exchange Commission, such services providing information with respect to the redemption of bonds as the Agency may designate in a Request of the Agency filed with the Trustee.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means, with respect to the Current Interest Bonds, each June 1 and December 1, commencing December 1, 2011, for so long as any of the Bonds remain unpaid.

"Low and Moderate Income Housing Fund" means the fund of the Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded debt service payments with respect to the Bonds or any Parity Debt (i) to the extent that amounts due with respect to the Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with this Indenture or the relevant Parity Debt Instrument or (ii) to the extent the proceeds thereof are then deposited in an escrow fund in which amounts are invested in Permitted Investments and from which moneys may not be released to the Agency unless the amount of Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus Additional Revenues at least meets the requirements of Section 3.05(b).

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"Office" means, with respect to the Trustee, the corporate trust office of the Trustee at 700 S. Flower Street, Suite 500, Los Angeles, California 90017, or at such other or additional offices as may be specified by the Trustee in writing to the Agency, provided that for the purposes of maintenance of the Registration Books and presentation of Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business.

"Original Purchaser" means, with respect to the 2011 Series E Bonds, Stone & Youngberg LLC, as the original purchaser of the 2011 Series E Bonds.

"Outstanding", when used as of any particular time with reference to the Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant hereto.

"Owner" means, with respect to any Bond issued hereunder, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency on a parity with the 2011 Series E Bonds pursuant to Section 3.05.

"Parity Debt Instrument" means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt and which otherwise complies with all of the terms and conditions of this Indenture, including, without limitation, the provisions of Section 3.05.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State and constitute Permitted Investments), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the Agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Fannie Mae; (iv) obligations of the Resolution Funding Corporation; and (v) consolidated system-wide bonds and notes of the Farm Credit System.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services), provided that in the case of amounts on deposit in the Redevelopment Fund invested in a money market fund, only one such rating from either S&P or Moody's is required.

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, including BIF and SAIF.

(g) Investment and repurchase agreements with (or guaranteed by) financial institutions rated "Aa3" by Moody's and "AA-" by S&P.

(h) Commercial paper rated at the time of purchase "Prime-1" by Moody's and "A-1+" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the three highest (four highest in the case of investments in the Redevelopment Fund) rating categories assigned by such agencies, provided that in the case of amounts on deposit in the Redevelopment Fund invested in bonds or notes issued by any state or municipality, only one such rating from either S&P or Moody's is required.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P.

(k) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

(l) the County's investment pool.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time and (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"Project Area" means the project area described in the Redevelopment Plan.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.03(d), provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is in the highest rating categories by S&P

and Moody's, and, if rated by A.M. Best & Company, the claims paying ability of such insurance company is rated in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03(d); (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to Section 4.03; and (e) prior written notice is given to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(e).

"Redevelopment Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Redevelopment Law" or **"Law"** means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Redevelopment Plan" means the Redevelopment Plan for the Interstate 215 Corridor Redevelopment Project Area approved by Ordinance No. 639 of the Board adopted December 23, 1986, as heretofore amended, together with any further amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

"Redevelopment Project" means the undertaking of the Agency to redevelop the Project Area in accordance with the Redevelopment Plan.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Request of the Agency" means a request in writing signed by the Executive Director, any Deputy Executive Director or the Fiscal Manager of the Agency, or any other officer of the Agency duly authorized by the Agency for that purpose.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(d) of this Indenture.

"Reserve Requirement" means, with respect to the 2011 Series E Bonds or any Parity Debt, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the 2011 Series E Bonds or Parity Debt, provided that if the original issue discount of the 2011 Series E 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 2011 Series E Bonds or Parity Debt, (ii) Maximum Annual Debt Service with respect to the 2011 Series E Bonds or Parity Debt, or (iii) 125% of average Annual Debt Service on the 2011 Series E Bonds or Parity Debt; provided further that the Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the

requirements of Section 4.03(d) hereof. 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 rate permitted by the Parity Debt Instrument. The calculation of the Reserve Requirement may, at the option of the Agency, be made with respect to the 2011 Series E Bonds and all Parity Debt on a combined basis, as provided in Section 4.03(d), provided that the Trustee shall establish separate subaccounts for the proceeds of the 2011 Series E Bonds and such Parity Debt to enable the Trustee to track the investment of the proceeds of the 2011 Series E Bonds and Parity Debt.

In the event proceeds of the Bonds or Parity Debt are deposited in an escrow described in the definitions of Annual Debt Service and Maximum Annual Debt Service, each such time that moneys are released from such escrow, other than to prepay a portion of the Bonds or Parity Debt, an amount of such released moneys shall be deposited in the applicable Reserve Account as is necessary to ensure that the amount on deposit therein at least equals the Reserve Requirement for the Bonds or Parity Debt after such release.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., its successors and assigns.

"Securities Depositories" means The Depository Trust Company and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Request of the Agency delivered to the Trustee.

"Senior Bonds" means, collectively, the 2004 Bonds, the 2005 Bonds, the 2006 Bonds and the 2010 Bonds, and any debt issued on a parity therewith solely for the purpose of refunding all or a portion of the 2004 Bonds, the 2005 Bonds, the 2006 Bonds or the 2010 Bonds that complies with the requirements of Section 5.03 or to refund bonds previously issued to refund all or a portion of the 2004 Bonds, the 2005 Bonds, the 2006 Bonds or the 2010 Bonds that complies with the requirements of Section 5.03.

"Senior Indentures" means, collectively, the 2004 Indenture, the 2005 Indenture, the 2006 Indenture and the 2010 Indenture, and any instrument pursuant to which any debt issued on a parity with the outstanding Senior Bonds solely for the purpose of refunding all or a portion of the Senior Bonds that complies with the requirements of Section 5.03 is issued.

"Sinking Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

"Special Fund" means the fund by that name established and held by the Agency pursuant to Section 4.02 of this Indenture.

"State" means the State of California.

"Subordinate Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency in accordance with the requirements of Section 3.06, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the 2011 Series E Bonds and any Parity Debt.

"Supplemental Indenture" means any indenture, agreement or other instrument which amends, supplements or modifies this Indenture and which has been duly entered into by and between the Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Revenues" means all taxes annually allocated within the Plan Limitations and paid to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, including 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 payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110 *et seq.* as of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Bonds and any Parity Debt (including applicable reserves and financing costs) used to finance or refinance the increasing or improving of the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding investment earnings. Tax Revenues shall not include amounts payable by the Agency under agreements entered into pursuant to Section 33401 of the Law, and 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, including Parity Debt) and amounts required to be paid by the Agency pursuant to the Development Agreements.

"Term Bonds" means, collectively, the 2011 Series E Bonds maturing on December 1, 20__, December 1, 20__ and December 1, 20__, and (b) any maturity of Parity Debt which is subject to mandatory Sinking Account redemption pursuant to the Supplemental Indenture authorizing the issuance thereof.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

"2004 Bonds" means the Agency's \$20,240,000 original aggregate principal amount of Interstate 215 Corridor Project Area 2004 Tax Allocation Bonds, Series E.

"2004 Indenture" means the Indenture of Trust dated as of December 1, 2004, between the Agency and The Bank of New York Trust Company, N.A., as trustee.

"2005 Bonds" means the Agency's \$25,240,000 original aggregate principal amount of Interstate 215 Corridor Redevelopment Project 2005 Tax Allocation Bonds, Series E.

"2005 Indenture" means the Indenture of Trust dated as of September 1, 2005, between the Agency and The Bank of New York Trust Company, N.A., as trustee.

"2006 Bonds" means the Agency's \$29,255,000 original aggregate principal amount of Interstate 215 Corridor Redevelopment Project 2006 Tax Allocation Bonds, Series E.

"2006 Indenture" means the Indenture of Trust dated as of October 1, 2006, between the Agency and The Bank of New York Trust Company, N.A., as trustee.

"2010 Bonds" means the Agency's \$50,520,000 original aggregate principal amount of Interstate 215 Corridor Redevelopment Project Area 2010 Tax Allocation Bonds, Series E.

"2010 Indenture" means the Indenture of Trust dated as of July 1, 2010, between the Agency and The Bank of New York Trust Mellon Company, N.A., as trustee.

"2011 Series E Subaccount of the Reserve Account" means the subaccount by that name established and held by the Trustee pursuant to Section 4.03(d) hereof.

"2011 Series E Bonds" means the Redevelopment Agency For the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E issued by the Agency pursuant to Section 2.01 in the form of Current Interest Bonds which are authorized and issued in an initial original aggregate principal amount of \$_____, the Capital Appreciation Bonds, which are authorized and issued in an initial aggregate principal amount of \$_____ and a total aggregate maturity amount of \$_____, and Convertible Capital Appreciation Bonds, which are authorized and issued in an initial aggregate principal amount of \$_____ and a total aggregate Conversion Value of \$_____.

SECTION 1.03. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF 2011 SERIES E BONDS

SECTION 2.01. Authorization and Purpose of 2011 Series E Bonds. The 2011 Series E Bonds in the aggregate principal amount of _____ Million _____ Thousand Dollars (\$_____) are hereby authorized to be issued by the Agency under the Redevelopment Law for the purpose of providing funds to finance and refinance redevelopment activities with respect to the Redevelopment Project. The 2011 Series E Bonds consist of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. The 2011 Series E Bonds that are Current Interest Bonds are authorized to be issued in an initial aggregate principal amount of \$_____, the 2011 Series E Bonds that are Capital Appreciation Bonds are authorized and issued in an initial aggregate principal amount of \$_____ and a total aggregate maturity amount of \$_____, and the 2011 Series E Bonds that are Convertible Capital Appreciation Bonds are authorized to be issued in an initial aggregate principal amount of \$_____ and a total aggregate Conversion Value of \$_____. The 2011 Series E Bonds shall be authorized and issued under, and shall be subject to the terms of, this Indenture and the Redevelopment Law. The 2011 Series E Bonds shall be designated the "Redevelopment Agency For the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E".

SECTION 2.02. Terms of the 2011 Series E Bonds. The 2011 Series E Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 for Current Interest Bonds and \$5,000 maturity amount for Capital Appreciation Bonds and \$5,000 Conversion Value for the Convertible Capital Appreciation Bonds, or any integral multiple thereof, so long as no 2011 Series E Bond shall have more than one maturity date. The 2011 Series E Bonds shall be dated as of the Closing Date. The 2011 Bonds shall be lettered and numbered as the Trustee shall prescribe.

The 2011 Series E Bonds that are Current Interest Bonds shall mature on December 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 December 1, 2011, at the rates per annum, as set forth below. in the following table:

Maturity Schedule
\$ _____ Current Interest Bonds

Maturity (December 1)	Principal Amount	Interest Rate
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The Current Interest Bonds maturing on December 1, 20__ are hereby designated as Term Bonds. All of the 2011 Series E Bonds that are Current Interest Bonds are hereby designated as Term Bonds.]

The 2011 Series E Bonds that are Capital Appreciation Bonds shall mature on December 1 in each of the years and in the respective principal amounts, and shall compound interest on each June 1 and December 1, commencing December 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 (December 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 E Bonds that are Convertible Capital Appreciation Bonds shall mature on December 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 June 1 and December 1, commencing December 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 (December 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 December 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 November 15, 2011 in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Current Interest Bond, interest thereon is in default, such Current Interest 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 (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 Request of the Owner of at least \$1,000,000 aggregate principal amount of 2011 Series E Bonds, which Request is on file with the Trustee as of any Record Date, interest on such Current Interest Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such Request

The Accreted Value of a Capital Appreciation Bond and a Convertible Capital appreciation Bonds prior to the Conversion Date shall be determined by compounding interest semiannually on June 1 and December 1 in each year, commencing December 1, 2011, from the date of the Closing Date, payable upon maturity or prior redemption thereof, all as contained in the Table of Accreted Values set forth on the form of such Capital Appreciation Bond or Convertible Capital Appreciation Bond.

The principal or maturity amount or Accreted Value, as applicable, of the 2011 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 2.03. Redemption of Bonds.

(a) Optional Redemption. The 2011 Series E Bonds that are Current Interest Bonds and the 2011 Series E Bonds that are Convertible Capital Appreciation Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to maturity. The 2011 Series E Bonds that are Current Interest Bonds maturing on and after December 1, 20__, are subject to redemption, at the option of the Agency on any date on or after December 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 Current Interest 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 E Bonds that are Capital Appreciation Bonds maturing on or before December 1, 202_, are not subject to optional redemption prior to maturity. The 2011 Series E Bonds that are Capital Appreciation Bonds maturing on and after December 1, 202_, are subject to redemption, at the option of the Agency on any June 1 or December 1 on or after December 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 2011 Series E Bonds that are Capital Appreciation Bonds to be redeemed, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Current Interest Bonds under this Section 2.03(a) at least 45 days prior to the date to be fixed for redemption or such later date as shall be permitted by the Trustee and the Agency shall deposit or cause to be deposited all amounts required for any redemption pursuant to this Section 2.03(a) at least one Business Day prior to the date fixed for such redemption.

(b) Mandatory Sinking Account Redemption of 2011 Series E Bonds. The 2011 Series E Bonds maturing on December 1, 20__, December 1, 20__ and December 1, 20__, shall also be subject to redemption in whole, or in part by lot, on December 1 in each of the years as set forth in the following tables, 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 pursuant to the succeeding paragraph of this subsection (b), 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 such 2011 Series E Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future Sinking Account payments pursuant to this subsection (b) with respect to such 2011 Series E Bonds shall be reduced by the aggregate principal amount of such 2011 Series E 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 (written notice of which determination shall be given by the Agency to the Trustee).

2011 Series E Term Bonds Maturing December 1, 20__

Sinking Account
Redemption Date
(December 1)

Principal Amount
To Be Redeemed

(maturity)

2011 Series E Term Bonds Maturing December 1, 20__

Sinking Account
Redemption Date
(December 1)

Principal Amount
To Be Redeemed

(maturity)

2011 Series E Term Bonds Maturing December 1, 20__

Sinking Account
Redemption Date
(December 1)

Principal Amount
To Be Redeemed

(maturity)

In lieu of redemption of the 2011 Series E Bonds pursuant to the preceding paragraph, amounts on deposit in the Special Fund (to the extent not required to be transferred by the Trustee pursuant to Section 4.03 during the current Bond Year) may also be used and withdrawn at the direction of the Agency at any time for the purchase of such 2011 Series E Bonds 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 2011 Series E 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 2011 Series E Bonds required to be redeemed pursuant to this subsection (b) on the next succeeding December 1.

(c) Notice of Redemption, Rescission. The Trustee on behalf and at the expense of the Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any 2011 Series E Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); *provided, however,* that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such 2011 Series E Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the 2011 Series E Bonds to be redeemed, shall state the individual number of each 2011 Series E Bond to be redeemed or state that all 2011 Series E Bonds between two stated numbers (both inclusive) or shall state that all of the 2011 Series E Bonds Outstanding of one or more maturities are to be redeemed, and shall require

that such 2011 Series E Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the 2011 Series E Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Agency shall have 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 2011 Series E Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this 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.

Upon the payment of the redemption price of 2011 Series E Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2011 Series E Bonds being redeemed with the proceeds of such check or other transfer.

(d) Partial Redemption of 2011 Series E Bonds. In the event only a portion of any 2011 Series E Bond is called for redemption, then upon surrender thereof the Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new 2011 Series E Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2011 Series E Bond to be redeemed.

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the 2011 Series E Bonds so called for redemption shall have been duly deposited with the Trustee, such 2011 Series E Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the 2011 Series E Bonds of a maturity, the Trustee shall select the 2011 Series E Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all 2011 Series E Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate 2011 Series E Bonds which may be separately redeemed.

SECTION 2.04. Form of 2011 Series E Bonds. The form of the 2011 Series E Bonds that are Current Interest Bond, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the forms set forth in Exhibit A hereto which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture. The form of the 2011 Series E Bonds that are Capital Appreciation Bond, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit B hereto which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture. The form of the 2011 Series E Bonds that are Convertible Capital Appreciation Bond, the form of Trustee's Certificate of Authentication,

and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit C hereto which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

SECTION 2.05. Execution, Authentication and Delivery of 2011 Series E Bonds.

The 2011 Series E Bonds shall be executed on behalf of the Agency by the signature of its Chairman, Executive Director, Deputy Executive Director or Fiscal Manager and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any 2011 Series E Bond ceases to be such officer before the Closing Date, such signature shall nevertheless be as effective as if the officer had remained in office until the Closing Date. Any 2011 Series E Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such 2011 Series E Bond shall be the proper officers of the Agency, duly authorized to execute debt instruments on behalf of the Agency, although on the date of such 2011 Series E Bond any such person shall not have been such officer of the Agency.

Only such of the 2011 Series E Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that such 2011 Series E Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary 2011 Series E Bonds are issued pursuant to Section 2.09 hereof, the temporary 2011 Series E Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary 2011 Series E Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive 2011 Series E Bonds authenticated and delivered hereunder.

SECTION 2.06. Transfer of 2011 Series E Bonds. Any 2011 Series E Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2011 Series E Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any 2011 Series E Bond shall not be permitted by the Trustee during the fifteen (15) day period preceding the selection of 2011 Series E Bonds for redemption or if such 2011 Series E Bond has been selected for redemption pursuant to Article IV. Whenever any 2011 Series E Bond or 2011 Series E Bonds shall be surrendered for transfer, the Board shall execute and the Trustee shall authenticate and shall deliver a new 2011 Series E Bond or 2011 Series E Bonds for a like aggregate principal amount and of like maturity. The Trustee may require the 2011 Series E Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing 2011 Series E Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Agency.

SECTION 2.07. Exchange of 2011 Series E Bonds. Any 2011 Series E Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2011 Series E Bonds of other authorized denominations and of like maturity. Exchange of any 2011 Series E Bond shall not be permitted during the fifteen (15) day period preceding the selection of 2011 Series E Bonds for redemption or if such 2011 Series E Bond has been selected for redemption pursuant to Article IV. The Trustee may require the 2011 Series E Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to

such exchange. The cost of printing 2011 Series E Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Agency.

SECTION 2.08. Registration Books. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the 2011 Series E Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, 2011 Series E Bonds as hereinbefore provided.

SECTION 2.09. Temporary Bonds. The 2011 Series E Bonds may be initially issued in temporary form exchangeable for definitive 2011 Series E Bonds when ready for delivery. The temporary 2011 Series E Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary 2011 Series E Bond shall be executed by the Agency upon the same conditions and in substantially the same manner as the definitive 2011 Series E Bonds. If the Agency issues temporary 2011 Series E Bonds it will execute and furnish definitive 2011 Series E Bonds without delay, and thereupon the temporary 2011 Series E Bonds shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary 2011 Series E Bonds an equal aggregate principal amount of definitive 2011 Series E Bonds of authorized denominations. Until so exchanged, the temporary 2011 Series E Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive 2011 Series E Bonds authenticated and delivered hereunder.

SECTION 2.10. 2011 Series E Bonds Mutilated, Lost, Destroyed or Stolen. If any 2011 Series E Bond shall become mutilated, the Agency, at the expense of the Owner of such 2011 Series E Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2011 Series E Bond of like tenor and series in exchange and substitution for the 2011 Series E Bond so mutilated, but only upon surrender to the Trustee of the 2011 Series E Bond so mutilated. Every mutilated 2011 Series E Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Agency. If any 2011 Series E Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory and indemnity satisfactory to the Trustee shall be given, the Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2011 Series E Bond of like tenor and series in lieu of and in substitution for the 2011 Series E Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new 2011 Series E Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any 2011 Series E Bond issued under the provisions of this Section in lieu of any 2011 Series E Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the 2011 Series E Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other 2011 Series E Bonds issued pursuant to this Indenture.

Notwithstanding any other provision of this Section 2.10, in lieu of delivering a new Bond for which principal has become due for a 2011 Series E Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such 2011 Series E Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

SECTION 2.11. Book Entry Form. (a) Original Delivery to DTC. The 2011 Series E Bonds shall be initially delivered to DTC in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the 2011 Series E Bonds. Upon initial delivery, the ownership of each such 2011 Series E Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding 2011 Series E Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to 2011 Series E Bonds the ownership of which shall be registered in the name of the Nominee, the Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Agency holds an interest in the 2011 Series E Bonds. Without limiting the generality of the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the 2011 Series E Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a 2011 Series E Bond Owner as shown in the Registration Books, of any notice with respect to the 2011 Series E Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the 2011 Series E Bonds to be redeemed in the event the Agency elects to redeem the 2011 Series E Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a 2011 Series E Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the 2011 Series E Bonds or (v) any consent given or other action taken by the Depository as Owner of the 2011 Series E Bonds. The Agency and the Trustee may treat and consider the person in whose name each 2011 Series E Bond is registered as the absolute owner of such 2011 Series E Bond for the purpose of payment of principal of and premium, if any, and interest on such 2011 Series E Bond, for the purpose of giving notices of redemption and other matters with respect to such 2011 Series E Bond, for the purpose of registering transfers of ownership of such 2011 Series E Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the 2011 Series E Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the 2011 Series E Bonds to the extent of the sum or sums so paid. No person other than a 2011 Series E Bond Owner shall receive a 2011 Series E Bond evidencing the obligation of the Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the 2011 Series E Bonds for the Depository's book-entry system, the Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the 2011 Series E Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Agency or the Trustee any obligation whatsoever with respect to persons having interests in the 2011 Series E Bonds other than the 2011 Series E Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution

and delivery of such letter, the Agency may take any other actions, not inconsistent with this Indenture, to qualify the 2011 Series E Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the 2011 Series E Bonds, or (ii) the Agency determines to terminate the Depository as such, then the Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Agency and the Trustee in the issuance of replacement 2011 Series E Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the 2011 Series E Bonds, and by surrendering the 2011 Series E Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement 2011 Series E Bonds are to be issued. The Depository, by accepting delivery of the 2011 Series E Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Agency fails to identify another Securities Depository to replace the Depository, then the 2011 Series E Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging 2011 Series E Bonds shall designate, in accordance with the provisions hereof.

In the event the Agency determines that it is in the best interests of the beneficial owners of the 2011 Series E Bonds that they be able to obtain certificated 2011 Series E Bonds, the Agency may notify the Depository System Participants of the availability of such certificated 2011 Series E Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange 2011 Series E Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Agency shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the 2011 Series E Bonds to any Depository System Participant having 2011 Series E Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such 2011 Series E Bonds, all at the Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any 2011 Series E Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such 2011 Series E Bond and all notices with respect to such 2011 Series E Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF 2011 SERIES E BONDS; ISSUANCE OF PARITY DEBT

SECTION 3.01. Issuance of 2011 Series E Bonds. Upon the execution and delivery of this Indenture, the Agency shall execute and deliver 2011 Series E Bonds in the aggregate principal amount of \$_____ to the Trustee and the Trustee shall authenticate and deliver the 2011 Series E Bonds to the Original Purchaser upon receipt of a Request of the Agency therefor.

SECTION 3.02. Deposit and Application of Proceeds. On the Closing Date, the proceeds of the 2011 Series E Bonds received from the Original Purchaser in the amount of \$_____ (being the initial aggregate principal amount of the 2011 Series E Bonds (\$_____), (i) less the underwriter's discount of the Original Purchaser in the amount of \$_____, and (ii) less net original issue discount on 2011 Series E Bonds in the amount of \$_____).

The proceeds of the 2011 Series E Bonds (being \$_____) shall be deposited in as follows:

- a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.
- (b) The Trustee shall deposit the amount of \$_____ in the 2011 Series E Subaccount of the Reserve Account created as set forth in Section 4.03, in order to satisfy the Reserve Requirement with respect to the 2011 Series E Bonds; and
- (c) The Trustee shall deposit the amount of \$_____, being the remainder of the proceeds of the 2011 Series E Bonds, in the Redevelopment Fund.

SECTION 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund", which shall be held by the Trustee in trust, and into which shall be deposited or credited the amounts provided for in Section 3.02(a). The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date, or upon the earlier Request of the Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be transferred by the Trustee for deposit in the Redevelopment Fund.

SECTION 3.04. Redevelopment Fund. There shall be established with respect to the Redevelopment Project a separate and segregated fund to be known as the "2011 Interstate 215 Corridor Redevelopment Project Area Redevelopment Fund" (the "Redevelopment Fund") which shall be held by the Trustee in trust and into which shall be deposited the amount required by Section 3.02(c). The moneys in the Redevelopment Fund shall be used in the manner provided by the Law and the Agency by-laws solely for the purpose of aiding in financing and refinancing of the Redevelopment Project, including, without limitation, the payment of any unpaid Costs of Issuance and interest on the 2011 Series E Bonds on or prior

to December 1, 2012. The Agency covenants that no funds on deposit in the Redevelopment Fund shall be applied for any purpose not authorized by the Law.

The Trustee shall disburse amounts on deposit in the Redevelopment Fund 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 Redevelopment Fund may be used to pay interest on the 2011 Series E Bonds on December 1, 2011. Not less than sixty (60) days prior to such date, the Trustee shall contact the Agency so that the Agency may inform the Trustee whether amounts on deposit in the Redevelopment Fund will be used to pay interest on the 2011 Series E Bonds on such Interest Payment Date.

SECTION 3.05. Issuance of Parity Debt. In addition to the 2011 Series E Bonds, the Agency may issue or incur additional Parity Debt in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any Parity Debt subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this Section:

(a) No Event of Default shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in this Indenture.

(b) The 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 the sum of (i) one hundred twenty-five percent 125% of Annual Debt Service (as defined in the Senior Indentures) on the Senior Bonds for each applicable succeeding Bond Year (as defined in the Senior Indentures), plus (ii) one hundred twenty-five percent (125%) of Annual Debt Service on the 2011 Series E Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year; provided that in determining the amount of Tax Revenues for any future Fiscal Year, (i) if any single property owner owns property within the Project Area with an assessed value totaling more than five percent (5%) of the total assessed value in the Project Area, the Agency shall disregard the assessed value in excess of five percent (5%) of the total assessed value in determining the Tax Revenues, and (ii) the Agency shall increase the Tax Revenues for future Fiscal Years by adding thereto amounts which at the time of calculation are payable by the Agency under the Development Agreements but which cease to be so payable for such future Fiscal Years. For purposes of this provision, the applicable Bond Year for the Senior Bonds and the applicable Bond Year for the 2011 Series E Bonds and Parity Debt shall always end in the same calendar year.

(c) The Agency shall deliver to the Trustee a Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth subsections (a) and (b) above have been satisfied.

(d) The Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement.

SECTION 3.06. Issuance of Subordinate Debt. The Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in this Indenture, all Parity Debt Instruments and the Senior Indentures;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations on the amount of Tax Revenues, then all Outstanding Bonds, Senior Bonds and Subordinate Debt coming due and payable following the issuance or incurrence of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted within the Plan Limitations.

(c) The Agency shall deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in this Section 3.06 have been satisfied.

SECTION 3.07. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY; FLOW OF FUNDS INVESTMENTS

SECTION 4.01. Pledge of Tax Revenues. Subject to the prior and senior pledge of and security interest in and lien on the Tax Revenues in favor of the Senior Bonds, the 2011 Series E Bonds and all Parity Debt shall be secured by a pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Special Fund. In addition, the 2011 Series E Bonds and all Parity Debt shall, subject to Section 8.02, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account, and the 2011 Series E Bonds shall also be secured by amounts on deposit in the 2011 Series E Subaccount of the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2011 Series E Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. Special Fund; Deposit of Tax Revenues. There is hereby established a special fund which is to be held by the Agency and which shall be known as the "Special Fund". Subject to the provisions of the Senior Indentures regarding the application of Tax Revenues, the Agency shall transfer all of the Tax Revenues received in any Bond Year to the Special Fund, and to the special funds established with respect to any additional Parity Debt, promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof, taking into account amounts, if any, transferred from the Redevelopment Fund upon the Request of the Agency to pay interest on the Bonds during such Bond Year. If the amount of Tax Revenues available in such Bond Year shall be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii) of this paragraph, then the Agency shall transfer such Tax Revenues for deposit pro rata based on the full amounts required to be so deposited.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the preceding paragraph of this Section 4.02 shall be released from the pledge, security interest and lien hereunder for the security of the Bonds and any Parity Debt and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 5.14. Prior to the payment in full of the principal of and interest

and redemption premium (if any) on the 2011 Series E Bonds and any Parity Debt and the payment in full of all other amounts payable hereunder, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture.

SECTION 4.03. Debt Service Fund; Transfer of Amounts to Trustee. There is hereby established a special trust fund to be known as the "Debt Service Fund", which shall be held by the Trustee hereunder in trust. Moneys in the Special Fund shall be transferred by the Agency to the Trustee and transferred by the Trustee in the following amounts, at the following times, and into the following respective special accounts within the Debt Service Fund, which accounts are hereby established, or continued, as applicable, with the Trustee to pay debt service on the 2011 Series E Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) Interest Account. On or before the fourth (4th) Business Day preceding each date on which interest on the 2011 Series E Bonds and any such Parity Debt becomes due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding 2011 Series E Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding 2011 Series E Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2011 Series E Bonds and any such Parity Debt as it shall become due and payable (including accrued interest on any 2011 Series E Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal or Accreted Value of the 2011 Series E Bonds and any such Parity Debt becomes due and payable at maturity, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal and Accreted Value coming due and payable on such date on the Outstanding 2011 Series E Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and Accreted Value of the 2011 Series E Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth (4th) Business Day preceding each December 1 on which any Outstanding 2011 Series E Term Bonds and any such Parity Debt issued as Term Bonds become subject to mandatory redemption, or otherwise for purchases of 2011 Series E Term Bonds and any such Parity Debt issued as Term Bonds, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount and Accreted Value of the 2011 Series E Term Bonds and any such Parity Debt issued as Term Bonds required to be redeemed on such December 1. All moneys on deposit in the

Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal and Accreted Value of the 2011 Series E Term Bonds and any such Parity Debt issued as Term Bonds as it shall become due and payable upon redemption or purchase.

(d) Reserve Account. Amounts on deposit in the 2011 Series E Subaccount of the Reserve Account, which subaccount and account are hereby established and which is to be held by the Trustee, shall be available to pay debt service only on the 2011 Series E Bonds and any other Parity Debt hereafter issued that the Agency elects to be secured by the 2011 Series E Subaccount of the Reserve Account. In the event that the Agency elects to secure additional Parity Debt with the 2011 Series E Subaccount of the Reserve Account, the Agency shall establish subaccounts within the Reserve Account as needed.

In the event that the amount on deposit in the Reserve Account at any time 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 sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the applicable Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Request of the Agency, to the Agency to be applied in accordance with the Redevelopment Law to provide financing for the Redevelopment Project.

The Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, 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 2011 Series E Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount

permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency to be applied in accordance with the Redevelopment Law to provide financing for the Redevelopment Project. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Agency in writing to the Trustee. Additionally, the Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

(e) Redemption Account. On or before the Business Day preceding any date on which 2011 Series E Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument are subject to redemption, other than mandatory Sinking Account redemption of 2011 Series E Term Bonds or such Parity Debt, the Agency shall transfer the amounts required to pay the principal of and premium, if any, on the 2011 Series E Bonds or such Parity Debt to be so redeemed on such redemption date to the Trustee. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Agency designated by the Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2011 Series E Bonds or such Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of 2011 Series E Term Bonds or such Parity Debt. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such 2011 Series E Bonds or such Parity Debt, the Trustee may, at the direction of the Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of 2011 Series E Bonds or such Parity Debt at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on 2011 Series E Bonds or such Parity Debt, which is payable from the Interest Account) as shall be directed by the Agency.

ARTICLE V

OTHER COVENANTS OF THE AGENCY

SECTION 5.01. Punctual Payment. The Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of this Indenture. The Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures. Nothing herein contained shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

SECTION 5.02. 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 hereof, failure of the Agency to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however,* that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the 2011 Series E 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 5.02.

SECTION 5.03. Limitation on Additional Indebtedness. The Agency hereby covenants that so long as any of the Bonds remain Outstanding, the Agency shall not issue any bonds, notes or other obligations excepting only (i) refunding bonds with respect to the Senior Bonds (and any refunding of such refunding bonds) which do not result in an increase in Annual Debt Service under the Senior Indentures in any Bond Year (as such terms are defined in the Senior Indenture), (ii) Parity Debt, and (iii) Subordinate Debt. The Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

SECTION 5.04. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Agency to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

SECTION 5.05. Payment of Claims. The Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Bonds. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

SECTION 5.06. Books and Accounts; Financial Statements. The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Bond Obligation, or their representatives authorized in writing.

The Agency will cause to be prepared and delivered to the Trustee annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Special Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. In accordance with Section 6.03(e), the Trustee shall not be responsible for reviewing such financial statements. The Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner.

SECTION 5.07. Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of the Bonds, the Bonds shall be incontestable by the Agency.

SECTION 5.08. Payments of Taxes and Other Charges. The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

SECTION 5.09. Disposition of Property; Annexation. (a) The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Agency shall not approve the proposed disposition.

(b) In the event of an annexation of all or any portion of the Project Area or sub-area thereof by a city, all of the Tax Revenues derived from such portion of the Project Area or sub-area will remain pledged to the payment of debt service on the Bonds and paid to the Agency, and such city shall not be entitled to issue or incur any debt or other obligation payable from tax increment or to receive tax increment revenue until all of the Bonds are discharged in full.

SECTION 5.10. Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Agency shall not enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the Bonds. The Agency shall not undertake proceedings for amendment of the Redevelopment Plan if such amendment shall result in payments to one of more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless the Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Agency's ability to pay the Bonds and all Parity Debt. Nothing herein is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Bonds and all Parity Debt.

SECTION 5.11. Tax Covenants Relating to the 2011 Series E Bonds.

(a) Private Activity Bond Limitation. The Agency shall assure that the proceeds of the 2011 Series E Bonds are not so used as to cause the 2011 Series E 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.

(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 E Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(c) 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 E Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the 2011 Series E Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(d) Maintenance of Tax-Exemption. The Agency shall take all actions necessary to assure the exclusion of interest on the 2011 Series E Bonds from the gross income of the Owners of the 2011 Series E Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Bonds pursuant to Section 9.03.

(e) 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 E Bonds.

[(f) Hedge Bonds. All proceeds of the 2011 Series E Bonds, other than proceeds of the 2011 Series E Bonds deposited into the Debt Service Fund and the 2011 Series E Subaccount of the Reserve Account, will be invested in obligations the interest on which is not includible in gross income for federal income tax purposes under section 103 of the Code and which are not "specified private activity bonds" as defined in Section 57(a)(5)(C) of the Code.]

The Trustee shall have no duty to monitor the compliance by the Agency with any of the covenants contained in this Section 5.11.

SECTION 5.12. Plan Limitations; Annual Review of Tax Revenues. The Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the Senior Bonds, the 2011 Series E Bonds, any Parity Debt and any Subordinate Debt when due.

Additionally, the Agency hereby covenants that it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, payments on any obligations of the Agency payable from tax increment revenues that are senior to the Bonds, and payments on obligations that are subordinate to the Bonds. If, based on such review, the allocation of tax increment revenues to the Agency in any of the next three succeeding Fiscal Years will (a) cause an amount equal to ninety-five (95%) of the amount remaining under the Plan Limitations to fall below the sum of (i) remaining cumulative Annual Debt Service, (ii) payments on obligations of the Agency payable from tax increment revenues that are senior to the Bonds, and (iii) payments on obligations that are subordinate to the Bonds or (b) cause the tax increment cap in a sub-area of the Project Area to meet its cap, the Agency shall adopt a plan approved by an Independent Redevelopment Consultant that demonstrates the Agency's continuing ability to pay debt service on the Bonds and Parity Debt. Such plan may include, among other actions, defeasing or redeeming the Bonds, Parity Debt or Senior Bonds or reducing the amount of tax increment being claimed from one or more sub areas within the Project Area. In the event that the Agency determines to defease or redeem Bonds, Parity Debt or Senior Bonds, such defeasance shall be accomplished as provided in Section 9.03 hereof. Further, in the event the Agency elects to defease or redeem Bonds, Parity Debt or Senior Bonds, the Agency shall first notify Moody's and S&P, and such defeasance or redemption shall occur only if the Agency receives confirmation from Moody's and S&P that such defeasance or redemption will not, in and of itself, cause Moody's or S&P to lower the underlying rating then in effect with respect to the Bonds, Parity Debt and Senior Bonds. The Agency shall provide a copy of such plan to Moody's and S&P.

The Trustee shall not be responsible for monitoring or enforcing the requirements of this Section 5.12.

SECTION 5.13. Compliance with the Law; Low and Moderate Income Housing Fund. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law, including, without limitation, duly noticing and holding any public hearing required by either Section 33445 or Section 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Redevelopment Project. Without limiting the generality of the foregoing, the Agency covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Law, all amounts when, as and if required to be deposited therein pursuant to the Law.

SECTION 5.14. Management and Operations of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Redevelopment Project, in a sound and businesslike manner, and will keep such properties insured at all times in conformity with sound business practice.

SECTION 5.15. 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 this Indenture, and for the better assuring and confirming unto the Owners the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(b) The Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of Bond Obligation (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days' written notice of such removal by the Agency to the Trustee, whereupon the Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any

property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to S&P and Moody's, and to the Owners at the addresses shown on the Registration Books. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall (i) be a company or bank having trust powers, (ii), shall have an office in the State of California or such other state as shall be acceptable to the Agency, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and (iv) be subject to supervision or examination by federal or state authority. If such bank or company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall promptly resign in the manner and with the effect specified in subsection (c) of this Section.

SECTION 6.02. Merger or Consolidation. Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of any offering memorandum, this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of Bond Obligation. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Agency.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Agency, accompanied by an opinion of Bond Counsel, or in accordance with direction of the Owners of not less than a majority in aggregate principal amount of Bond Obligation relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or the Trustee shall have received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds issued hereunder, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Agency's payment of principal and interest on the Bonds issued hereunder, the observance or performance by the Agency of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.06 and may rely conclusively on the Certificate of the Agency accompanying such financial statements to establish the Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) No provision in this Indenture shall require the Trustee to risk, expend, or advance its own funds or otherwise incur any financial liability hereunder. However, if the Trustee elects to advance funds it, shall be entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(g) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(h) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds issued hereunder.

(i) Before taking any action under Article VIII or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(k) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(l) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

SECTION 6.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Fiscal Consultant appointed by the Agency.

SECTION 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Agency and any Owner, and their agents and representatives duly authorized in writing.

SECTION 6.06. Compensation and Indemnification. The Agency shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents affiliates and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents affiliates or employees. The obligations of the Agency under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

SECTION 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Redevelopment Fund, the Debt Service Fund, the Interest Account, the Principal Account, the

Sinking Account, the 2011 Series E Subaccount of the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Agency in the Request of the Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments, except that moneys in the 2011 Series E Subaccount of the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (g) of the definition thereof. In the absence of any such Request of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder, provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Agency specifying a specific money market fund and, if no such Request of the Agency is so received, the Trustee shall hold such moneys uninvested. Moneys in the Special Fund may be invested only in Permitted Investments which are also obligations in which the Agency is authorized to invest its own funds (and earnings on such moneys shall be retained in such Fund).

The Trustee shall be entitled to rely conclusively upon the written instructions of the Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the list of Permitted Investments which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Agency's expense. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder (other than the Reserve Account and the Redevelopment Fund) shall be deposited in the Interest Account; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. Interest or gain derived from the investments of amounts in the Redevelopment Fund shall be retained therein. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Agency or otherwise made in accordance with this Section.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Agency periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; provided that the Trustee shall furnish the Agency, as soon as practicable after the receipt thereof, all statements received by the Trustee with respect to any investment agreement, guaranteed investment contract or similar instrument.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall

be liable only to account to the Agency for earnings derived from funds that have been invested.

The Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the 2011 Series E Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Account shall be valued by the Agency at their present value (within the meaning of section 148 of the Code).

SECTION 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds issued hereunder and all funds and accounts established and held by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

SECTION 6.09. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-Trustee. The following provisions of this Section 6.08 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-Trustee but only to the extent necessary to enable such separate or co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them, provided that in the event of any conflict, the Co-Trustee shall defer to the Trustee.

Should any instrument in writing from the Agency be required by the separate Trustee or co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any

separate Trustee or co-Trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or co-Trustee.

The Trustee may perform any of its obligations or duties hereunder and under any related documents through agents or attorneys and shall not be responsible for the acts of any such agents or attorneys appointed by it with due care.

SECTION 6.10. No Liability for Agency Performance. The Trustee shall have no liability or obligation to the Owners of the Bonds with respect to the payment of debt service by the Agency or with respect to the observance or performance by the Agency of the other conditions, covenants, and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held, or maintained by the Agency pursuant to this Indenture.

SECTION 6.11. Other Transactions with Agency. The Trustee, either as principal or agent, may engaged in or be interested in any financial or other transaction with the Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. Authorized Amendments. This Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Agency contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Agency provided such addition, limit, or surrender shall not materially adversely effect the interest of the Owners as determined by the Agency and certified to the Trustee; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to Section 3.05, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.05; or

(d) to amend any provision hereof to assure the exclusion from gross income of interest on the 2011 Series E Bonds or any other Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Agency and the Trustee; or

(e) to comply with the requirements of the provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of Bond Obligation are delivered to the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond issued hereunder, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

SECTION 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be

deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Agency, as to such amendment or modification and in that case upon demand of the Agency the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Agency the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

SECTION 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

SECTION 7.05. Trustee's Reliance. The Trustee may conclusively rely, and shall be protected in relying, upon an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

SECTION 7.06. Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the 2011 Series E Bonds or on any other Bonds, as applicable, from gross income for federal income tax purposes or adversely affect the exemption of interest on the 2011 Series E Bonds or on any other Bonds, as applicable, from personal income taxation by the State.

SECTION 7.07. Effect on Owners. Notwithstanding any other provision of this Indenture, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on Owners as if there were no Insurance Policy.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. Events of Default and Acceleration of Maturities. Each of the following events shall constitute an Event of Default hereunder:

(a) Failure to pay any installment of the principal or Accreted Value of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Agency to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Agency by the Trustee; *provided, however,* if in the reasonable opinion of the Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30) day period and the Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of Bond Obligation, the Trustee shall, (a) declare the principal and Accreted Value of the 2011 Series E Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the 2011 Series E Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, *ex parte*, and without notice, and the Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under this Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal and Accreted Value of the 2011 Series E Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the 2011 Series E Bonds, which shall include the statement that interest on the 2011 Series E Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the 2011 Series E Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the 2011 Series E Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the 2011 Series E Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the 2011 Series E Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the 2011 Series E Bonds, with interest on such overdue installments of principal, Accreted Value and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding 2011 Series E Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal and Accreted Value of and interest on the 2011 Series E Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of Bond Obligation, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the 2011 Series E Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the 2011 Series E Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law; and

(b) To the payment of the whole amount then owing and unpaid upon the 2011 Series E Bonds for interest, principal and Accreted Value, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding 2011 Series E Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2011 Series E

Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate amount of Bond Obligation, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the 2011 Series E Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of Bond Obligation opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in Section 8.01.

SECTION 8.04. Limitation on Owners' Right to Sue. No Owner of any 2011 Series E Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate amount of Bond Obligation shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding 2011 Series E Bonds.

The right of any Owner of 2011 Series E Bond to receive payment of the principal of and premium, if any, and interest on such 2011 Series E Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.05. Non-waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the 2011 Series E Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the 2011 Series E Bonds to the respective Owners when due and payable as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the 2011 Series E Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee and Owners by the Redevelopment Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, Agency, or Owners, the Agency, Trustee, and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the 2011 Series E Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI.

SECTION 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Owners, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. Defeasance of Bonds. If the Agency shall pay and discharge the entire indebtedness on any Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (A) the obligations of the Agency under Section 5.11, (B) the obligation of the Trustee to transfer and exchange Bonds hereunder, (C) the obligation of the Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (D) the obligations of the Agency to compensate and indemnify the Trustee pursuant to

Section 6.06. Notice of such election shall be filed with the Trustee. In the event the Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Agency.

SECTION 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Agency or the Trustee in good faith and in accordance therewith.

SECTION 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Agency (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided however* that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Agency unless the Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is the owner or is holding for the account of the Agency.

SECTION 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, upon receipt by the Trustee of the Request of the Agency a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

IN WITNESS WHEREOF, the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE has caused this Indenture to be signed in its name by its Deputy Executive Director and attested to 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 Indenture 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 _____
Deputy Executive Director

ATTEST:

Secretary

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

By _____
Authorized Officer

amount of Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America 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 Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E" (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, interest rates or redemption provisions) and all issued pursuant to the provisions of the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") and pursuant to an Indenture of Trust, dated as of March 1, 2011, by and between the Agency and the Trustee (the "Indenture"). The Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. The Bonds are issued in the form of current interest bonds, capital appreciation bonds and convertible capital appreciation bonds. This Bond is a current interest bond. Reference is hereby made to the Indenture (copies of which are on file at the office of the Agency) 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 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 finance redevelopment activities of the Agency. 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 Tax Revenues derived by the Agency from the Interstate 215 Corridor Redevelopment Project Area in the County of Riverside, California (the "Project Area"), a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, but subject to the provisions of the Senior Indentures (as defined in the Indenture) with respect to the application of Tax Revenues, the Tax Revenues are exclusively and 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 and premium (if any) on the Bonds and any such parity obligations. The Bonds are secured by a pledge on, security interest in and lien on the Tax Revenues which is subordinate to the pledge, security interest and lien on the Tax Revenues in favor of the Senior Bonds and certain outstanding obligations of the Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of 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, other than the Agency, and neither said County, said State, nor 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 Tax Revenues.

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 the redemption price thereof or in the rate of

interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of Bond Obligation required to effect any such modification or amendment.

The Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to maturity. The Bonds maturing on and after December 1, 20__, are subject to redemption, at the option of the Agency on any date on or after December 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 the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on December 1, 20__, December 1, 20__, and December 1, 20__ are subject to mandatory sinking account redemption in part by lot, on December 1 in each of the years thereafter as set forth in the following tables, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; *provided, however*, that if some but not all of such Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

Bonds Maturing December 1, 20__

Sinking Account Redemption Date (December 1)	Principal Amount To be Redeemed or Purchased
--	--

(maturity)

Term Bonds Maturing December 1, 20__

Sinking Account Redemption Date (December 1)	Principal Amount To Be Redeemed
--	------------------------------------

(maturity)

Term Bonds Maturing December 1, 20__

Sinking Account
Redemption Date
(December 1)

Principal Amount
To Be Redeemed

(maturity)

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

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 this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

In lieu of redemption of Bonds amounts on deposit in the Special Fund (as defined in the Indenture) may be withdrawn and used at the direction of the Agency at any time to purchase such Bonds at public or private sale 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 such Bonds so purchased by the Agency in any twelve-month period ending on August 1 will be credited toward, and will reduce the par amount of, Bonds required to be redeemed pursuant to the Indenture on the next succeeding December 1 of such year.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Bonds may 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 is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California or such other place as 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 Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as 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 _____ and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____

ATTEST:

By: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated: _____

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

By: _____
Authorized Signatory

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 books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee 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(s) 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 CAPITAL APPRECIATION 2011 SERIES E BOND

No. _____

\$ _____
Maturity Amount

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
2011 SECOND LIEN TAX ALLOCATION BONDS, SERIES E**

MATURITY DATE:
December 1, 20__

DATED DATE:

CUSIP:

REGISTERED OWNER: CEDE & CO.

MATURITY AMOUNT: DOLLARS

INITIAL PRINCIPAL AMOUNT 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 June 1 and December 1 of each year, commencing December 1, 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, 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 "Redevelopment Agency for the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E" (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 series, numbers, maturities, interest rates, or redemption and

other provisions) and all issued pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law"), and pursuant to an Indenture of Trust, dated as of March 1, 2011, entered into by and between the Agency and the Trustee (the "Indenture"), providing for the issuance of the Bonds. The Bonds are issued in the form of current interest bonds, capital appreciation bonds and convertible capital appreciation bonds. This Bond is a capital appreciation bond. Additional bonds, or other obligations may be issued 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 Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered 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 Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Agency to finance redevelopment activities of the Agency. 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 Tax Revenues derived by the Agency from the Interstate 215 Corridor Redevelopment Project Area in the County of Riverside, California (the "Project Area"), a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, but subject to the provisions of the Senior Indentures (as defined in the Indenture) with respect to the application of Tax Revenues, the Tax Revenues are exclusively and 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 and premium (if any) on the Bonds and any such parity obligations. The Bonds are secured by a pledge on, security interest in and lien on the Tax Revenues which is subordinate to the pledge, security interest and lien on the Tax Revenues in favor of the Senior Bonds and certain outstanding obligations of the Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of 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, other than the Agency, and neither said County, said State, nor 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 Tax Revenues.

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 the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Bonds that are capital appreciation bonds maturing on or before December 1, 202_, are not subject to optional redemption prior to maturity. The Bonds that are capital appreciation bonds maturing on and after December 1, 202_, are subject to redemption, at the option of the Agency on any June 1 or December 1 on or after December 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 Bonds that are capital appreciation bonds to be redeemed, without premium.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Bonds may 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 is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California or such other place as 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 Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as 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 _____ and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

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

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____	Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.)	(Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act	_____
COMM PROP --	as community property		(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Bond registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) 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 CONVERTIBLE CAPITAL APPRECIATION 2011 SERIES E BOND

No. _____

\$ _____
Conversion Amount

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA
2011 SECOND LIEN TAX ALLOCATION BONDS, SERIES E**

MATURITY DATE:
December 1, 20__

DATED DATE:

CUSIP:

REGISTERED OWNER: CEDE & CO.

MATURITY AMOUNT: DOLLARS

INITIAL PRINCIPAL AMOUNT 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 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 June 1 and December 1 of each year, commencing December 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 June 1 and December 1 in each year, commencing December 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 "Redevelopment Agency for the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds, Series E" (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 series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law"), and pursuant to an Indenture of Trust, dated as of March 1, 2011, entered into by and between the Agency and the Trustee (the "Indenture"), providing for the issuance of the Bonds. The Bonds are issued in the form of current interest bonds, capital appreciation bonds and convertible capital appreciation bonds. This Bond is a capital appreciation bond. Additional bonds, or other obligations may be issued 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 Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered 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 Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Agency to finance redevelopment activities of the Agency. 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 Tax Revenues derived by the Agency from the Interstate 215 Corridor Redevelopment Project Area in the County of Riverside, California (the "Project Area"), a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, but subject to the provisions of the Senior Indentures (as defined in the Indenture) with respect to the application of Tax Revenues, the Tax Revenues are exclusively and 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 and premium (if any) on the Bonds and any such parity obligations. The Bonds are secured by a pledge on, security interest in and lien on the Tax Revenues which is subordinate to the pledge, security interest and lien on the Tax Revenues in favor of the Senior Bonds and certain outstanding obligations of the Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of 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, other than the Agency, and neither said County, said State, nor 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 Tax Revenues.

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 the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Bonds that are convertible capital appreciation bonds maturing on or before December 1, 202_, are not subject to optional redemption prior to maturity. The Bonds that are capital appreciation bonds maturing on and after December 1, 202_, are subject to redemption, at the option of the Agency on any June 1 or December 1 on or after December 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/Conversion Value] of the Bonds that are capital appreciation bonds to be redeemed, without premium.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Bonds may 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 is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California or such other place as 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 Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized

representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as 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 _____ and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE

By: _____

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

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

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____	Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.)	(Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act	_____
COMM PROP --	as community property		(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Bond registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) 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 REDEVELOPMENT FUND DISBURSEMENT REQUEST

DISBURSEMENT REQUEST NO.: _____

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

Re: \$ _____ Redevelopment Agency For the County of Riverside Interstate
215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation
Bonds, Series E

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of March 1, 2011 (the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the Redevelopment Fund for costs of the Redevelopment Project (as defined in the Indenture) pursuant to Section 3.04 of the Indenture, including the payment of interest on the 2011 Series E Bonds on or prior to December 1, 2012.

You are hereby requested to pay from the Redevelopment Fund 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 to the Redevelopment Project and the payment requested herein is due and payable under a purchase order, contract or other authorization.

Dated: _____, 201_

REDEVELOPMENT AGENCY FOR
THE COUNTY OF RIVERSIDE

By: _____

Schedule A

<u>Payee</u> <u>(include address)</u>	<u>Description</u> <u>of Costs</u>	<u>Amount</u>
--	---------------------------------------	---------------