

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

638



FROM: Executive Office

SUBMITTAL DATE:
July 19, 2012

SUBJECT: Refunding of the County of Riverside Assessment District No. 168 (Rivercrest) Limited Obligation Improvement Bonds (the "AD 168 Bonds") (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors approve (1) Resolution No. 2012-175 Intention to issue refunding bonds and to levy reassessments as security; (2) Resolution No. 2012-178 (a) Approving and confirming the Reassessment Report, (b) Confirming and Levying the reassessments contained therein; (3) Resolution No. 2012-179 (a) Authorizing the issuance of Not-to-Exceed \$2,500,000 aggregate principal amount and (b) Authorizing the execution and delivery of the documents associated with the refunding of the County of Riverside Assessment District No. 168 (Rivercrest) Limited Obligation Improvement Bonds (the "AD 168 Bonds") to provide savings without extending the maturity of the bonds.

BACKGROUND: Assessment District No. 168 (Rivercrest) was formed on January 23, 2001, to fund public facilities within the district. On the same date, a property owner election was held, authorizing the levy of assessments.

Continued on page 2

Lan Sison
Lan Sison, Senior Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 150,000	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	No
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	2012/2013

SOURCE OF FUNDS: Bond Proceeds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Christopher M. Hans*
County Executive Office Signature Christopher M. Hans

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: July 31, 2012
xc: E.O.

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

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

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.6

FORM APPROVED COUNTY COUNSEL
BY: *Dale A. Gardner* 7/19/12 DATE
DALE A. GARDNER
Departmental Concurrence

Consent Policy
 Consent Policy

Dep't Recomm.:
 Per Exec. Ofc.:

Refunding of AD 168 (Rivercrest)

July 19, 2012

Page 2

BACKGROUND Continued: On August 2, 2001, bonds in the amount of \$3,620,000 were issued, with interest rates ranging from 4.10% to 6.70% and final maturity of September 2, 2026. The par amount of the AD 168 Bonds currently outstanding is \$2,495,000.

Current market conditions allow for a full refunding of the AD 168 Bonds through the issuance of County of Riverside Assessment District No. 168 (Rivercrest) Limited Obligation Improvement Refunding Bonds, Series 2012. This can provide the property owners in the assessment district with a total of at least \$290,000 in present value savings or 11% of the refunded par. This exceeds the Board Policy B-24 requirement of at least 3% net present value savings. In addition, this refunding will not extend the maturity date per that policy.

If approved, staff recommends issuing approximately \$2.0 million in fixed interest rate bonds. The savings will average about \$90,000 annually through the life of the bonds. The average annual debt service is anticipated to be about \$175,000.

The agreement for Bond Counsel Services provides the scope of services that are to be performed by counsel in order to assist the County with the issuance of the refunding bonds. Bond Counsel fees will be paid through the cost of issuance for the district after the bonds are sold and at the time of closing of the refunding when monies are disbursed.

The proposed sale and issuance of the Series 2012 Bonds has been reviewed and approved by the County's Debt Advisory Committee.

RESOLUTION NO. 2012-175

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF RIVERSIDE OF INTENTION TO ISSUE
REFUNDING BONDS AND TO LEVY REASSESSMENTS
AS SECURITY THEREFOR**

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside (the "County") previously formed Assessment District No. 168 (Rivercrest) (the "Prior District") pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code), for the purpose of financing certain public improvements (the "Improvements");

WHEREAS, in order to provide funds to finance the Improvements, the County previously issued its Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Prior Bonds"), in an aggregate principal amount of \$3,620,000, payable from the special assessments levied within the Prior District, pursuant to the Improvement Bond Act of 1915 (being Division 10 of the California Streets and Highways Code) (the "Bond Law");

WHEREAS, certain savings and efficiencies may be obtained by refunding the Prior Bonds ;

WHEREAS, the County is authorized by the Refunding Act of 1984 for 1915 Improvement Act Bonds (being Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") to issue refunding bonds for the purpose of refunding the Prior Bonds and to provide for the levy and collection of reassessments as security for such refunding bonds;

WHEREAS, County desires to refund the Prior Bonds; and

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the County desires to provide for the issuance, pursuant to the Refunding Act, of the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds");

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, in regular session assembled on July 31, 2012, does hereby resolve, find, determine and order as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The Board of Supervisors hereby determines that the public interest requires the refunding of the Prior Bonds and the Board of Supervisors hereby declares its intention to refund the Prior Bonds and to levy reassessments in and for the proposed Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "District") as security for the Bonds, which are proposed to be issued to refund the Prior Bonds.

FORM APPROVED COUNTY COUNSEL
BY DALE A. GARDNER DATE 7/31/12

Section 3. The proceedings for the issuance of the Bonds and the levy and collection of reassessments as security for the payment of the Bonds shall be conducted pursuant to the Refunding Act.

Section 4. The Board of Supervisors declares that it elects to establish a special reserve fund for the Bonds pursuant to Part 16 (commencing with Section 8880) of Division 10 of the California Streets and Highways Code and, therefore, the amount of such special reserve fund shall be included in the contemplated reassessment.

Section 5. Albert A. Webb Associates, a qualified person retained by the County pursuant to Section 9506 of the Refunding Act, is hereby directed to prepare and file with the Clerk of the Board of Supervisors (the "Clerk of the Board") a report in writing, containing the following:

(a) A schedule setting forth the unpaid principal and interest on the Prior Bonds to be refunded and the total amounts thereof;

(b) The total estimated principal amount of the reassessment and of the Bonds and the maximum interest rate thereon, together with an estimate of cost of the reassessment and of issuing the Bonds, including all costs of issuing the Bonds, as defined by subdivision (a) of Section 9600 of the Refunding Act;

(c) The auditor's record kept pursuant to Section 8682 of the California Streets and Highways Code showing the schedule of principal installments and interest on all unpaid original assessments for the Prior Bonds and the total amounts thereof;

(d) The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed auditor's record for the reassessment prepared in the manner described in said Section 8682 of the California Streets and Highways Code; and

(e) A reassessment diagram showing the District and the boundaries and dimensions of the subdivisions of land within the District. Each subdivision, including each separate condominium interest as defined in Section 783 of the California Civil Code, shall be given a separate number upon the diagram.

Section 6. When the report provided for in Section 5 hereof is filed with the Clerk of the Board, the Clerk of the Board is directed to present said report to the Board of Supervisors for consideration, pursuant to Sections 9524 and 9525 of the Refunding Act.

Section 7. Notice is hereby given that the Bonds, representing the unpaid reassessments, in the form of serial and/or term bonds and bearing interest at rates not to exceed the maximum rate then permitted by applicable law, will be issued in these proceedings in the manner provided by the Refunding Act and the Bond Law, including Part 6.5 thereof, the last installment of which Bonds shall be no later than September 2, 2026. Pursuant to Section 8650.1 of the Bond Law, the Board of Supervisors hereby determines that the principal amount of the Bonds maturing or becoming subject to mandatory prior redemption each year may be other than an amount equal to an even annual proportion of the aggregate principal of the Bonds. Under the Bond Law, the

County will not obligate itself to advance available funds from the treasury of the County to cure any deficiency in the redemption fund to be created with respect to the Bonds; provided, however, that a determination not to obligate itself shall not prevent the County from, in its sole discretion, so advancing the funds.

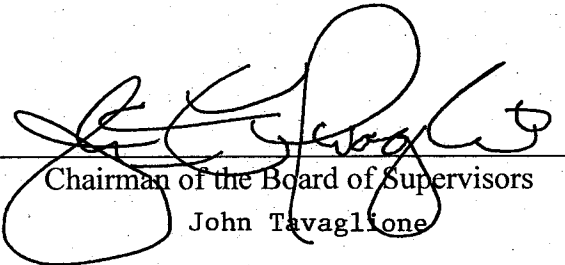
Section 8. The provisions of Part 11.1 of Division 10 of the California Streets and Highways Code, providing for an alternative procedure for the advance payment of reassessments and the calling of bonds, shall apply to the Bonds issued under these proceedings.

Section 9. Reference is hereby made to proceedings heretofore had under Division 4 of the California Streets and Highways Code for the Prior Bonds, which are on file in the records of the County.

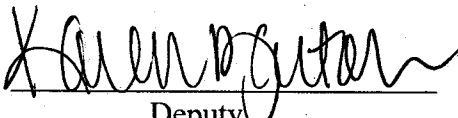
Section 10. The officers of the County are, and each of them is, hereby authorized and directed to do any and all things, and to execute and deliver any and all documents which said officers may deem necessary or advisable in order to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 11. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 31st day of July, 2012, by the Board of Supervisors of the County of Riverside.


Chairman of the Board of Supervisors
John Tavaglione

ATTEST:
Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

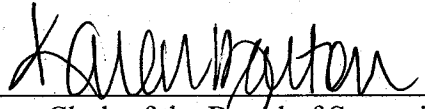
I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, do hereby certify that the foregoing Resolution No. 2012-175 was duly adopted by the Board of Supervisors of said County at a meeting of said Board held on the 31st day of July, 2012, and that it was so adopted by the following vote:

AYES: Buster, Tavaglione, Stone, Benoit and Ashley

NOES: None

ABSTAIN: None

ABSENT: None


_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside

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

KECIA HARPER-IHEM, Clerk of said Board

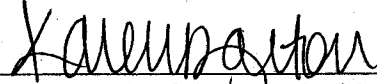
By: _____
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

ss.

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2012-175 of the Board of Supervisors of said County, and that the same has not been amended or repealed.

Dated: July 31, 2012


_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside

RESOLUTION NO. 2012-178

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING AND CONFIRMING THE REASSESSMENT REPORT FOR REASSESSMENT DISTRICT NO. 168 (RIVERCREST) OF THE COUNTY OF RIVERSIDE, CONFIRMING AND LEVYING THE REASSESSMENTS CONTAINED THEREIN AND DIRECTING ACTIONS WITH RESPECT THERETO

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside (the "County") previously formed Assessment District No. 168 (Rivercrest) (the "Prior District") pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code), for the purpose of financing certain public improvements (the "Improvements");

WHEREAS, in order to provide funds to finance the Improvements, the County previously issued its Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Prior Bonds"), in an aggregate principal amount of \$3,620,000, payable from the special assessments levied within the Prior District, pursuant to the Improvement Bond Act of 1915 (being Division 10 of the California Streets and Highways Code);

WHEREAS, certain savings and efficiencies may be obtained by refunding the Prior Bonds;

WHEREAS, the County is authorized by the Refunding Act of 1984 for 1915 Improvement Act Bonds (being Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") to issue refunding bonds for the purpose of refunding the Prior Bonds and to provide for the levy and collection of reassessments as security for such refunding bonds;

WHEREAS, the County has determined that it would be advantageous to refund the Prior Bonds;

WHEREAS, the Board of Supervisors, by a Resolution entitled "A Resolution of the Board of Supervisors of the County of Riverside of Intention To Issue Refunding Bonds and To Levy Reassessments As Security Therefor," adopted on this date (the "Resolution of Intention"), resolved its intention to refund the Prior Bonds and to levy reassessments in and for the proposed Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "District") as security for the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds") proposed to be issued to refund the Prior Bonds;

WHEREAS, the Board of Supervisors, in the Resolution of Intention, directed the preparation of a report in writing containing the matters specified in Section 9523 of the Refunding Act (the "Report") and the filing of the Report with the Clerk of the Board of Supervisors (the "Clerk of the Board"); and

FORM APPROVED COUNTY COUNSEL
BY Dale A. Gardner 7/17/12
DALE A. GARDNER DATE

WHEREAS, the Report was so prepared and filed and the Clerk of the Board has presented the Report to the Board of Supervisors for consideration;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, in regular session assembled on July 31, 2012, does hereby resolve, find, determine and order as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. Pursuant to Section 9525 of the Refunding Act, and based upon the Report, the Board of Supervisors hereby finds and determines that all of the following conditions are satisfied:

(a) Each of the estimated annual installments of principal and interest on the reassessment (other than amounts added to such annual installments due to delinquencies in the payment of the reassessments for the Prior Bonds), as set forth in the Report pursuant to subdivision (d) of Section 9523 of the Refunding Act, is less than the corresponding annual installment of principal and interest on the original assessment being superseded and supplanted, as set forth in the Report pursuant to subdivision (c) of Section 9523 of the Refunding Act, by the same percentage for all subdivisions of land with the District;

(b) The number of years to maturity of all Bonds proposed to be issued is not more than the number of years to the last maturity of the Prior Bonds; and

(c) The principal amount of the reassessment on each subdivision of land within the District (other than amounts added to such principal amount due to delinquencies in the payment of the reassessments for the Prior Bonds) is less than the unpaid principal amount of the portion of the original assessment being superseded and supplanted by the same percentage for each subdivision of land in the District.

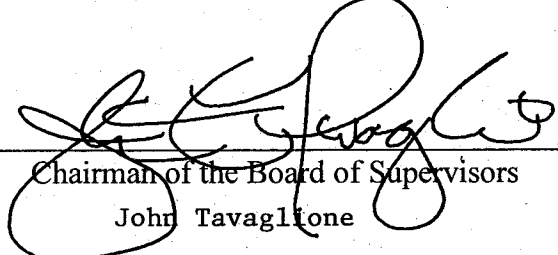
Section 3. The Report is hereby approved and confirmed by the Board of Supervisors and the reassessments contained therein are hereby confirmed and levied by the Board of Supervisors and, upon making the necessary recordings and filings as required by the Refunding Act, such reassessments shall become a lien upon the various parcels of land reassessed in the District.

Section 4. The Clerk of the Board is hereby directed to (a) record the reassessment roll contained in the Report and the related reassessment diagram in the office of the Superintendent of Streets of the County, (b) record the reassessment diagram and notices thereof as required by Division 4.5 of the California Streets and Highways Code in the office of the County Recorder of the County, and (c) file copies of this Resolution with the Auditor of the County.

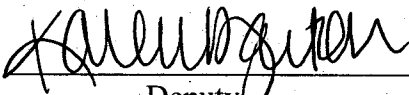
Section 5. The officers of the County are, and each of them is, hereby authorized and directed to do any and all things, and to execute and deliver any and all documents which said officers may deem necessary or advisable in order to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 6. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 31st day of July, 2012, by the Board of Supervisors of the County of Riverside.


Chairman of the Board of Supervisors
John Tavaglione

ATTEST:
Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

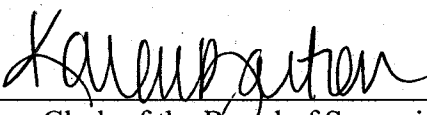
I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, do hereby certify that the foregoing Resolution No. 2012-178 was duly adopted by the Board of Supervisors of said County at a meeting of said Board held on the 31st day of July, 2012, and that it was so adopted by the following vote:

AYES: Buster, Tavaglione, Stone, Benoit and Ashley

NOES: None

ABSTAIN: None

ABSENT: None


_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside

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

KECIA HARPER-IHEM, Clerk of said Board

By: _____
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2012-178 of the Board of Supervisors of said County, and that the same has not been amended or repealed.

Dated: July 31, 2012


_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside

RESOLUTION NO. 2012-179

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$2,500,000 AGGREGATE PRINCIPAL AMOUNT OF REASSESSMENT DISTRICT NO. 168 (RIVERCREST) OF THE COUNTY OF RIVERSIDE LIMITED OBLIGATION IMPROVEMENT BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, AN ESCROW AGREEMENT, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT AND THE PREPARATION OF AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside (the "County") previously formed Assessment District No. 168 (Rivercrest) (the "Prior District") pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code), for the purpose of financing certain public improvements (the "Improvements");

WHEREAS, in order to provide funds to finance the Improvements, the County previously issued its Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Prior Bonds"), in an aggregate principal amount of \$3,620,000, payable from the special assessments levied within the Prior District, pursuant to the Improvement Bond Act of 1915 (being Division 10 of the California Streets and Highways Code);

WHEREAS, certain savings and efficiencies may be obtained by refunding the Prior Bonds;

WHEREAS, the County is authorized by the Refunding Act of 1984 for 1915 Improvement Act Bonds (being Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") to issue refunding bonds for the purpose of refunding the Prior Bonds and to provide for the levy and collection of reassessments as security for such refunding bonds;

WHEREAS, the Board of Supervisors, by a Resolution entitled "A Resolution of the Board of Supervisors of the County of Riverside of Intention To Issue Refunding Bonds and To Levy Reassessments As Security Therefor," adopted on this date (the "Resolution of Intention"), resolved its intention to refund the Prior Bonds and to levy reassessments in and for the proposed Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "District") as security for the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds") proposed to be issued to refund the Prior Bonds;

WHEREAS, the Board of Supervisors, in the Resolution of Intention, directed the preparation of a report in writing containing the matters specified in Section 9523 of the

FORM APPROVED COUNTY COUNSEL
BY Dale A. Gardner 7/19/12
DALE A. GARDNER DATE

Refunding Act (the "Report") and the filing of the Report with the Clerk of the Board of Supervisors (the "Clerk of the Board"); and

WHEREAS, the Report was so prepared and filed and the Clerk of the Board presented the Report to the Board of Supervisors for consideration;

WHEREAS, the Board of Supervisors, by a Resolution entitled "A Resolution of the Board of Supervisors of the County of Riverside Approving and Confirming the Reassessment Report for Reassessment District No. 168 (Rivercrest) of the County of Riverside, Confirming and Levying the Reassessments Contained Therein and Directing Actions With Respect Thereto" adopted on this date, approved and confirmed the Report and confirmed and levied the reassessments contained therein (the "Reassessments");

WHEREAS, the County has determined that it would be advantageous to refund the Prior Bonds;

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the County desires to provide for the issuance of the Bonds, in the aggregate principal amount of not to exceed \$2,500,000;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the County proposes to enter into an Indenture with U.S. Bank National Association, as trustee (the "Trustee") (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture");

WHEREAS, the moneys to defease and redeem the Prior Bonds will be applied to such purpose pursuant to an Escrow Agreement by and between the County and U.S. Bank National Association, as prior fiscal agent and as escrow bank (such Escrow Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement");

WHEREAS, E. J. De La Rosa & Co., Inc. (the "Underwriter"), has presented the County with a proposal, in the form of a Bond Purchase Agreement, to purchase the Bonds from the County (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Purchase Agreement");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the underwriter thereof must have reasonably determined that the County has, or one or more appropriate obligated persons have, undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the County desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement");

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement");

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

- (a) the Indenture;
- (b) the Escrow Agreement;
- (c) the Purchase Agreement;
- (d) the Continuing Disclosure Agreement; and
- (e) the Preliminary Official Statement;

WHEREAS, the County desires to authorize the issuance of the Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance of the Bonds;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, in regular session assembled on July 31, 2012, does hereby resolve, find, determine and order as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. Subject to the provisions of Section 3 hereof, the issuance of the Bonds, in an aggregate principal amount of not to exceed \$2,500,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 3. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Chairman of the Board of Supervisors, and such other members of the Board of Supervisors as the Chairman may designate, the County Executive Officer of the County, the Assistant County Executive Officer of the County and the Chief Deputy Executive Officer of the County, and such other officers of the County as the County Executive Officer may designate (the "Authorized Officers") is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Indenture in the form submitted to this

meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Bonds in excess of \$2,500,000, shall not result in a final maturity date of the Bonds later than September 2, 2026 and shall not result in a true interest cost for the Bonds in excess of 5.0%.

Section 4. The refunding of the Prior Bonds is hereby approved. Such refunding shall be accomplished by paying the interest due and payable on the Prior Bonds to and including September 2, 2012, paying the principal of the Prior Bonds due and payable on September 2, 2012 and redeeming the Prior Bonds on September 2, 2012 by paying the redemption price thereof.

Section 5. The Escrow Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Escrow Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreement by such Authorized Officer.

Section 6. The Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Bonds in excess of 2.0% of the aggregate principal amount of the Bonds.

Section 7. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute and deliver the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

Section 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby

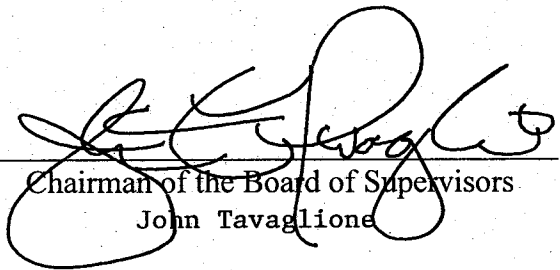
authorized to certify on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the County, to execute the final Official Statement and any amendment or supplement thereto.

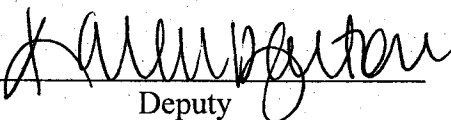
Section 10. The officers of the County, acting *ex officio* on behalf of the County, are, and each of them is, hereby authorized and directed to do any and all things, and to execute and deliver any and all documents which said officers may deem necessary or advisable in order to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 11. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 31st day of July, 2012, by the Board of Supervisors of the County of Riverside.


Chairman of the Board of Supervisors
John Tavaglione

ATTEST:
Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

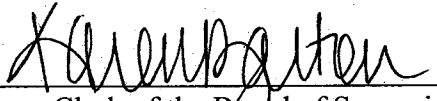
I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, do hereby certify that the foregoing Resolution No. 2012-179 was duly adopted by the Board of Supervisors of said County at a meeting of said Board held on the 31st day of July, 2012, and that it was so adopted by the following vote:

AYES: Buster, Tavaglione, Stone, Benoit and Ashley

NOES: None

ABSTAIN: None

ABSENT: None


_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside

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

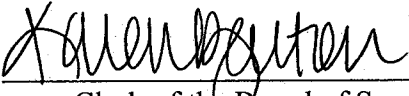
KECIA HARPER-IHEM, Clerk of said Board

By: _____
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2012-179 of the Board of Supervisors of said County, and that the same has not been amended or repealed.

Dated: July 31, 2012


_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST __, 2012

NEW ISSUE - BOOK ENTRY ONLY

NOT RATED

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "LEGAL MATTERS—Tax Exemption."

\$1,935,000*

**REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
LIMITED OBLIGATION IMPROVEMENT BONDS**

Dated: Date of Delivery

Due: September 2, as shown below

The Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Senior 2012 Bonds") are limited obligations of the County of Riverside, California (the "County") secured by special reassessments to be levied on real property located within the County's Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "Reassessment District").

The Bonds are issued pursuant to provisions of the Refunding Act of 1984 for bonds issued pursuant to the Improvement Bond Act of 1915 and an Indenture dated as of August 1, 2012 (the "Indenture") by and between the County and U.S. Bank National Association as Trustee (the "Trustee"). Proceeds from the sale of the Bonds will be used to (i) redeem the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds, currently outstanding in the aggregate principal amount of \$_____, (ii) fund a Reserve Fund, and (iii) pay the costs of issuing the Bonds.

The Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") in denominations of \$5,000 or any integral multiple thereof. Interest is payable on March 2, 2013, and semiannually thereafter on September 2 and March 2 of each year. Purchasers will not receive certificates representing their interest in the Bonds. Payments of principal and interest on the Bonds will be paid by the Trustee directly to DTC as registered owner of the Bonds. Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds.

The Bonds are subject to redemption prior to maturity as described under "THE BONDS—Redemption of Bonds."

Under the provisions of the Refunding Act of 1984 for bonds issued pursuant to the Improvement Bond Act of 1915, installments of principal and interest sufficient to meet annual Bond debt service will be billed by the County of Riverside (the "County") to owners of property within the Reassessment District against which there are unpaid reassessments. Upon receipt by the County, these annual installments are to be paid into the Redemption Fund to be held by the Trustee and used to pay debt service on the Bonds as it becomes due.

Unpaid reassessments constitute fixed liens on the lots and parcels assessed within the Reassessment District and do not constitute a personal indebtedness of the respective owners of such lots and parcels. Accordingly, in the event of delinquency, proceedings may be had only against the real property securing the delinquent reassessment. Thus, the value of land within the Reassessment District is a critical factor in determining the investment quality of the Bonds. See "THE REASSESSMENT DISTRICT—Estimated Assessed Value-to-Lien Ratio."

The Trustee will establish a Reserve Fund and deposit Bond proceeds in the amount of the Reserve Requirement to provide funds for payment of principal and interest on the Bonds in the event of any delinquent reassessments. The County's obligation to advance funds to the Redemption Fund as a result of delinquent installments is limited to the balance in the Reserve Fund. The County has covenanted to initiate judicial foreclosure in the event of a delinquency. See "SECURITY FOR THE BONDS—Covenant to Commence Superior Court Foreclosure."

Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision thereof is pledged to the payment of the Bonds, and the payment thereof is not secured by any encumbrance, mortgage or other pledge of property of the County except the pledge of the reassessments and moneys on deposit in the Redemption Fund and Reserve Fund. The County has determined not to advance available funds from its treasury in the event of delinquencies in the payment of reassessments.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including, without limitation, "Bondowners' Risks," to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

<i>Maturity</i> September 2	<i>Principal</i> Amount	<i>Interest</i> Rate	<i>Yield</i>	<i>CUSIP</i> [†]	<i>Maturity</i> September 2	<i>Principal</i> Amount	<i>Interest</i> Rate	<i>Yield</i>	<i>CUSIP</i> [†]
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\$ _____ % Term Bonds Due September 2, 20__ Yield: _____ % CUSIP _____ †

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Bonds. Certain legal matters will be passed on for the County by the County Counsel and for the Underwriter by Nossaman LLP, Irvine, California, as counsel to the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about August __, 2012.

De La Rosa & Co.

Dated: August __, 2012

* Preliminary, subject to change.

† Copyright 2012, American Bankers Association. CUSIP® data herein is provided by Standard & Poor's, CUSIP® Service Bureau, a division of The McGraw-Hill Companies, Inc. The County and the Underwriter take no responsibility for the accuracy of such data.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

BOARD OF SUPERVISORS

John Tavaglione, Second District, Chairman
John Benoit, Fourth District, Vice Chairman
Bob Buster, First District
Jeff Stone, Third District
Marion Ashley, Fifth District

COUNTY OFFICIALS

Jay Orr, County Executive Officer
Don Kent, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Larry Ward, Assessor-County Clerk-Recorder
Pamela J. Walls, County Counsel

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates
Irvine, California

REASSESSMENT ENGINEER

Albert A. Webb Associates
Riverside, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

Grant Thornton LLP

No dealer, broker, salesperson or other person has been authorized by the County, the Trustee or the Underwriter 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 representations must not be relied upon as having been authorized by the County, the Trustee 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.

This Official Statement is not to be construed as a contract with the purchasers or Beneficial Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board, or a nationally recognized municipal securities depository.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their 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 in APPENDIX D — “BOOK-ENTRY ONLY SYSTEM” attached hereto has been furnished by The Depository Trust Company, and no representation has been made by the County or the Underwriter as to the accuracy or completeness of such information.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the County. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Indenture or other documents 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. Reference is hereby made to such documents on file with the County for further information in connection therewith.

A wide variety of other information, including financial information, concerning the County, is available from publications and websites of the County and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Cautionary Information Regarding Forward-Looking Statements in the Official Statement

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the Continuing Disclosure Agreement, a form of which is attached as Exhibit E, the County does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of such bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriter.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state.

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COUNTY OF RIVERSIDE AND VICINITY MAP

[REASSESSMENT DISTRICT MAP/PHOTO]

SUMMARY STATEMENT

THIS SUMMARY IS SUBJECT IN ALL RESPECTS TO THE MORE COMPLETE INFORMATION IN THE ENTIRE OFFICIAL STATEMENT INCLUDING THE COVER PAGE AND APPENDICES HERETO AND THE OFFERING OF THE BONDS TO POTENTIAL INVESTORS IS MADE ONLY BY MEANS OF THE ENTIRE OFFICIAL STATEMENT.

Purpose Proceeds of the \$1,935,000* principal amount of the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds"), and certain other monies are to be used to (i) redeem the Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds currently outstanding in the aggregate principal amount of \$2,495,000 (the "Prior Bonds") on September 2, 2012, (ii) fund a debt service reserve fund, and (iii) pay the costs of issuing the Bonds. See "THE REFUNDING PLAN."

The Prior Bonds were issued pursuant to the Improvement Bond Act of 1915 (being Division 10 of the California Streets and Highways Code) (the "1915 Act") to acquire and construct certain storm drain improvements owned and maintained by the Riverside County Flood Control and Water Conservation District and certain street improvements owned and maintained by the County of Riverside, on Fairview Avenue and Bethlehem Avenue (collectively, the "Improvements") benefiting the properties within the Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "Reassessment District").

The Reassessment District

The Reassessment District is fully developed and consists of 379 completed single family detached homes. The Reassessment District consists of approximately 106 acres located in the County near the City of San Jacinto, on the north and south side of Fairview Avenue, east of Chicago Avenue in Valle Vista. The Reassessment District is approximately one-half mile north of Highway 74 and one-half mile east of the Ramona Expressway.

Security for the Bonds The Bonds are being issued pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (being Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") and will be secured by a pledge of reassessments levied within the Reassessment District by the Board of Supervisors of the County (the "Board of Supervisors") under the proceedings taken pursuant to the Refunding Act and Resolution No. ____, adopted by the Board of Supervisors on July 31, 2012 (the "Resolution of Intention") (the "Reassessments") and received by the County in each Fiscal Year, but excluding levied amounts collected by the County for the payment of administration expenses. The unpaid Reassessments and interest and any penalties represent fixed liens on the assessed parcels. They do not, however, constitute a personal indebtedness of the owners of such parcels.

Semi-annual installments of Reassessments sufficient to meet annual debt service on the Bonds will be billed by the County to owners of parcels within the Reassessment District against which there are unpaid Reassessments. Upon receipt by the County, these Reassessments are to be deposited into the Redemption Fund, which shall be held by the Trustee and used to pay Bond principal and interest as they become due.

* Preliminary, subject to change.

The Reassessments billed against each parcel each year represent pro rata shares of the total principal and interest coming due that year, based on the percentage which the unpaid Reassessment against that parcel bears to the total of unpaid Reassessments levied to repay the Bonds.

The Trustee will deposit \$ _____ from Bond proceeds into a Reserve Fund (the "Reserve Fund"). The Reserve Fund will be a source of available funds to advance to the Redemption Fund in the event of delinquent Reassessments. **The County's obligation to advance funds to the Redemption Fund in the event of delinquent Reassessments is limited to the balance in the Reserve Fund. Pursuant to the Indenture, the County has no obligation to replenish the Reserve Fund except to the extent that delinquent Reassessments are paid or proceeds from foreclosure sales are realized.** See "SECURITY FOR THE BONDS—Reserve Fund."

The County covenants that the County will commence appropriate judicial foreclosure proceedings against parcels with total Reassessment delinquencies in excess of \$2,300 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Reassessments were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Reassessments by the October 1 following the close of each Fiscal Year in which it receives Reassessments in an amount which is less than 95% of the total Reassessments levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing, the County may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Reassessment delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a Reassessment delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Reassessment delinquency and in such cases foreclosure proceedings may be delayed by the County until there are sufficient Reassessment delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost.

Redemption

Bonds may be called for optional redemption on any Interest Payment Date thereafter at the redemption prices shown on the table under "THE BONDS—Redemption of Bonds—*Optional Redemption*," plus accrued interest to the date of redemption or date of payment if surrendered earlier. The Bonds are also subject to redemption on any Interest Payment Date as selected by the County from moneys derived by the County from Reassessment prepayments, at the redemption prices shown on the table under "THE BONDS—Redemption of Bonds—*Mandatory Redemption from Reassessment Prepayments*," plus accrued interest to the date of redemption. The Bonds are also subject to mandatory redemption from Reassessment prepayments. See "THE BONDS—Redemption of Bonds— *Mandatory Redemption from Reassessment Prepayments*." The Bonds are also subject to mandatory sinking fund redemption. See "THE BONDS—Redemption of Bonds—*Mandatory Sinking Fund Redemption*."

Assessed Values and Value-to-Lien Ratios

The aggregate assessed value of the parcels in the Reassessment District, with unpaid Reassessments, as shown on the Riverside County Assessor's roll for fiscal year 2012-13 is \$55,684,459. The ratio of the assessed value of such parcels to the total amount of the unpaid Reassessments and direct and overlapping debt secured by *ad*

valorem taxes, special taxes and assessments on such parcels is approximately 18.08*-to-1. See "THE DISTRICT—Estimated Assessed Value-to-Lien Ratio."

Bondowners' Risks

Unpaid Reassessments do not constitute a personal indebtedness of the owners of the parcels within the Reassessment District. There is no assurance the owners will be able to pay the Reassessments or that they will pay such Reassessments even though financially able to do so.

Because the County has not obligated itself to advance funds to pay Bond debt service in the event of delinquent Reassessments, failure by owners of the parcels to pay Reassessments when due, depletion of the Reserve Fund, or the inability of the County to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Reassessments levied against such parcels may result in the inability of the County to make full or punctual payments of debt service on the Bonds, and owners of the Bonds would therefore be adversely affected. See "BONDOWNERS' RISKS."

* Preliminary, subject to change.

\$1,935,000*
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
LIMITED OBLIGATION IMPROVEMENT BONDS

THE FINANCING PLAN

Refunding of Prior Bonds

A portion of the proceeds from the sale of the Bonds, together with other available funds, will be deposited into an escrow fund (the "Escrow Fund") held by U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), pursuant to an Escrow Agreement dated as of August 1, 2012 by and between the County and the Escrow Agent. Amounts on deposit in the Escrow Fund will be held uninvested and will be irrevocably committed to be used to redeem the Prior Bonds on September 2, 2012 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount of the Prior Bonds to be redeemed, together with accrued interest to the date of redemption, without premium. Amounts on deposit in the Escrow Fund are pledged to the payment of the Prior Bonds and are not available to pay debt service on the Bonds.

Grant Thornton LLP, upon delivery of the Bonds, will deliver a verification report relating to the sufficiency of moneys deposited into the Escrow Fund to pay the principal of, interest on and the redemption price with respect to the Prior Bonds on the Redemption Date.

Sources and Uses of Funds

The Trustee will receive the proceeds from the sale of the Bonds upon delivery of such Bonds to the purchasers of the Bonds. The proceeds of the Bonds will be applied as set forth in the following table:

Sources and Uses of Funds

SOURCES:	
Par Amount of Bonds	\$
[Less Original Issue Discount] [Plus Original Issue Premiums]	
Funds on Hand	_____
Total Sources	\$ _____
 USES:	
Escrow Fund	\$
Reserve Fund	
Costs of Issuance ⁽¹⁾	
Underwriter's Discount	_____
Total Uses	\$ _____

⁽¹⁾ Includes Bond Counsel fees, Financial Advisor fees, Reassessment Engineer fees, Verification Agent fees, Trustee and Escrow Agent fees and expenses, and other miscellaneous costs.

* Preliminary, subject to change.

THE BONDS

Authority for Issuance

The Board of Supervisors previously formed Assessment District No. 168 (Rivercrest) (the "Prior District") pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code) (the "1913 Act"), for the purpose of financing the Improvements. In order to provide funds to finance the Improvements, the County previously issued its Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds in the original aggregate principal amount of \$3,620,000 and currently outstanding in the aggregate principal amount of \$2,495,000 (the "Prior Bonds"), payable from the special assessments levied within the Prior District, pursuant to the 1915 Act. The County is authorized by the Refunding Act to issue its Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds in the aggregate principal amount of \$1,935,000* (the "Bonds") for the purpose of refunding the Prior Bonds and to provide for the levy and collection of the reassessments levied within the Reassessment District by the Board of Supervisors of the County under the proceedings taken pursuant to the Refunding Act and the Resolution of Intention (the "Reassessments") as security for the Bonds. The Bonds are being issued pursuant to Resolution No. _____ adopted by the Board of Supervisors on July 31, 2012 (the "Bond Resolution") and an Indenture, dated as of August 1, 2012 (the "Indenture"), by and between the County and U.S. Bank National Association, as Trustee (the "Trustee").

Description of the Bonds

The Bonds are dated as of their date of delivery and will mature in the amounts and on the dates set forth on the cover hereof. Interest will be paid at the rates set forth on the cover commencing on March 2, 2013, and semiannually thereafter on March 2 and September 2 of each year (each an "Interest Payment Date") until maturity. The Bonds are issued only as fully registered bonds in denominations of \$5,000. The Bonds will be executed and delivered as fully registered Bonds in the name of CEDE & Co., nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. The principal of and interest with respect to the Bonds will be paid directly to CEDE & Co. by the Trustee as long as DTC or its nominee, CEDE & Co., is the registered owner of the Bonds. For information relating to DTC and the DTC book-entry system as it relates to the Bonds, see APPENDIX D—"BOOK-ENTRY ONLY SYSTEM."

Principal and redemption premium, if any, will be payable at the principal corporate trust office of the Trustee on presentation of the Bonds. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless otherwise specified in the Indenture. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The total amount of Reassessments levied in the Reassessment District is \$1,935,000*.

Redemption of Bonds

Optional Redemption. The Bonds are subject to optional redemption, in whole on any date or in part in integral multiples of \$5,000 on any Interest Payment Date, on or after March 2, 2013, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
March 2, 2013 through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and thereafter	

* Preliminary, subject to change.

Mandatory Redemption From Reassessment Prepayments. The Bonds are subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after March 2, 2013, from and to the extent of any prepayment of Reassessments, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
March 2, 2013 through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and thereafter	

Pursuant to Streets and Highways Code Section 8768, the County shall select Bonds for retirement in such a way that the ratio of outstanding Bonds to issued Bonds shall be approximately the same in each maturity insofar as possible. Within any one maturity, the County shall select Bonds by lot.

Mandatory Sinking Fund Redemption. The Bonds maturing September 2, 20__ are subject to mandatory sinking fund redemption, in part, on September 2 in each year, commencing September 2, 20__, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 2)</i>	<i>Principal Amount to be Redeemed</i>
---	--

(Maturity)

If some but not all of the Term Bonds are optionally redeemed pursuant the Indenture, the principal amount of the Term Bonds to be redeemed pursuant the mandatory sinking fund redemption provisions of the Indenture on any subsequent September 2 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the County in a Written Certificate of the County filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Term Bonds so optionally redeemed.

If some but not all of the Term Bonds are redeemed pursuant to the mandatory redemption from Reassessment prepayments provisions of the Indenture, the principal amount of Term Bonds to be redeemed pursuant the mandatory sinking fund redemption provisions of the Indenture on any subsequent September 2 shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the County.

Notice of Redemption. So long as the Bonds are held by DTC, all notices of redemption will be sent only to DTC in accordance with its procedures and will not be delivered to any Beneficial Owner. The Trustee is obligated to mail, at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the Bonds and the registered Owners of the Bonds at the addresses appearing on the Bond registration books. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of

the Bonds selected for redemption; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee.

So long as notice by first class mail has been provided as set forth above, the actual receipt by the Owner of any Bond of notice of such redemption is not a condition precedent to redemption. Neither the failure to receive such notice nor any defect in such notice will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the principal of and premium, if any, on the Bonds on the date fixed for redemption (the "Redemption Price"), and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the County shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Effect of Redemption. When notice has been mailed as provided in the Indenture, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

Redemption Fund

As soon as practicable after the receipt by the County of Reassessments, together with interest thereon, and any other amounts required to be deposited in the Redemption Fund by the Indenture or the Bond Act (excluding amounts collected for the payment of Administrative Expenses), the County will transfer such amounts to the Trustee for deposit in the Redemption Fund; provided, however, that, with respect to any such Reassessments that represent prepaid Reassessments that are to be applied to the redemption of Bonds, such prepaid Reassessments, the portion of such prepaid Reassessments to be applied to the Redemption Price of and interest on the Bonds to be redeemed will be identified as such in a Written Certificate of the County delivered to the Trustee at the time such prepaid Reassessments are transferred to the Trustee and will be deposited by the Trustee in the Redemption Fund.

On each Interest Payment Date, the Trustee will withdraw from the Redemption Fund for payment to the Owners of the Bonds the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds. In the event that, on

the Business Day prior to an Interest Payment Date, amounts in the Redemption Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee will withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and will transfer any amounts so withdrawn to the Redemption Fund.

In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee will apply available funds therein in accordance with the provisions of the Indenture. See APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default and Remedies.”

The Trustee will deposit in the Prepayment Account amounts received from the County in connection with the County’s exercise of its rights to optionally redeem Bonds. As soon as practicable after the receipt by the County of prepaid Reassessments, but in any event not later than ten Business Days after such receipt, the County will transfer the portion of such prepaid Reassessments to be applied to the Redemption Price of the Bonds to be redeemed from such prepaid Reassessments to the Trustee for deposit in the Prepayment Account.

Amounts in the Prepayment Account will be disbursed therefrom for the payment of the Redemption Price of Bonds redeemed pursuant to the optional redemption or mandatory redemption from Reassessment prepayment provisions of the Indenture, as applicable. Any surplus remaining in the Prepayment Account will be used by the County to advance the maturity of the Bonds as provided in Part 11.1 of the 1915 Act.

Reserve Fund

There will be deposited into the Reserve Fund from the proceeds of the sale of the Bonds an amount equal to \$ _____, which is equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service (the “Reserve Requirement”).

Moneys in the Reserve Fund shall be held by the Trustee for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of and interest and any premium on the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Redemption Fund in the event of any deficiency at any time in the Redemption Fund of the amount then required for payment of the principal of, and interest and any premium on the Bonds or transfers of moneys on deposit in the Reserve Fund in excess of the Reserve Requirement, or for the purpose of redeeming Bonds.

In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Redemption Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee will withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and will transfer any amounts so withdrawn to the Redemption Fund.

Whenever a Reassessment is prepaid, in whole or in part, the Trustee, pursuant to a Written Request of the County, will transfer from the Reserve Fund to the Prepayment Account an amount, specified in such Written Request, equal to the product of the ratio of the original amount of the Reassessment, or portion thereof, so prepaid to the original amount of all unpaid Reassessments, times the initial Reserve Requirement.

Whenever Bonds are to be optionally redeemed pursuant to the Indenture, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund will, on the date on which

amounts to redeem such Bonds are deposited in the Prepayment Account or otherwise deposited with the Trustee pursuant to the Indenture, be transferred by the Trustee from the Reserve Fund to the Prepayment Account or to such deposit held by the Trustee and will be applied to the redemption of said Bonds; provided, however, that such amount will be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share will be equal to the largest integral multiple of \$5,000 that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

Proceeds from redemption or sale of properties, if and to the extent that payment of delinquent Reassessments and interest thereon was made from the Reserve Fund, will be credited to the Reserve Fund.

Whenever the balance in the Reserve Fund is sufficient to retire all the Outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Reassessments will be discontinued and the Reserve Fund will be liquidated by the Trustee in retirement of the Outstanding Bonds, as directed by a Written Request of the County. In the event that the balance in the Reserve Fund at the time of liquidation exceeds the amount required to retire all of the Outstanding Bonds, the excess will, after payment of amounts due to the Trustee, be transferred to the County to be used in accordance with the 1915 Act.

If as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee will transfer to the Redemption Fund an amount equal to the amount by which the amount on deposit in the Reserve Fund exceeds such reduced Reserve Requirement. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Rebate Fund

All money at any time deposited in the Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. On or before November 1 of each year, the County will deliver to the Trustee a Written Certificate of the County specifying the amount of the then applicable Rebate Requirement. Any amount in the Rebate Fund in excess of the Rebate Requirement on November 1 of each year will be withdrawn from the Rebate Fund by the Trustee and will be deposited in the Earnings Fund.

Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any Rebate Requirement, will, upon receipt by the Trustee of a Written Request of the County, be withdrawn by the Trustee and remitted to the County.

Administrative Expense Fund

As soon as practicable after the receipt by the County of amounts collected with the Reassessments for Administrative Expenses, but in any event not later than ten Business Days after such receipt, the County will transfer such amounts to the Trustee for deposit in the Prepayment Account and the Trustee will so deposit such amounts so received. The moneys in the Administrative Expense Fund will be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses. To the extent moneys are not otherwise available therefor in the Earnings Fund, amounts in the Administrative Expense Fund will, at the Written Request of the County, be transferred by the Trustee to the Rebate Fund.

Earnings Fund

The Trustee will deposit in the Earnings Fund the amounts required to be deposited under the Indenture. See "—Rebate Fund" and APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE

INDENTURE.” At least annually on or before November 1 of each year, if the amount on deposit in the Rebate Fund is less than the Rebate Requirement, the County will deliver to the Trustee a Written Request of the County directing the Trustee to transfer from the Earnings Fund to the Rebate Fund the amount specified in such Written Request (which will be an amount sufficient to cause the amount on deposit in the Rebate Fund to be equal to the Rebate Requirement), and the Trustee will so transfer such amount. On November 2 of each year, after having made any requested transfer to the Rebate Fund, the Trustee will transfer any amount in the Earnings Fund, first, to the Reserve Fund in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement and, second, to the Redemption Fund.

Investments

Moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the County received by the Trustee no later than two Business Days prior to the making of such investment. Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds. Absent a timely Written Request of the County with respect to the investment of moneys in any of the funds or accounts established pursuant to the Indenture, the Trustee shall invest such moneys in money market funds rated “AAAm” or “AAAm-G” or better by Standard & Poor’s. See APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” Annual Debt Service

Table 1, below, sets forth the annual debt service on the Bonds based on the maturity schedule and interest rates set forth on the cover page of this Official Statement assuming no optional redemption or mandatory redemption from Reassessment prepayments.

TABLE 1
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
LIMITED OBLIGATION IMPROVEMENT BONDS
Annual Debt Service

<i>Year Ending September 2</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	\$	\$	\$
Totals	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

Source: De La Rosa & Co.

SECURITY FOR THE BONDS

General

The Bonds are issued upon and secured by a pledge of the Reassessments (including prepayments thereof) and any other amounts held in the Redemption Fund and the Reserve Fund. Principal of and interest on the Bonds are payable exclusively out of the Redemption Fund.

The payment of the amount of the Reassessments, interest and any penalties and collection costs is secured by a reassessment lien upon the applicable property in the Reassessment District. Such lien is coequal with the latest lien to secure the payment of general ad valorem property taxes, is not subject to extinguishment by the sale of any property on account of the non-payment of general property taxes, and is prior and superior to all liens, claims, encumbrances and titles other than the liens of assessments, special taxes and general property taxes. The Reassessments are pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds, and, as received by the County, will immediately be subject to the lien of such pledge. Although the unpaid Reassessments constitute liens upon the parcels assessed, they do not constitute a personal indebtedness of the owners of said parcels. There can be no assurance as to the financial or legal ability, or the willingness, of such property owners to pay the unpaid reassessments.

The failure of a property owner to pay Reassessments will not result in an increase in Reassessments applicable to other parcels within the Reassessment District.

The unpaid Reassessments will be collected in semi-annual installments, together with interest on the declining balances, on the County tax roll on which general taxes on real property are collected, and the unpaid Reassessments are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes, and the Reassessment parcels are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes. See also the section below entitled “—Covenant to Commence Superior Court Foreclosure.”

Reserve Fund

The Reserve Fund will be a source of available funds to advance to the Redemption Fund in the event of delinquent Reassessments. See “THE BONDS—Reserve Fund” herein. **The County’s obligation to advance funds to the Redemption Fund in the event of delinquent Reassessments is limited to the balance in the Reserve Fund. Pursuant to the Indenture, the County has no obligation to replenish the Reserve Fund except to the extent that delinquent Reassessments are paid or proceeds from foreclosure sales are realized.** However, the determination by the County not to obligate itself to advance available funds to cure delinquencies will not prevent the County from, in its sole discretion, advancing such funds.

Covenant to Commence Superior Court Foreclosure

The County has covenanted to institute judicial foreclosure in the event of a delinquency and thereafter to prosecute diligently to completion, court foreclosure proceedings upon the lien of any and all delinquent Reassessments and interest.

Pursuant to Part 14 of Division 10 of the California Streets and Highways Code, as amended, in the event any Reassessment is not paid when due, the County may order the institution of a court action to foreclose the lien of the delinquent unpaid Reassessments. In such an action, the property subject to the unpaid Reassessments may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory. However, the County covenants that the County will commence appropriate judicial foreclosure proceedings against parcels with total Reassessment delinquencies in excess of \$2,300 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Reassessments were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent

Reassessments by the October 1 following the close of each Fiscal Year in which it receives Reassessments in an amount which is less than 95% of the total Reassessments levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing, the County may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Reassessment delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a Reassessment delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Reassessment delinquency and in such cases foreclosure proceedings may be delayed by the County until there are sufficient Reassessment delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost.

Judicial Foreclosure Proceedings. The 1915 Act provides that the court in a foreclosure proceeding has the power to order property securing delinquent Reassessments to be sold for an amount not less than all Reassessments, interest, penalties, costs, fees, and other charges that are delinquent at the time the foreclosure action is ordered, and certain other fees and amounts as provided therein (the "Minimum Price"). The court may also include subsequent delinquent Reassessments and all other delinquent amounts.

The County may, at its discretion, but is not required to, become the purchaser of any property sold in a foreclosure proceeding. If the County becomes the purchaser, it shall pay into the Redemption Fund an amount necessary to satisfy the judgment, less any advances by the County to cover delinquent Reassessments plus simple interest on such net amount, at the interest rates borne by the Bonds, from the dates of delinquency. Unless such property is subsequently resold, the County must transfer to the Redemption Fund any future Reassessments pending redemption. The County may thereupon be reimbursed for any amount advanced from the County to the Redemption Fund to cover such future Reassessments with respect to the property so sold from the proceeds of such sale.

If the property is sold to a purchaser other than the County, the County shall deposit the proceeds from the sale of the property into the Redemption Fund. From such amount, the County shall reimburse the Reserve Fund the amount, if any, of funds advanced from the Reserve Fund to the Redemption Fund to cover the delinquent Reassessments with respect to the property which is sold. After reimbursement of the Reserve Fund, the County may be reimbursed for any other amounts advanced from it to the Redemption Fund to cover delinquent Reassessments and interest with respect to the property sold in such proceedings. Any funds in excess of the amount necessary to reimburse the County may be applied by the County to pay interest and penalties, costs, fees and other charges, to the extent they were included in the sales proceeds.

If the property to be sold fails to sell for the Minimum Price, the County may petition the court to modify the judgment so that the property may be sold at a lesser price or without a Minimum Price. "Minimum Price" as used in the 1915 Act is the amount equal to the delinquent installments of principal or interest of the reassessment or reassessment, together with all interest penalties, costs, fees, charges and other amounts more fully detailed in the 1915 Act. Notice of the hearing on such petition must be given to all Bondowners. In certain circumstances, the court may modify the judgment after the hearing to permit the sale of the property at a price lower than the Minimum Price if the court makes certain determinations, including determinations that the sale at less than the Minimum Price will not result in an ultimate loss to Bondowners or that Bondowners of at least 75% of the principal amount of Bonds outstanding have consented to the petition and certain other circumstances described in the statute exist. Neither the property owner nor any holder of a security interest in the property nor any defendant in the foreclosure action may purchase the property at the foreclosure sale for less than the Minimum Price.

A period of 140 days must elapse after the date notice of levy of the interest in real property is served on the judgment debtor before the sale of such lot or parcel with not more than 4 dwelling units can be made. However, pursuant to Streets and Highways Code Section 8832, the 140 day period may be shortened to 20 days for undeveloped property. If the judgment debtor fails to redeem, and if the purchaser at the sale is the judgment creditor (e.g., the County), an action may be commenced by the delinquent property owner within 90

days after the date of sale to set aside such sale. The constitutionality of the repeal of the one year redemption period has not been tested; and there can be no assurance that, if tested, such legislation will be upheld.

In the event such Superior Court foreclosure or foreclosures are necessary, there may be a delay in payments to Bondowners pending prosecution of the foreclosure proceedings and receipt by the County of the proceeds of the foreclosure sale; it is also possible that no bid for the purchase of the applicable property would be received at the foreclosure sale. See the section herein entitled "BONDOWNERS' RISKS."

Covenants with Respect to Arbitrage and Maintenance of Tax Exemption

During the term of the Bonds, the County covenants and agrees that it will make no use of Bond proceeds which, if such use had been reasonably expected at the date the Bonds are issued, would have caused the Bonds to be "arbitrage bonds" within the meaning of the United States Internal Revenue Code of 1986 (the "Code"), and regulations of the Internal Revenue Service authorized thereby, and further will rebate to the United States any amounts actually earned as rebatable arbitrage in accordance with the provisions of the Code and such regulations.

Bonds Create a Lien

The Reassessments and any interest and penalties thereon constitute a lien against the parcels on which they were imposed until the same is paid. Such lien has priority over all private liens and over all fixed special reassessment liens which may thereafter be created against the property. Such lien is co-equal to and independent of the lien for general and special taxes.

Limited County Obligation Upon Delinquency

The County's obligation to advance monies to pay Bond debt service in the event of delinquent Reassessments is limited to the balance in the Reserve Fund.

Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

THE REASSESSMENT DISTRICT

Description

The Reassessment District is fully developed and consists of 379 completed single family detached homes. The Reassessment District consists of approximately 106 acres located in the County near the City of San Jacinto, on the north and south side of Fairview Avenue, east of Chicago Avenue in Valle Vista. The Reassessment District is approximately one-half mile north of Highway 74 and one-half mile east of the Ramona Expressway. One parcel within the prior assessment district prepaid its assessment in 2009.

Proceeds from the sale of the Prior Bonds financed storm drain improvements owned and maintained by the Riverside County Flood Control and Water Conservation District and certain street improvements owned and maintained by the County, on Fairview Avenue and Bethlehem Avenue, benefiting the properties within the Reassessment District.

Reassessments

On July 31, 2012, the Board of Supervisors took proceedings under the Refunding Act of 1984 for 1915 Act Improvement Bonds and confirmed a reassessment, which reassessment and a related diagram were recorded in the office of the County Recorder, with the County Recorder of the County of Riverside, acting as

the Superintendent of Streets. A notice of reassessment, as prescribed in Section 3114 of the Streets and Highways Code, has been recorded with the County Recorder of the County of Riverside, whereupon the reassessment attached as a lien upon the property assessed within the Reassessment District as provided in Section 3115 of the Streets and Highways Code.

The amounts assessed against the parcels of property to pay the costs and expenses of the work and improvements have been based on the estimated benefits to be derived by the various properties within the Reassessment District.

Estimated Direct and Overlapping Indebtedness

Within the Reassessment District's boundaries are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on the parcels within the Reassessment District and others have authorized but unissued bonds which, if issued, will be secured by taxes and assessments levied on parcels within the Reassessment District. The approximate amount of the direct and overlapping debt secured by such taxes and assessments on the parcels within the Reassessment District for fiscal year 2012-13 is shown in Table 2 below (the "Debt Report").

The Debt Report has been derived from data assembled and reported to the Reassessment District by Albert A. Webb Associates. Neither the County nor the Underwriter has independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

TABLE 2
COUNTY OF RIVERSIDE
REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
SECURED PROPERTY TAX ROLL AND
DIRECT AND OVERLAPPING DEBT

I. ASSESSED VALUE

2012-13 Equalized Roll Assessed Valuation⁽¹⁾ \$55,684,459

II. SECURED PROPERTY TAX ROLL

<i>Description of Tax Bill</i>	<i>Type</i>	<i>Parcels Levied</i>	<i>Total Levy</i>	<i>% Applicable</i>	<i>Parcels in AD 168⁽³⁾</i>	<i>Levy Amount</i>
GENERAL PURPOSE	1%	887,116	\$1,868,507,661	0.030%	373	\$564,888
HEMET UNIFIED SCHOOL DISTRICT (0.12536%)	GO	56,714	9,043,860	0.783	373	70,813
METRO WATER EAST 1301999 (0.00370%)	GO	485,124	4,393,641	0.048	373	2,088
METRO WATER DIST STANDBY EAST	WTR	237,882	2,810,655	0.093	376	2,609
EMWD STANDBY-COMBINED CHG	WTR	240,359	5,564,142	0.067	373	3,730
LAKE HEMET MUNICIPAL WATER IMP U-2 STANDBY	WTR	1,850	10,112	13.104	265	1,325
FLOOD CONTROL NPDES - SANTA ANA	BAA	365,775	2,427,864	0.058	376	1,399
CSA #91 LIGHTS	LMD	2,603	134,756	15.190	375	20,469
CSA #152 STREET SWEEPING	LMD	58,796	1,512,888	1.021	375	15,453
VALLEY-WIDE REGIONAL FACILITIES LMD 88-1	LMD	66,340	1,115,419	0.746	376	8,325
VALLEY-WIDE RIVERCREST ZONE	LMD	379	34,034	99.208	376	33,765
ASSESSMENT DISTRICT NO. 168 (RIVERCREST)	AD	376	258,100	100.000	376	<u>258,100</u>
FISCAL YEAR 2012-13 PROPERTY TAX LIABILITY						\$982,965
TOTAL PROPERTY TAX AS A PERCENTAGE OF 2012-13 ASSESSED VALUATION						1.77%

III. LAND SECURED BOND INDEBTEDNESS

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in AD 168⁽³⁾</i>	<i>Amount Applicable</i>
REASSESSMENT DISTRICT NO. 168 (RIVERCREST)	AD	\$3,620,000	\$1,935,000	100.000%	376	<u>\$1,935,000</u>
TOTAL LAND SECURED BONDED DEBT⁽²⁾						\$1,935,000

IV. GENERAL OBLIGATION BOND INDEBTEDNESS

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in AD 168⁽³⁾</i>	<i>Amount Applicable</i>
METROPOLITAN WATER DEBT SERVICE	GO	\$850,000,000	\$196,545,000	0.002835%	373	\$ 5,572
HEMET UNIFIED SCHOOL DISTRICT	GO	160,000,000	143,320,000	0.794631	373	<u>1,138,865</u>
TOTAL GENERAL OBLIGATION DEBT⁽²⁾						\$1,144,437

<i>Authorized But Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in AD 168⁽³⁾</i>	<i>Amount Applicable</i>
METROPOLITAN WATER DEBT SERVICE	GO	\$850,000,000	\$0	0.002835%	373	\$ 0
HEMET UNIFIED SCHOOL DISTRICT	GO	209,000,000	49,000,000	0.794631	373	<u>389,369</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS⁽²⁾						\$389,369

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS⁽²⁾ **\$1,533,806**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT⁽²⁾ **\$3,097,437**

TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS⁽²⁾ **\$3,468,806**

IV. Ratios to 2012-13 Assessed Valuation

Outstanding Land Secured Bonded Debt 28.78:1
Total Outstanding Bonded Debt 18.08:1

⁽¹⁾ Fiscal Year 2012-13 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

⁽²⁾ Albert A. Webb Associates is not aware of any additional bonded debt for parcels in the Reassessment District for the referenced Fiscal Year, 2012-13.

⁽³⁾ As of Fiscal Year 2002-2003, all parcels had subdivided.

Source: Albert A. Webb Associates.

Expected Tax Burden

The following table sets estimated property tax bills for an average sized single family detached unit within the Assessment District. The projected total effective tax rate range for the units in the Reassessment District is approximately 1.54% of assessed value to approximately 1.90% of assessed value.

TABLE 3
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
Sample Fiscal Year 2011-12 Tax Bill

	<u>Low⁽²⁾</u>	<u>Average</u>	<u>High</u>
Fiscal Year 2012-13 Assessed Value ⁽¹⁾	\$103,628.00	\$148,000.00	\$194,000.00
Ad Valorem Property Taxes			
General Purpose	\$1,036.28	\$1,480.00	\$1,940.00
Hemet Unified School District (0.12536%)	\$129.91	\$185.53	\$243.20
Metro Water East 1301999 (0.00370%)	<u>\$3.83</u>	<u>\$5.48</u>	<u>\$7.18</u>
Total General Property Taxes	\$1,170.02	\$1,671.01	\$2,190.38
Assessment, Special Taxes & Parcel Charges⁽³⁾			
Metro Water Dist Standby East	\$6.94	\$6.94	\$6.94
EMWD Standby-Combined Chg	\$10.00	\$10.00	\$10.00
Lake Hemet Municipal Water Imp U-2 Standby	\$5.00	\$5.00	\$5.00
Flood Control NPDES - Santa Ana	\$3.76	\$3.76	\$3.76
CSA #91 Lights	\$57.00	\$57.00	\$57.00
CSA #152 Street Sweeping	\$44.00	\$44.00	\$44.00
Valley-Wide Regional Facilities LMD 88-1	\$22.14	\$22.14	\$22.14
Valley-Wide Rivercrest Zone	\$89.80	\$89.80	\$89.80
Reassessment District No. 168 (Rivercrest) ⁽⁴⁾	<u>\$557.00</u>	<u>\$557.00</u>	<u>\$557.00</u>
Total Assessments & Parcel Charges	\$795.64	\$795.64	\$795.64
Projected Total Property Tax	\$1,965.66	\$2,466.65	\$2,986.02
Projected Effective Tax Rate	1.90%	1.67%	1.54%

⁽¹⁾ Range of assessed values for homes owned by individuals from the Fiscal Year 2012-2013 Certified Roll, Riverside County Assessor's Office.

⁽²⁾ Low does not include the Assessed Value for one parcel uses Base Year Values from 1989. The property owner transferred the trended Base Value from previous property per Proposition 60 and 90 and has a current Assessed Value of \$47,915.

⁽³⁾ Reflects actual amounts applied for Fiscal Year 2011-12.

⁽⁴⁾ Projected Reassessment levied is based on preliminary bond sizing information provided by the Underwriter on July 13, 2012.

Source: Albert A. Webb Associates.

Estimated Assessed Value-to-Lien Ratio

The value of the land within the Reassessment District is significant because in the event of a delinquency in the payment of Reassessments the Reassessment District may foreclose only against delinquent parcels. All of the property within the Reassessment District has been sold to individual homeowners. The aggregate assessed value of the parcels in the Reassessment District with unpaid reassessments as shown on the Riverside County Assessor's roll for Fiscal Year 2012-13 is \$55,684,459. Dividing this assessed value by

the sum of the principal amount of the Bond proceeds of \$1,935,000* plus the \$1,162,437 in direct and overlapping debt results in an estimated assessed value-to-lien ratio of approximately 18.08*-to-1 for property in the Reassessment District.

Table 4 below sets forth the net assessed value and the annual change in net assessed value for fiscal years 2007-08 through 2012-13.

TABLE 4
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
Annual Change in Assessed Value

<i>Year</i>	<i>Taxable Parcels</i>	<i>Taxable Property Net Assessed Value⁽¹⁾</i>	<i>% Change</i>
2007-08	377	\$105,045,171	N/A
2008-09	377	95,362,630	-9.22%
2009-10	377	65,011,361	-31.83
2010-11 ⁽²⁾	376	58,490,529	-10.03
2011-12	376	58,609,989	0.20
2012-13 ⁽³⁾	376	55,684,459	-4.99

⁽¹⁾ Net assessed values as of January 1 of each year from the County Assessor's Roll.

⁽²⁾ One parcel prepaid its assessment in 2009.

⁽³⁾ Fiscal Year 2012-2013 Certified Roll Assessed Valuation, Riverside County Assessor's Office.

Source: Riverside County Assessor.

* Preliminary, subject to change.

As shown in Table 5 below, the estimated assessed Value-to-Reassessment lien on parcels within the Reassessment District varies by parcel.

TABLE 5
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
 Estimated Value to Lien Analysis
 Based on Assessed Value and Reassessment Lien

<i>Value-to-Lien</i>	<i>Parcels</i>	<i>% of Total Parcels</i>	<i>Assessed Value⁽¹⁾</i>	<i>% of Assessed Value</i>	<i>Reassessment Lien*</i>	<i>% of Reassessment Lien*</i>	<i>Other Overlapping Debt</i>	<i>Aggregate Outstanding & Proposed Debt*</i>
Less than 10:1 ⁽²⁾	1	0.27%	\$ 47,915	0.09%	\$ 5,146	0.27%	\$ 985	\$ 6,131
Between 10 – 15:1	2	0.53	213,964	0.08	10,293	0.53	4,397	14,690
Between 15 – 17:1	102	27.13	13,012,939	23.37	524,920	27.13	267,444	792,365
Between 17 – 19:1	186	49.47	27,861,197	50.03	957,207	49.47	572,608	1,529,816
Between 19 – 21:1	84	22.34	14,354,444	25.78	432,287	22.34	295,015	727,302
Greater than 21:1	<u>1</u>	<u>0.27</u>	<u>194,000</u>	<u>0.35</u>	<u>5,146</u>	<u>0.27</u>	<u>3,987</u>	<u>9,133</u>
Totals	376	100.00%	\$55,684,459	100.00%	\$ 1,935,000	100.00%	\$ 1,144,437	\$ 3,079,437

* *Preliminary, subject to change.*

(1) Fiscal Year 2012-13 Certified Roll Assessed Valuation, Riverside County Assessor's Office.

(2) The Assessed Value for one parcel uses base year values from 1989. The property owner transferred the base value from previous property per Proposition 60 and 90. Excludes direct and overlapping debt, which if included would reduce the value-to-lien ratio.

Source: Albert A. Webb Associates.

Historical Assessment Collections and Delinquencies

The following table sets forth a history of the assessments levied and delinquencies within the Reassessment District since Fiscal Year 2007-08. The County does not participate, on behalf of the Reassessment District, in the County Teeter Plan.

TABLE 6
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
 Special Assessment Levies, Delinquencies and Delinquency Rates
 Fiscal Year 2007-08 through 2011-12

Fiscal Year	Amount Levied	Parcels Levied	Delinquencies as of June 30 of Fiscal Year			Delinquencies as of June 30, 2012		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2007-08	\$ 267,294.76	377	30	\$ 19,172.16	7.17%	1	\$ 710.08	0.27%
2008-09	267,650.40	377	19	10,692.80	4.00	2	1,070.78	0.40
2009-10	265,525.84	377	15	9,817.32	3.70	6	3,910.90	1.47
2010-11	265,210.40	376	8	3,933.41	1.48	6	2,859.98	1.08
2011-12	258,100.04	376	N/A	N/A	N/A	21	10,892.90	4.22

Source: Albert A. Webb Associates.

Concentration of Ownership

As can be seen from Table 7 below, no property owner within the Reassessment District currently owns parcels responsible for more than 0.53% of the Reassessment lien, and the six largest property owners are responsible for only 3.19% of the Reassessment lien.

TABLE 7
REASSESSMENT DISTRICT NO. 168
(RIVERCREST)
OF THE COUNTY OF RIVERSIDE
 Estimated Value-to-Lien Ratios
 Largest Property Owners by Reassessment

Property Owner ⁽¹⁾	No. of Parcels	Assessed Value ⁽²⁾	Reassessment Lien ^{(3)*}	Percentage of Lien*	Other Overlapping Debt	Aggregate Outstanding & Proposed Debt*	Value-to-Lien Ratio
Garcia Eduardo	4	\$ 277,000	\$ 10,293	0.53%	\$ 5,693	\$ 15,986	17.33:1
Durocher Brian	2	243,455	10,293	0.53	5,004	15,296	15.92:1
Durocher Mark B	2	243,150	10,293	0.53	4,997	15,290	15.90:1
Ramirez Daniel M	2	304,149	10,293	0.53	6,251	16,543	18.38:1
Shah Rahul	2	286,000	10,293	0.53	5,878	16,170	17.69:1
Zendejas Jose	2	308,000	10,293	0.53	6,330	16,623	18.53:1
Subtotal	14	\$ 1,661,754	\$ 61,755	3.19%	\$ 34,153	\$ 95,908	17.33:1
All Others	364	54,022,705	1,873,245	96.81	1,110,284	2,983,529	18.11:1
Total	378	\$55,684,459	\$1,935,000	100.00%	\$1,144,437	\$3,079,437	18.08:1

* Preliminary, subject to change.

(1) Reflects the assessed value based on ownership status as of June 30, 2012.

(2) Fiscal Year 2012-13 Certified Roll Assessed Valuation, Riverside County Assessor's Office.

(3) Reassessment is based on preliminary bond sizing information provided by the Underwriter on July 13, 2012.

Source: Albert A. Webb Associates.

BONDOWNERS' RISKS

General

In order to pay debt service on the Bonds, it is necessary that unpaid Reassessments on land within the Reassessment District are paid in a timely manner. The Reserve Fund will be used to pay delinquent Reassessments should they occur. The reassessments are a lien on the parcels of land and the County can institute foreclosure proceedings to sell land with delinquent Reassessments for the amount of such delinquent installments in order to obtain funds to pay debt service on the Bonds.

Failure by owners of the parcels to pay Reassessments when due, depletion of the Reserve Fund or the inability of the County to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Reassessments for such parcels may result in the inability of the County to make full or punctual payments of debt service on the Bonds, and Bondowners would therefore be adversely affected.

Unpaid Reassessments do not constitute a personal indebtedness of the owners of the parcels within the Reassessment District. There is no assurance the owners will be able to pay the Reassessments or that they will pay such installments even though financially able to do so.

Non-Cash Payments of Reassessments

The 1915 Act may permit the owner of a parcel that is subject to an unpaid Reassessment to tender any bond secured by such Reassessment in payment or partial payment of any installment of the Reassessment or interest or penalties thereon which may be due or payable. A bond so tendered is to be accepted at the par amount and credit is to be given for any interest accrued to the date of the tender. Thus, if Bonds can be purchased at a discount, it may be to the advantage of a property owner to pay amounts due with respect to a Reassessment by tendering a Bond. Such a practice would decrease the cash flow available to the County to make payments with respect to other Bonds then outstanding.

Limited County Obligation Upon Delinquency

Pursuant to the 1915 Act, the County has elected not to be obligated to advance funds from the treasury of the County for delinquent Reassessments. The only obligation of the County with respect to such delinquencies and the consequent deficiencies in the Redemption Fund is to advance money to the Redemption Fund from the Reserve Fund. The County has no obligation to replenish the Reserve Fund except to the extent that delinquent Reassessments are paid or proceeds from foreclosure sales are realized. There is no assurance that the balance in the Reserve Fund will always be adequate to pay all delinquent Reassessments and if during the period of delinquency there are insufficient funds in the Reserve Fund, a delay may occur in payments to the Bondowners.

Property Values

The value of the property within the Reassessment District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Reassessments, the Reassessment District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the delinquent Reassessments. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods or other events will adversely impact the security underlying the Reassessments. See "THE REASSESSMENT DISTRICT—Estimated Assessed Value-to-Lien Ratios" herein.

Prospective purchasers of the Bonds should not assume that the land within the Reassessment District could be sold for the assessed value at a foreclosure sale for delinquent Reassessments.

No assurance can be given that any bid will be received for a parcel with delinquent Reassessments offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Reassessments. See "SECURITY FOR THE BONDS—Covenant to Commence Superior Court Foreclosure."

Bankruptcy and Foreclosure

The payment of reassessments and the ability of the County to foreclose the lien of a delinquent unpaid Reassessments, as discussed in the section entitled "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure," may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the law of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to crowded local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the reassessments to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in delinquent Reassessments not being paid in full. Where property is encumbered by liens securing mortgage loans, it is highly probable that bankruptcy of a property owner would delay foreclosure for an extended period of time. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

FDIC/Federal Government Interests in Properties

General. The ability of the Reassessment District to foreclose the lien of delinquent unpaid Reassessments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Reassessments within the Reassessment District but does not pay taxes and assessments levied on the parcel (including Reassessments), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Reassessment District wishes to foreclose on the parcel as a result of delinquent Reassessments, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Reassessments and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The County has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Reassessments within the County, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the Reassessment District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the Reassessment District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Reassessments may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. The County is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Reassessments on a parcel within the Reassessment District in which the FDIC has or obtains an interest, although prohibiting the lien of the Reassessments to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Natural Disasters

The Reassessment District, like many California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads and property within the Reassessment District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Reassessment District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Reassessments when due. In addition, the value of land in the Reassessment District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Reassessments.

Property within the Reassessment District is not currently located in a designated Earthquake Study Zone as determined by the State Geologist.

Hazardous Substances

While government taxes, reassessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. The value of a parcel may be reduced as a result of a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super Fund Act", is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. Accordingly, the presence of hazardous substances on the property within the Reassessment District may negatively affect the value of such property.

Loss of Tax Exemption

As discussed under the heading "LEGAL MATTERS—Tax Exemption," interest on the Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the County. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the County has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of 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.

Future Debt Issuance

The ability of an owner of land within the Reassessment District to pay the Reassessments could be affected by the existence of other taxes and reassessments imposed upon taxable parcels. In addition, the County and other public agencies whose boundaries overlap those of the Reassessment District could impose additional taxes or reassessment liens on the property within the Reassessment District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the Reassessment District through the levy of such additional taxes may be on a parity with the lien of the Reassessments levied by the Reassessment District. See "THE REASSESSMENT DISTRICT—Overlapping Debt."

The imposition of additional liens on a parity with the Reassessments may reduce the ability or willingness of the landowners to pay the Reassessments and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Reassessments.

The County does not have control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of

the property within the Reassessment District. In addition, the landowners within the Reassessment District may, without the consent or knowledge of the County, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Reassessments and could reduce the estimated value-to-lien ratios for property within the Reassessment District described herein.

Ballot Initiatives

From time to time constitutional initiatives or other initiative measures may be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations, or on the ability of the landowners to complete their developments.

Constitutional Amendment – Articles XIIC and XIID

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIC (“Article XIIC”) and Article XIID (“Article XIID”) to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related reassessments, fees and charges.”

Article XIID requires that, beginning July 1, 1997, the proceedings for the levy of any reassessment by the County under the Act (including, if applicable, any increase in such reassessment or any supplemental reassessment under the Act) must be conducted in conformity with the provisions of Section 4 of Article XIID. The County completed its proceedings for the levy of assessments in the Assessment District on January 23, 2001, after complying with the procedural requirements of Section 4 of Article XIID. Under Section 10400 of the Act, any challenge to the proceedings or the assessment must be brought within 30 days after the date the assessment was levied.

Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIC does not define the term “assessment”, and it is unclear whether this term is intended to include assessments levied under the Act. In the case of the unpaid assessments which are pledged as security for payment of the Bonds, the 1915 Act provides a mandatory, statutory duty of the County and the County Auditor to post Reassessments on account of the unpaid Reassessments to the property tax roll of the County each year while any of the Bonds are outstanding, commencing with property tax year 2012-13, in amounts equal to the principal of and interest on the Bonds coming due in the succeeding calendar year plus certain administrative costs. It is unlikely that the initiative power can be used to reduce or repeal the unpaid reassessments which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the mandatory, statutory duty of the County and the County Auditor with respect to the unpaid Reassessments which are pledged as security for payment of the Bonds.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

CONTINUING DISCLOSURE

The County has agreed to provide a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) prior to delivery of the Bonds for the benefit of the Underwriter, holders and beneficial owners of the Bonds to provide certain financial information and operating data relating the Reassessment District within nine months after the end of the County’s fiscal year (the “Annual Report”) and to provide notices of the

occurrence of certain enumerated events (the "Listed Events"). The Annual Reports will be filed on behalf of the County by U.S. Bank National Association (the "Dissemination Agent") by and between the County and U.S. Bank National Association, dated as of August 1, 2012 with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system. Notices of Listed Events will be filed by the Dissemination Agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be included in the Annual Report and the notices of Listed Events is set forth in APPENDIX E—"FORM OF COUNTY CONTINUING DISCLOSURE AGREEMENT." The County has agreed to execute the Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See APPENDIX E—"FORM OF COUNTY CONTINUING DISCLOSURE AGREEMENT."

It should be noted that the County is required to file certain financial statements with the Annual Report. This requirement has been included in the Continuing Disclosure Agreement solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the County other than as described hereinabove. See "BONDOWNERS' RISKS—Limited County Obligation Upon Delinquency." It should also be noted that the list of significant events which the County has agreed to report includes one item which has absolutely no application to the Bonds. These items have been included in the list solely to satisfy the requirements of the Rule. Any implication from the inclusion of these items in the list to the contrary notwithstanding, the Bonds have not been assigned a credit rating.

In the past five years, the County has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

LEGAL MATTERS

Tax Exemption

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding Bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in

the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the beneficial owners to incur significant expense.

The proposed form of Bond Counsel's opinion with respect to the Bonds is attached as Appendix C.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, the pledge of Reassessments to repay the Bonds, the powers or authority of the County with respect to the Bonds, or seeking to restrain or enjoin development of the land within the Reassessment District and a certificate of the County to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto and will accompany the Bonds. Certain legal matters will be passed upon for the County by the County Counsel, and for the County by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation expresses no opinion as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to advise the Beneficial Owners of the Bonds as to matters related to this Official Statement.

No Rating

The County has not made and does not contemplate making application to any rating agency for the assignment of a rating of the Bonds.

Underwriting

The Bonds are being purchased by De La Rosa & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being \$_____ aggregate principal amount thereof, less Underwriter's discount of \$_____ [plus/less] original issue [premium/discount] of \$_____). The purchase agreement relating to the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

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

Financial Interests

The fees being paid to the Underwriter, Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Bonds.

Pending Legislation

The County is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the County to pay the principal of and interest on the Bonds when due.

Miscellaneous

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

The execution and delivery of this Official Statement by an authorized representative of the County has been duly authorized by the Board of Supervisors of the County.

COUNTY OF RIVERSIDE

By: _____
County Executive Officer

APPENDIX A
REASSESSMENT DIAGRAM

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests 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. Reference made to www.dtcc.com is presented as a link for additional information regarding DTC and is not a part of this Official Statement.

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 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. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal of such issue.

DTC, the world's largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 a Standard & Poor's rating of "AA+." 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.

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.

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.

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.

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 maturity to be redeemed.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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).

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 County 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 nor its nominee, the Paying Agent, or the County, 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 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.

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

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

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

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

APPENDIX E
FORM OF COUNTY CONTINUING DISCLOSURE AGREEMENT

INDENTURE

by and between

COUNTY OF RIVERSIDE

and

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of _____ 1, 2012

**Relating to
Reassessment District No. 168 (Rivercrest)
of the County of Riverside
Limited Obligation Improvement Bonds**

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INDENTURE

THIS INDENTURE (this "Indenture"), dated as of _____ 1, 2012, is by and between the COUNTY OF RIVERSIDE, a county and political subdivision of the State of California organized and existing under the laws of the State of California (the "County"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County previously formed Assessment District No. 168 (Rivercrest) (the "Prior District") pursuant to the Municipal Improvement Act of 1913 (being Division 12 of the California Streets and Highways Code), for the purpose of financing certain public improvements (the "Improvements");

WHEREAS, in order to provide funds to finance the Improvements, the County previously issued its Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Prior Bonds"), in an aggregate principal amount of \$3,620,000, payable from the special assessments levied within the Prior District, pursuant to the Improvement Bond Act of 1915 (being Division 10 of the California Streets and Highways Code);

WHEREAS, certain savings and efficiencies may be obtained by refunding the Prior Bonds;

WHEREAS, the County is authorized by the Refunding Act of 1984 for 1915 Improvement Act Bonds (being Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") to issue refunding bonds for the purpose of refunding the Prior Bonds and to provide for the levy and collection of reassessments as security for such refunding bonds;

WHEREAS, the Board of Supervisors of the County has, pursuant to the Refunding Act, confirmed and levied such reassessments (the "Reassessments");

WHEREAS, the County has determined that it would be advantageous to refund the Prior Bonds;

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the County desires to provide for the issuance of the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds"), in the aggregate principal amount of \$ _____;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the County has authorized the execution and delivery of this Indenture; and

WHEREAS, the County has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the County, authenticated and delivered by the

Trustee and duly issued, the valid, binding and legal special obligations of the County, 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 and taken, and the execution and delivery of this Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding 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 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 consideration, the receipt whereof is hereby acknowledged, the County does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Administrative Expense Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.06.

“Administrative Expenses” means the costs resulting from the administration and collection of Reassessments, the administration or registration of the Bonds or the administration of the funds and accounts established hereunder, including the fees, costs and indemnifications due the Trustee or the County.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

“Authorized Denominations” means, with respect to the Bonds, \$5,000 and any integral multiple thereof.

“Authorized Representative” means, with respect to the County, the County Executive Officer, and any other Person designated as an Authorized Representative in a Written Certificate of the County filed with the Trustee.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Beneficial Owners” means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bond Act” means the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code).

“Bond Counsel” means a firm of nationally recognized bond counsel selected by the County.

“Bond Year” means each twelve-month period beginning on September 3 in each year and extending to the next succeeding September 2, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 2, 2012.

"Bonds" means the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds issued hereunder.

"Book-Entry Bonds" means the Bonds registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.07.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Book-Entry Bonds.

"Closing Date" means the date upon which the Bonds are delivered to the Original Purchaser, being _____, 2012.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of _____ 1, 2012, by and between the County and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

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

"County" means the County of Riverside, a county and political subdivision of the State organized and existing under the laws of the State, and any successor thereto.

"County Auditor" means the auditor of the County.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated.

“Depository” means DTC, and its successors as securities depository for Book-Entry Bonds, including any such successor appointed pursuant to Section 2.07.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

“Earnings Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.08.

“Escrow Agreement” means the Escrow Agreement, dated as of _____ 1, 2012, by and between the County and the Escrow Bank, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Escrow Bank” means U.S. Bank National Association, as prior fiscal agent and as escrow bank under the Escrow Agreement, and any successor thereto.

“Event of Default” means any event or circumstance specified in Section 7.01.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the County.

“Indenture” means this Indenture, dated as of _____ 1, 2012, by and between the County and U.S. Bank National Association, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“Interest Payment Dates” means March 2 and September 2 of each year, commencing March 2, 2013.

“Letter of Representations” means the Letter of Representations from the County to the Depository, in which the County makes certain representations with respect to issues of its securities for deposit by the Depository.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.07.

“Office of the Trustee” means the corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the County by the Trustee in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of

transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which office or agency shall be the Trustee's corporate trust office in St. Paul, Minnesota, or such other office or agency of the Trustee as shall be specified to the County by the Trustee in writing.

"Original Purchaser" means the original purchaser of the Bonds from the County.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of Section 11.07, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the County shall have been discharged in accordance with Section 10.01, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee pursuant to Section 2.08.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participant" means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriter" has the meaning ascribed to such term in the Continuing Disclosure Agreement.

"Permitted Investments" is defined in Exhibit A hereto.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prepayment Account" means the account within the Redemption Fund by that name established and held by the Trustee pursuant to Section 5.03.

"Prior Bonds" means the Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds issued under the Prior Fiscal Agent Agreement.

"Prior Fiscal Agent Agreement" means the Fiscal Agent Agreement, dated as of August 1, 2001, by and between the County and U.S. Bank Trust National Association, as Fiscal Agent.

"Reassessment District" means the area in and for which the Board of Supervisors levied the Reassessments, which area is denominated "Reassessment District No. 168 (Rivercrest) of the County of Riverside."

"Reassessments" means the reassessments levied within the Reassessment District by the Board of Supervisors under the proceedings taken pursuant to the Refunding Act and the Resolution of Intention.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.05.

“Rebate Requirement” has the meaning ascribed to such term in the Tax Certificate.

“Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.02.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

“Refunding Act” means the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code).

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.04.

“Reserve Requirement” means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service.

“Resolution of Intention” means Resolution No. ____, adopted by the Board of Supervisors on _____, 2012.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“State” means the State of California.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means the Tax Certificate executed by the County at the time of issuance of the Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder substituted in its place as provided herein.

“Verification Report” means, with respect to the deemed payment of Bonds pursuant to Section 10.02(a), a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of Section 10.02(a).

“Written Certificate” and **“Written Request”** of the County mean, respectively, a written certificate or written request signed in the name of the County by an Authorized Representative of the County. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the County, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the County shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds; Special Obligations. (a) The County hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Refunding Act, the Bond Act and other applicable laws of the State.

(b) The Bonds shall be special obligations of the County, payable, as provided herein, solely from the Reassessments and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. Under the Bond Law, the County has determined that it will not obligate itself to advance available funds from the treasury of the County to cure any deficiency in the Redemption Fund.

Section 2.02. Terms of Bonds. (a) The Bonds shall be designated "Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds." The aggregate principal amount of Bonds that may be issued and Outstanding under this Indenture shall not exceed \$ _____, except as may be otherwise provided in Section 2.08.

(b) The Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Bond shall have more than one maturity date. The Bonds shall be dated as of the Closing Date, shall be issued in the aggregate principal amount of \$ _____, shall mature on September 2 of each year, shall bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) and shall be in the principal amounts as follows:

<u>Maturity Date</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(c) Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event

interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of Bonds, which written request is received by the Trustee on or prior to the Record Date. Notwithstanding the foregoing, interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Bonds shall be subject to redemption as provided in Article IV.

(f) The Bonds shall be in substantially the form set forth in Exhibit B hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the County with the manual or facsimile signature of the Treasurer of the County attested by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the County, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the County as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the County by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the County although at the nominal date of such Bonds any such Person shall not have been such officer of the County.

Section 2.04. Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit B hereto, manually executed 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 the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the County; 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 such records, the ownership of the Bonds.

Section 2.06. Transfer and Exchange of Bonds. (a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the County shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds pursuant to this Section during the period established by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

Section 2.07. Book-Entry System. (a) The Bonds shall initially be issued as Book-Entry Bonds and the Bonds for each maturity date shall be in the form of a separate single fully registered Bond (which may be typewritten). Upon initial issuance, the ownership of each Bond shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the County and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the County 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 Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The County and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the County and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the County and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the County shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the County or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the County, the County and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the County determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository

determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the County shall discontinue the Book-Entry system with the Depository. If the County determines to replace the Depository with another qualified securities depository, the County shall prepare or direct the preparation of a new single, separate, fully registered Bond for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the County fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being 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 such Bonds shall designate, in accordance with the provisions of Sections 2.06, 2.08 and 2.09. Whenever the Depository requests the County to do so, the County shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if the Depository is the sole Owner of the Bonds, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the County or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the County, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the County. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the County, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The County may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the County and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the County whether or not

the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the County, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the County and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the County issues temporary Bonds, it shall execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver, in exchange for such temporary Bonds, an equal aggregate principal amount of definitive Bonds of such maturities in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of Bonds. The County may at any time execute the Bonds and deliver the same to the Trustee. The Trustee shall, on the Closing Date, authenticate the Bonds and deliver the Bonds to the Original Purchaser upon receipt of a Written Request of the County and upon receipt of the purchase price therefor.

Section 3.02. Application of Amounts. (a) On the Closing Date, the proceeds of the sale of the Bonds received by the Trustee, \$ _____, shall be deposited or transferred by the Trustee as follows:

(i) the Trustee shall deposit the amount of \$ _____ in the Costs of Issuance Fund;

(ii) the Trustee shall deposit the amount of \$ _____ in the Reserve Fund; and

(iii) the Trustee shall transfer the amount of \$ _____ to the Escrow Bank, to be applied to the payment of the Prior Bonds in accordance with the provisions of the Escrow Agreement.

(b) [On the Closing Date, the Trustee shall deposit the amount received from the Prior Fiscal Agent, \$ _____, in the Redemption Fund/Administrative Expense Fund.]

(c) The Trustee may establish a temporary fund or account in its records to facilitate and record the foregoing deposits and transfer.

Section 3.03. Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 3.02.

(b) 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 Written Request of the County stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Redemption Fund and, upon making such transfer, the Costs of Issuance Fund shall be closed.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds. (a) *Optional Redemption.* The Bonds shall be subject to optional redemption, in whole on any date or in part in Authorized Denominations on any Interest Payment Date, on or after March 2, 2013, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, 2013 through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and thereafter	

The County shall give the Trustee written notice of its intention to redeem Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

(b) *Mandatory Redemption From Reassessment Prepayments.* The Bonds shall be subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after March 2, 2013, from and to the extent of any prepayment of Reassessments, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, 2013 through March 2, 20__	
September 2, 20__ and March 2, 20__	
September 2, 20__ and thereafter	

(c) *Mandatory Sinking Fund Redemption.* The Bonds maturing September 2, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 2 in each year, commencing September 2, 20__, at a Redemption Price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date <u>(September 2)</u>	Principal Amount to be <u>Redeemed</u>
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(Maturity)

If some but not all of the Bonds maturing on September 2, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of Bonds maturing on September 2, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 2 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the County in a Written Certificate of the County filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Bonds maturing on September 2, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Bonds maturing on September 2, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of Bonds maturing on September 2, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 2 shall be reduced by the aggregate principal amount of the Bonds maturing on September 2, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the County.

Section 4.02. Notice of Redemption. The Trustee on behalf and at the expense of the County shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.02, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the County shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Section 4.03. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any redemption of Bonds pursuant to Section 4.01(a), among maturities of Bonds as directed in a Written Request of the County, and (b) with respect to any redemption of Bonds pursuant to Section 4.01(b), among maturities on a *pro rata* basis as nearly as practicable, and by lot among

Bonds with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the County shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the County, a new Bond or Bonds in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Section 4.05. Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01. Pledge. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture, the Refunding Act and the Bond Act, the County hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Reassessments (including prepayments thereof) and any other amounts held in the Redemption Fund and the Reserve Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the County, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act. The Reassessments, and any reassessments which may be issued thereon or in lieu thereof, together with interest thereon, shall remain and constitute a trust fund for the redemption and payment of the Bonds and the interest thereon.

Section 5.02. Redemption Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Redemption Fund." As soon as practicable after the receipt by the County of Reassessments, together with interest thereon, and any other amounts required to be deposited in the Redemption Fund by this Indenture or the Bond Act (excluding amounts collected for the payment of Administrative Expenses), the County shall transfer such amounts to the Trustee for deposit in the Redemption Fund; provided, however, that, with respect to any such Reassessments that represent prepaid Reassessments that are to be applied to the redemption of Bonds in accordance with the provisions hereof, said prepaid Reassessments shall be identified as such in a Written Certificate of the County delivered to the Trustee at the time such prepaid Reassessments are transferred to the Trustee, the portion of such prepaid Reassessments to be applied to the Redemption Price of the Bonds to be so redeemed shall be identified in such Written Certificate of the County and shall be deposited by the Trustee in the Prepayment Account and the portion of such prepaid Reassessments to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the County and shall be deposited by the Trustee in the Redemption Fund.

(b) On each Interest Payment Date, the Trustee shall withdraw from the Redemption Fund for payment to the Owners of the Bonds the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds. In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Redemption Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Redemption Fund. In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including

principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of Section 7.05.

Section 5.03. Prepayment Account. (a) The Trustee shall establish and maintain a separate account within the Redemption Fund designated the "Prepayment Account." The Trustee shall deposit in the Prepayment Account amounts received from the County in connection with the County's exercise of its rights to optionally redeem Bonds pursuant to Section 4.01(a). As soon as practicable after the receipt by the County of prepaid Reassessments, but in any event not later than ten Business Days after such receipt, the County shall transfer the portion of such prepaid Reassessments to be applied to the Redemption Price of the Bonds to be redeemed from such prepaid Reassessments to the Trustee for deposit in the Prepayment Account.

(b) Amounts in the Prepayment Account shall be disbursed therefrom for the payment of the Redemption Price of Bonds redeemed pursuant to Section 4.01(a) or Section 4.01(b), as applicable.

(c) Any surplus remaining in the Prepayment Account shall be used by the County to advance the maturity of the Bonds as provided in Part 11.1 of the Bond Act.

Section 5.04. Reserve Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Reserve Fund." On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount required to be deposited therein pursuant to Section 3.02. Additional deposits shall be made by the County as provided in the Bond Act.

(b) The County shall cause the Reserve Fund to be administered in accordance with Part 16 of the Bond Act; provided, however, that proceeds from redemption or sale of properties, if and to the extent that payment of delinquent Reassessments and interest thereon was made from the Reserve Fund, shall be credited to the Reserve Fund.

(c) In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Redemption Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Redemption Fund.

(d) Whenever a Reassessment is prepaid, in whole or in part, as provided in the Bond Act, the Trustee, pursuant to a Written Request of the County, shall transfer from the Reserve Fund to the Prepayment Account an amount, specified in such Written Request, equal to the product of the ratio of the original amount of the Reassessment, or portion thereof, so prepaid to the original amount of all unpaid Reassessments, times the initial Reserve Requirement. Whenever Bonds are to be redeemed pursuant to Section 4.01(a), a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Prepayment Account or otherwise deposited with the Trustee pursuant to Section 10.02, be transferred by the Trustee from the Reserve Fund to the Prepayment Account or to such deposit held by the Trustee and shall be

applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of \$5,000 that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(e) Whenever the balance in the Reserve Fund is sufficient to retire all the Outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Reassessments shall be discontinued and the Reserve Fund shall be liquidated by the Trustee in retirement of the Outstanding Bonds, as directed by a Written Request of the County. In the event that the balance in the Reserve Fund at the time of liquidation exceeds the amount required to retire all of the Outstanding Bonds, the excess shall, after payment of amounts due to the Trustee, be transferred to the County to be used in accordance with the Bond Act.

(f) If as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer to the Redemption Fund an amount equal to the amount by which the amount on deposit in the Reserve Fund exceeds such reduced Reserve Requirement.

Section 5.05. Rebate Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the County. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the County, and shall have no liability or responsibility to enforce compliance by the County with the terms of the Tax Certificate. The Trustee may conclusively rely upon the County's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the County's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the County, be withdrawn by the Trustee and remitted to the County.

(c) On or before November 1 of each year, the County shall deliver to the Trustee a Written Certificate of the County specifying the amount of the then applicable Rebate Requirement. Any amount in the Rebate Fund in excess of the Rebate Requirement on

November 1 of each year shall be withdrawn from the Rebate Fund by the Trustee and shall be deposited in the Earnings Fund.

Section 5.06. Administrative Expense Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Administrative Expense Fund." As soon as practicable after the receipt by the County of amounts collected with the Reassessments for Administrative Expenses, but in any event not later than ten Business Days after such receipt, the County shall transfer such amounts to the Trustee for deposit in the Prepayment Account and the Trustee shall so deposit such amounts so received.

(b) The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the County stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred and that such purpose constitutes an Administrative Expense, (d) that such payment is a proper charge against the Administrative Expense Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Administrative Expense Fund; in each case together with a statement or invoice for each amount requested thereunder.

(c) To the extent moneys are not otherwise available therefor in the Earnings Fund, amounts in the Administrative Expense Fund shall, at the Written Request of the County, be transferred by the Trustee to the Rebate Fund.

Section 5.07. Earnings Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Earnings Fund." The Trustee shall deposit in the Earnings Fund the amounts required to be deposited therein pursuant to Section 5.05 or Section 5.08.

(b) At least annually on or before November 1 of each year, if the amount on deposit in the Rebate Fund is less than the Rebate Requirement, the County shall deliver to the Trustee a Written Request of the County directing the Trustee to transfer from the Earnings Fund to the Rebate Fund the amount specified in such Written Request (which shall be an amount sufficient to cause the amount on deposit in the Rebate Fund to be equal to the Rebate Requirement), and the Trustee shall so transfer such amount. On November 2 of each year, after having made any requested transfer to the Rebate Fund, the Trustee shall transfer any amount in the Earnings Fund, first, to the Reserve Fund in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement and, second, to the Redemption Fund.

Section 5.08. Investment of Moneys. (a) Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the County received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such

Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent a timely Written Request of the County with respect to the investment of moneys in any of the funds or accounts established pursuant to this Indenture, the Trustee shall invest such moneys in Permitted Investments described in paragraph (6) of the definition thereof.

(b) Subject to the provisions of Section 5.05, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture (other than the Reserve Fund) shall be retained therein. Subject to the provisions of Section 5.05, all interest, profits or other income received from the investment of moneys in the Reserve Fund shall be transferred to the Earnings Fund; provided, however, that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued by the Trustee at the market value thereof (without regard to costs incurred in the acquisition or disposition thereof, including breakage, unwind or other similar fees), such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15. To the extent of any valuations to be made by the Trustee hereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system. Any Permitted Investment that is a registrable security shall be registered in the name of the Trustee.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the County, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder. The Trustee, in making or disposing of any investment permitted by this Section, may deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account.

(e) The County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, the County specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the County periodic cash transaction statements, which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS

Section 6.01. Collection and Application of Reassessments. (a) The County shall comply with all requirements of this Indenture and the Bond Act to assure the timely collection of the Reassessments, and interest thereon, including, without limitation, the enforcement of delinquent Reassessments. Any funds received by the County in and for the Reassessment District (excluding any penalty and interest charges imposed upon delinquent Reassessments), including, but not limited to, collections of Reassessments (including prepayments thereof), and interest thereon, upon the secured tax rolls, collections of delinquent Reassessments, through foreclosure proceedings or otherwise, shall, at such times as such funds available for the purposes for which they are to be applied in accordance herewith, be transmitted directly to the Trustee, without deduction, to be deposited into the funds and accounts herein specified.

(b) The Reassessments and interest thereon, shall be payable and be collected in the same manner at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. The Reassessments, together with the interest thereon, shall be payable in annual series corresponding in number to the number of series of Bonds. An annual proportion of each Reassessment, together with interest thereon, shall be payable in each year preceding the date of maturity of each of the several series of Bonds in an amount sufficient to pay such Bonds, and interest thereon, when due. In addition, the County shall, in accordance with and subject to the limitations contained in the report for the Reassessment District and in Section 8682 and Section 8682.1 of the Bond Act, cause to be included in the annual assessment roll an amount estimated to be sufficient to pay Administrative Expenses for the following annual period.

(c) The County shall, before the final date on which the County Auditor will accept the transmission of the Reassessments for inclusion on the next tax roll, prepare or cause to be prepared, and shall transmit to the County Auditor, such data as the County Auditor requires to include the installments of such Reassessments, together with interest thereon, and Administrative Expenses on the next secured tax roll of the County.

(d) Any Reassessment may be prepaid at any time by paying, in whole or part, the unpaid amount thereof less, if available, the amount transferred to the Redemption Fund from the Reserve Fund pursuant to Section 5.04(d), if any, together with the redemption premium, if any, set forth in Section 4.01(b) and interest on such prepaid Reassessment (if not collected in an Reassessment installment) to the earliest redemption date for which notice of redemption may be given in accordance herewith.

Section 6.02. Foreclosure. (a) The County hereby covenants that it will commence appropriate judicial foreclosure proceedings against parcels with total Reassessment delinquencies in excess of \$2,300 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Reassessments were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent

Reassessments by the October 1 following the close of each Fiscal Year in which it receives Reassessments in an amount which is less than 95% of the total Reassessments levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing, the County may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Reassessment delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a Reassessment delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Reassessment delinquency and in such cases foreclosure proceedings may be delayed by the County until there are sufficient Reassessment delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost.

(b) Upon the redemption or sale of the real property responsible for such delinquencies, the County shall apply the net proceeds thereof as follows: (i) deposit to the Reserve Fund the amount of any delinquency advanced therefrom pursuant to Section 5.04(c), (ii) reimburse the County for the amount of any previously unreimbursed fees, costs and expenses incurred by the County in connection with such delinquency, (iii) deposit to the Reserve Fund an amount sufficient to cause the amount therein to be equal to the Reserve Requirement, and (iv) the balance, if any, shall be disbursed as set forth in the judgment of foreclosure or as required by law.

Section 6.03. No Advances from Available Funds. The County shall not be obligated to advance available funds of the County to cure any deficiency which may occur in the Redemption Fund; provided, however, that said determination shall not prevent the County, in its sole discretion, from so advancing such funds.

Section 6.04. Punctual Payment. The County 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, according to the true intent and meaning thereof, but only out of the Reassessments and other assets pledged for such payment as provided in this Indenture and received by the County or the Trustee.

Section 6.05. No Additional Bonds. The County shall not issue or incur any bonds, notes or other obligations payable from the Reassessments, except the Bonds.

Section 6.06. Extension of Payment of Bonds. The County 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 Bonds then Outstanding 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 County 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 6.07. Against Encumbrances; Defense of Pledge. The County shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture, except as permitted hereby. The County shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created hereby, against all claims and demands of all Persons whomsoever.

Section 6.08. Tax Covenants. (a) The County shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the County shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the County is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the County shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the County shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.09. Continuing Disclosure. Each of the County and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the County or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.10. Accounting Records. The County shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Reassessments, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

Section 6.11. Further Assurances. The County shall make, execute and deliver any and all such further agreements, 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 of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default:

(a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption 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 County 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 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, or to the County and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(d) the commencement by the County of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 7.02. Foreclosure. If an Event of Default shall occur under Section 7.01(a) or Section 7.01(b) then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Reassessment District with delinquent Reassessments, or delinquent payments of interest thereon, or delinquent payments of amounts for Administrative Expenses, as provided in Section 8830 et. seq. of the Bond Act.

Section 7.03. Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the County and its officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the County and the fulfillment of all duties imposed upon it by this Indenture and the Bond Act;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the County and its officers and employees to account as if it and they were the trustees of an express trust.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.05. Application of Amounts After Default. If an Event of Default shall occur and be continuing, all Reassessments, and interest thereon, and any other funds thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) to the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference; and

(c) any remaining funds shall be transferred by the Trustee to the Redemption Fund.

Section 7.06. Power of Trustee to Enforce. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.07. Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided, however, that such direction shall not be otherwise than in accordance the provisions of this Indenture, the Bond Act and other applicable law and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.08. Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Refunding Act, the Bond Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory 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 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 or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture, the Refunding Act, the Bond Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

Section 7.09. Absolute Obligation. Nothing in this Indenture or the Bonds contained shall affect or impair the obligation of the County, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Reassessments and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.10. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the County, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights

hereunder, severally and respectively, and all rights, remedies, powers and duties of the County, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.11. No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

TRUSTEE

Section 8.01. Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. 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 under the circumstances in the conduct of such person's own affairs.

Section 8.02. Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party hereto and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The County may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if (i) 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 the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with subsection (a) 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 by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the County, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(d) Upon removal or resignation of the Trustee, the County shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as

provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or 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 County and to its predecessor Trustee a written acceptance thereof, and thereupon 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 at the Written Request of the County 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 acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under subsection (a) of this Section, 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 8.03. Liability of Trustee. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the County, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the County or others in accordance with this Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under Article VII, under this Article or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors; and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding 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.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it 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 Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it hereunder if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof.

Section 8.04. Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of the duties 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 Written Certificate of the County, and such Written Certificate 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 Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(c) The Trustee may consult with counsel, who may be counsel to the County, 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 it hereunder in good faith and in accordance therewith.

Section 8.05. 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 prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Reassessments and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the County, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the County a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Section 8.06. 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 business hours and upon reasonable notice to the inspection of the County, the Owners and their agents and representatives duly authorized in writing.

Section 8.07. Compensation and Indemnification. The County shall pay to the Trustee from time to time all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture. The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any costs, claims, expenses or liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including reasonable legal fees and expenses of counsel retained by the Trustee in connection with the performance of its duties hereunder), including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the County to indemnify the Trustee shall survive the resignation or removal of the Trustee and the termination and discharge of this Indenture.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures. (a) This Indenture and the rights and obligations of the County, the Trustee and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the County and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.07. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Indenture, except as expressly provided in this Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend this Section without the prior written consent of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the County, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the County and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(iv) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(v) in any other respect whatsoever as the County may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder.

(c) Promptly after the execution by the County and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by

the County), by first-class mail, postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the County, the Trustee and the Owners 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 such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may and, if the County so determines, shall bear a notation by endorsement or otherwise in form approved by the County and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the County and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the County and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. (a) If the County shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners shall cease to be entitled to the pledge of the Reassessments and the other assets as provided herein, and all agreements, covenants and other obligations of the County hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the County all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, when any Bond shall have been paid and if, at the time of such payment, the County shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Reassessments and the other assets as provided herein, and all agreements, covenants and other obligations of the County hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Section 10.02. Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the County shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02 notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 4.02, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance

Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the County shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the County shall have caused to be delivered (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the County and the Trustee, in form and in substance acceptable to the County and the Trustee, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the County and the Trustee and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the County and the Trustee, in form and in substance acceptable to the County and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, this Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the County hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

Section 10.03. Unclaimed Moneys. Subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bond which remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the County for the payment of such principal, premium or interest.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Indenture either the County 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 required hereby to be performed by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.02. Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the County and the Owners any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the County and the Owners.

Section 11.03. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the County of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.04. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The County hereby declares that it would have entered into this Indenture and each and every other Section, subsection, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.05. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County:

County Executive Officer
County of Riverside
4080 Lemon Street, 4th Floor
Riverside, California 92501
Ref.: Reassessment District No. 168
Attention: Special District Administrator

If to the Trustee:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.06. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the County if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument 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 shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the County in accordance therewith or reliance thereon.

Section 11.07. 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 known by the Trustee to be owned or held by or for the account of the County, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the

pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the County shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 11.08. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto, subject, however, to the provisions of Section 10.03 but without any liability for interest thereon.

Section 11.09. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards to the extent practicable, and with due regard for the requirements hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations hereunder.

Section 11.10. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date.

Section 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the County shall be individually or personally liable for the payment of the principal or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by this Indenture.

Section 11.12. Interpretation. (a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 11.13. Conclusive Evidence of Regularity. Bonds issued pursuant to this Indenture shall constitute evidence of the regularity of all proceedings under the Refunding Act and the Bond Act relative to their issuance and the levy of the Reassessments.

Section 11.14. Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 11.15. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the County has caused this Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee, 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.

COUNTY OF RIVERSIDE

By: _____

**U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE**

By: _____

Authorized Officer

EXHIBIT A

PERMITTED INVESTMENTS

“Permitted Investments” means the following, to the extent that such securities are otherwise eligible legal investments of the County:

(1) Direct 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);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior

to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "Aa3" by Moody's and "AA-" by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the County receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider's rating by either Moody's or S&P falls below "Aa3" or "AA-," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is

maintained at levels and upon such conditions as would be acceptable to Moody's and S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-," respectively, the provider must, at the direction of the County or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the County or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

(10) The Local Agency Investment Fund maintained by the Treasurer of the State; and

(11) The investment pool maintained by the Treasurer of the County.

EXHIBIT B
FORM OF BOND

No. _____ \$ _____

REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
OF THE COUNTY OF RIVERSIDE
LIMITED OBLIGATION IMPROVEMENT BOND

INTEREST RATE MATURITY DATE DATED DATE CUSIP

_____, 2012

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The County of Riverside (the "County"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 2 and September 2 in each year, commencing March 2, 2013 (the "Interest Payment Dates"), until payment of such Principal Amount in full.

This Bond is one of a series of an issue of bonds duly authorized under and by virtue of the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Refunding Act"), and is one of the series of bonds designated "Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds" (the "Bonds") in the aggregate principal amount of \$ _____. The Bonds are issued pursuant to the Indenture, dated as of _____ 1, 2012 (the "Indenture"), by and between the County and U.S. Bank National Association, as trustee (said entity or any successor thereto as trustee under the Indenture, the "Trustee"), and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Indenture is entered into, and this Bond is issued under, the Refunding Act, the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code) (the "Bond Act") and the laws of the State of California. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing

Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Bonds are special obligations of the County, payable, as provided in the Indenture, solely from the Reassessments and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. Under the Bond Law, the County has determined that it will not obligate itself to advance available funds from the treasury of the County to cure any deficiency in the Redemption Fund established under the Indenture for the payment of the Bonds.

Pursuant to and as more particularly provided in the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture, the Refunding Act and the Bond Act, the County pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Reassessments (including prepayments thereof) and any other amounts held in the Redemption Fund and the Reserve Fund. Said pledge constitutes a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the County, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

The Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Bond or any portion thereof shall be given as provided in the Indenture. The Bonds are subject to refunding pursuant to the Refunding Act.

The Bonds are issuable as fully-registered Bonds without coupons in Authorized Denominations (\$5,000 and any integral multiple thereof).

Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the County shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Indenture and the rights and obligations of the County, the Trustee and the Owners may be modified or amended in the manner, to the extent, and upon the terms provided in the Indenture.

The Indenture contains provisions permitting the County to make provision for the payment of the principal of and the interest and premium, if any, on any of the Bonds so that such Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture.

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

IN WITNESS WHEREOF, the County has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the Treasurer of the County attested by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County, all as of the Dated Date identified above.

COUNTY OF RIVERSIDE

By: _____
Treasurer

Attest:

By: _____
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2012

**U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE**

By: _____
Authorized Officer

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

Dated: _____

Signature Guaranteed:

Note: 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.

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.

CONTINUING DISCLOSURE AGREEMENT

by and between

COUNTY OF RIVERSIDE

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of _____ 1, 2012

**Reassessment District No. 168 (Rivercrest)
of the County of Riverside
Limited Obligation Improvement Bonds**

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of _____ 1, 2012, is by and between the COUNTY OF RIVERSIDE, a county and political subdivision of the State of California organized and existing under the laws of the State of California (the "County"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of _____ 1, 2012 (the "Indenture"), by and between the County and the Trustee, the County has issued the Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds"), in the aggregate principal amount of \$ _____; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the County and the Trustee for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, Sections 2 and 3 hereof.

"Annual Report Date" means the date in each year that is the first day of the month following the ninth month after the end of the County's fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

"County" means the County of Riverside, a county and political subdivision of the State organized and existing under the laws of the State, and any successor thereto.

"Disclosure Representative" means the County Executive Officer of the County of Riverside, or such other person as the County shall designate in writing to the Trustee from time to time.

"Dissemination Agent" means Albert A. Webb Associates, as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the Trustee a written acceptance of such designation.

“Indenture” means the Indenture, dated as of _____ 1, 2012, by and between the County and U.S. Bank National Association, as originally executed and as it may be amended or supplemented from time to time in accordance with its terms.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the Official Statement, dated _____, 2012, relating to the Bonds.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means 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.

“Trustee” means U.S. Bank National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The County shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2011-12 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the County, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the County shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the County and the Dissemination Agent to determine if the County is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the County and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The County's audited financial statements, if any, 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 the County's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the County's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Bonds Outstanding as of the September 30 next preceding the Annual Report Date.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement as of the September 30 next preceding the Annual Report Date.

(iii) The total assessed value of all parcels within the Reassessment District on which the Reassessments are levied, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories (e.g., "below 3:1," "3:1 to 4:1," etc.).

(iv) The Reassessment delinquency rate for all parcels within the Reassessment District, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of parcels within the Reassessment District delinquent in payment of Reassessments as of the September 30 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the County; provided, however, that parcels with aggregate delinquencies of \$2,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category.

(v) The status of foreclosure proceedings for any parcels within the Reassessment District on which the Reassessments are levied and a summary of the

results of any foreclosure sales as of the September 30 next preceding the Annual Report Date.

(vi) The identity of any property owner representing more than 5% of the aggregate annual Reassessment installments delinquent in payment of Reassessments, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date.

(vii) A land ownership summary listing property owners responsible for more than 1% of the annual installments of the Reassessments, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, a summary of the Reassessments levied on the property within the Reassessment District owned by such property owners, and the assessed value of such property, as shown on such assessment roll; provided, however, that if more than ten property owners are each responsible for more than 1% of such annual installments of the Reassessments, such information need only be provided for the ten property owners responsible for the greatest portion of such annual installments.

(c) In addition to any of the information expressly required to be provided under the preceding paragraphs (a) and (b), the County shall provide such further 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.

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 County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar event of the County.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.
- (ii) Modifications to rights of holders of the Bonds.
- (iii) Optional, unscheduled or contingent Bond calls.
- (iv) Release, substitution, or sale of property securing repayment of the Bonds.
- (v) Non-payment related defaults.
- (vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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.
- (vii) Appointment of a successor or additional Trustee or the change of name of a Trustee.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) If a Listed Event described in subsection (b) of this Section occurs, the County shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the County determines that the occurrence of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the County shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notices of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement 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 County shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the County and the Trustee. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the County in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the County; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, 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 the 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 (i) is approved by Owners of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the County, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner 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 County, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County, the

Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent.

Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the County 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 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, and which are not due to its negligence or its willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

COUNTY OF RIVERSIDE

By: _____

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

By: _____
Authorized Officer

ACKNOWLEDGED AND ACCEPTED:

ALBERT A. WEBB ASSOCIATES, AS
DISSEMINATION AGENT

By: _____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Riverside

Name of Bond Issue: Reassessment District No. 168 (Rivercrest) of the County of Riverside
Limited Obligation Improvement Bonds

Date of Issuance: _____, 2012

NOTICE IS HEREBY GIVEN that the County of Riverside (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of _____ 1, 2012, by and between the County and U.S. Bank National Association, as Trustee. [The County anticipates that the Annual Report will be filed by _____, 20__.]

Dated: _____

U.S. Bank National Association, as
Trustee, on behalf of the County of
Riverside

cc: County of Riverside

ESCROW AGREEMENT

by and between

COUNTY OF RIVERSIDE

and

**U.S. BANK NATIONAL ASSOCIATION,
AS PRIOR FISCAL AGENT AND AS ESCROW BANK**

Dated as of _____ 1, 2012

**Relating to
Assessment District No. 168 (Rivercrest)
of the County of Riverside
Limited Obligation Improvement Bonds**

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement"), dated as of _____ 1, 2012, is by and between the COUNTY OF RIVERSIDE, a county and political subdivision of the State of California organized and existing under the laws of the State of California (the "County"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Prior Fiscal Agent (as defined herein) and as escrow bank (the "Escrow Bank").

WITNESSETH:

WHEREAS, the County previously issued the Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Prior Bonds"), presently outstanding in the aggregate principal amount of \$2,495,000;

WHEREAS, the Prior Bonds were issued under the Fiscal Agent Agreement, dated as of August 1, 2001 (the "Prior Fiscal Agent Agreement"), by and between the County and U.S. Bank Trust National Association, as Fiscal Agent;

WHEREAS, the Escrow Bank is the successor fiscal agent (the "Prior Fiscal Agent") under the Prior Fiscal Agent Agreement;

WHEREAS, the County has determined that debt service savings can be achieved by refunding the Prior Bonds;

WHEREAS, in order to provide the funds required to refund the Prior Bonds, the County is issuing \$ _____ aggregate principal amount of Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds"), pursuant to the Indenture, dated as of _____ 1, 2012 (the "Indenture"), by and between the County and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, the County has determined to apply a portion of the proceeds of the Bonds for the purpose of providing the funds necessary to pay the interest on the Prior Bonds due and payable on September 2, 2012, to pay the principal of the Prior Bonds due and payable on September 2, 2012 and to redeem the remaining outstanding Prior Bonds on September 2, 2012 (the "Redemption Date") at a redemption price (the "Redemption Price") equal to 100% of the principal amount of the Prior Bonds being so redeemed; and

WHEREAS, the Prior Bonds are subject to redemption on the Redemption Date and the County has determined to provide for the call for redemption on the Redemption Date of the Prior Bonds outstanding on the Redemption Date;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the County and the Escrow Bank agree as follows:

Section 1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Prior Fiscal Agent Agreement.

Section 2. The Escrow Fund. (a) There is hereby established a fund (the "Escrow Fund") to be held as an irrevocably pledged escrow by the Escrow Bank, which the Escrow Bank shall keep separate and apart from all other funds of the County and the Escrow Bank and which shall be applied solely as provided in this Escrow Agreement.

Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged and assigned solely to the payment of (i) the principal of and interest on the Prior Bonds coming due on and prior to the Redemption Date, and (ii) the Redemption Price on the Redemption Date, which amounts shall be held in trust by the Escrow Bank for the Owners of the Prior Bonds.

(b) The Prior Fiscal Agent is hereby instructed to liquidate the investments held in the funds and accounts established under the Prior Fiscal Agent Agreement. [Upon the issuance of the Bonds, the Prior Fiscal Agent shall transfer from the funds and accounts established under the Prior Fiscal Agent Agreement the amount of \$ _____, for deposit in the Redemption Fund/Administrative Expense Fund established under the Indenture.] Upon the issuance of the Bonds, there shall be deposited in the Escrow Fund \$ _____ received from the proceeds of the sale of the Bonds and \$ _____ transferred from the funds and accounts established under the Prior Fiscal Agent Agreement, for a total of \$ _____.

(c) As reflected in the certification of the nationally recognized firm of independent certified public accountants delivered in connection herewith, upon the deposit of moneys pursuant to Section 2(b) hereof, the moneys on deposit in the Escrow Fund will be at least equal to an amount sufficient to make the payments required by Section 4 hereof.

Section 3. Use of Moneys. (a) The Escrow Bank hereby acknowledges deposit of the moneys described in Section 2(b) hereof and agrees to hold such moneys uninvested.

(b) No moneys deposited with the Escrow Bank pursuant to this Escrow Agreement shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Prior Bonds as provided in Section 4 hereof.

(c) The Owners of the Prior Bonds shall have a first and exclusive lien on the moneys in the Escrow Fund until such moneys are used and applied as provided in this Escrow Agreement.

(d) The Escrow Bank shall not be held liable for losses resulting from compliance with the provisions of this Escrow Agreement.

Section 4. Payment of Prior Bonds. From the moneys held in the Escrow Fund, the Escrow Bank, as the Prior Fiscal Agent, shall apply such amounts, as follows:

(a) on the Redemption Date, the Escrow Bank, as the Prior Fiscal Agent, shall pay interest on the Prior Bonds in accordance with the terms of the Prior Fiscal Agent Agreement;

(b) on the Redemption Date, the Escrow Bank, as the Prior Fiscal Agent, shall pay principal of the Prior Bonds in accordance with the terms of the Prior Fiscal Agent Agreement; and

(c) on the Redemption Date, the Escrow Bank, as the Prior Fiscal Agent, shall pay the Redemption Price in accordance with the terms of the Prior Fiscal Agent Agreement.

To the extent that the amount on deposit in the Escrow Fund on the Redemption Date is in excess of the amount necessary to make the required payments with respect to the Prior Bonds, as shown in the then applicable escrow verification of the nationally recognized firm of independent certified public accountants, such excess shall be transferred to the Trustee for deposit in the Redemption Fund established under the Indenture.

Section 5. Transfer of Amounts Remaining Under Prior Fiscal Agent Agreement.

The Escrow Bank, as the Prior Fiscal Agent, is hereby instructed to transfer any amounts remaining in the funds and accounts established under the Prior Fiscal Agent Agreement to the Trustee for deposit in the Redemption Fund established under the Indenture.

Section 6. Escrow Bank's Authority to Make Investments. The Escrow Bank shall have no power or duty to invest any funds held under this Escrow Agreement. The Escrow Bank shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

Section 7. Indemnity. To the extent permitted by law, the County hereby agrees to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors and assigns, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time in any way relating to or arising out of the execution and delivery of this Escrow Agreement by the Escrow Bank and the performance by the Escrow Bank of its duties hereunder; provided, however, that the County shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct, the negligence or willful misconduct of the Escrow Bank's respective successors or assigns or the material breach by the Escrow Bank or such successors or assigns of the terms of this Escrow Agreement. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 8. Responsibilities of Escrow Bank. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the County, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the securities to be purchased pursuant hereto, if any, and any uninvested moneys to accomplish the redemption of the Prior Bonds pursuant to the Prior Fiscal Agent Agreement. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default. The Escrow Bank may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance

therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Bank shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds be proved or established prior to taking, suffering or omitting any such action, such matter may be established only by a certificate signed by a nationally recognized firm of certified public accountants or such opinion of counsel of recognized standing in the field of law relating to municipal bonds. No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may resign by giving written notice to the County, and upon receipt of such notice the County shall promptly appoint a successor Escrow Bank. If the County does not appoint a successor Escrow Bank within 30 days of receipt of such notice, the resigning Escrow Bank may petition a court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Bank. Upon acceptance of appointment by a successor Escrow Bank, the resigning Escrow Bank shall transfer all amounts held by it in the Escrow Fund to such successor Escrow Bank and be discharged of any further obligation or responsibility hereunder.

Section 9. Amendments. The County and the Escrow Bank may (but only with the consent of the Owners of all of the Prior Bonds) amend this Escrow Agreement or enter into agreements supplemental to this Escrow Agreement.

Section 10. Compensation. The County shall from time to time pay or cause to be paid to the Escrow Bank the agreed upon compensation for its services to be rendered hereunder, and reimburse the Escrow Bank for all of its reasonable advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Bank under this Escrow Agreement or otherwise.

Section 11. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the County or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 12. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 13. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date first above written.

COUNTY OF RIVERSIDE

By: _____

**U.S. BANK NATIONAL
ASSOCIATION, AS PRIOR FISCAL
AGENT AND AS ESCROW BANK**

By: _____

Authorized Officer

**AGREEMENT
FOR
BOND COUNSEL SERVICES**

Reassessment District No. 168 (Rivercrest) of the County of Riverside

THIS AGREEMENT (this "Agreement"), dated as of _____, 2012, is by and between the COUNTY OF RIVERSIDE (the "County") and ORRICK, HERRINGTON & SUTCLIFFE LLP ("Bond Counsel").

WITNESSETH

WHEREAS, the County previously established Assessment District No. 168 (Rivercrest) of the County of Riverside (the "Prior District") and previously issued bonds (the "Prior Bonds") to finance certain public improvements payable from the special assessments levied within the Prior District;

WHEREAS, the County desires to issue bonds (the "Bonds") to refund the Prior Bonds;

WHEREAS, in order to refund the Prior Bonds, the County has proposed to establish Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "Reassessment District");

WHEREAS, the County desires to employ Bond Counsel to provide legal services incident to the issuance and sale of the Bonds; and

WHEREAS, Bond Counsel possesses the necessary professional capabilities and resources to provide the legal services required by the County as described in this Agreement;

NOW, THEREFORE, it is mutually agreed by the parties hereto as follows:

Section 1. Scope of Services. (a) Bond Counsel shall perform the following legal services in connection with the issuance and sale of Bonds:

(i) consultation with representatives of the County, including the County Counsel, the special tax consultant, the financial advisor, the underwriter, underwriter's counsel and others, concerning the proposed financing and its timing, terms and structure, and including the rendering of legal advice with respect to the proceedings deemed necessary or desirable to comply with all requirements of law preliminary to the authorization, issuance and sale of the Bonds;

(ii) preparation of documents to be adopted or entered into by the County required for the issuance of the Bonds and the refunding of the Prior Bonds, including preparation of the authorizing resolution, the indenture providing for the issuance of the Bonds and the escrow agreement (the "Major Legal Documents");

(iii) preparation of the continuing disclosure agreement to be entered into in connection with the issuance of the Bonds; provided, however, that, as Rule 15c2-12 applies only to underwriters, compliance with such rule will be the responsibility of underwriter's counsel, and that if, as a result, the continuing disclosure agreement is prepared by underwriter's counsel, all references to that document contained in this Agreement shall be deemed deleted;

(iv) preparation of summaries of the Major Legal Documents included in the official statement;

(v) attendance at such County Board of Supervisors meetings and working group meetings or conference calls as the County may request, and assistance to the County staff in preparation of such explanations or presentations to the County Board of Supervisors as such staff may request;

(vi) preparation of final closing papers to be executed by the County required to effect delivery of the Bonds (including the tax certificate) and coordination of the closing;

(vii) rendering of Bond Counsel's customary final legal opinion on the validity of the Bonds and the tax-exempt status of interest thereon; and

(viii) such other legal services as may be incidental to the foregoing.

(b) The County shall and will rely on County Counsel to render day to day and ongoing general counsel legal services. Bond Counsel shall circulate documents to and coordinate its services with County Counsel to the extent requested by the County or County Counsel. Bond Counsel shall be entitled to assume that County Counsel has reviewed all documents and matters submitted to the County for adoption or approval or to officers of the County for execution prior to such adoption, approval or execution.

In rendering opinions and performing legal services under this Agreement, Bond Counsel shall be entitled to rely on the accuracy and completeness of information provided and certifications made by, and opinions provided by counsel to, the County and other parties and consultants, without independent investigation or verification.

Bond Counsel services are limited to those specifically set forth in this Section. Bond Counsel services do not include any services beyond those set forth in this Section, including, without limitation (i) any representation of the County or any other party in any litigation or other legal or administrative proceeding involving any of the Bonds or any related matter, (ii) the preparation of any bond purchase agreement or credit enhancement agreement or the preparation or review of any investment agreement, (iii) any responsibility for compliance with federal or state securities laws, environmental, land use, real estate, any tax laws (except as required for tax exemption of the interest on the Bonds), insurance or similar laws or matters or for title to or perfection of security interests in real or personal property, or (iv) any financial advice or analysis. Bond Counsel will not be responsible for the services performed or acts or omissions of

any other participant. Also, Bond Counsel services with respect the Bonds will not extend past the date of issuance of the Bonds and will not, for example, include services related to rebate compliance or continuing disclosure (although Bond Counsel may be available for separate engagement to provide either or both such services pursuant to separate contract) or otherwise related to the Bonds.

Section 2. Compensation. For the legal services described in subsection (a) of Section 1 hereof, Bond Counsel shall be paid a flat fee of \$55,000.

In addition to the fee provided above, Bond Counsel shall be paid a flat amount of \$1,000 to cover costs and expenses (direct and indirect) incurred in connection with the legal services rendered pursuant hereto, including (without limitation) document reproduction and delivery, travel, long distance telephone, telecopy, word processing, computer research, secretarial overtime, final transcripts and other similar expenses.

The fee payable to Bond Counsel pursuant to this Section is based, in part, upon the assumption that the scope of services will conform to the description thereof contained in subsection (a) of Section 1 hereof, the transaction will not have an extraordinary amount of problems/issues, Bond Counsel will be required to attend no more than the usual number of meetings and conference calls, Bond Counsel will not be required to generate an inordinate amount of drafts of the Major Legal Documents and the structure of the transaction will not materially change (particularly after preparation of the Major Legal Documents has commenced). If any part of this assumption is incorrect, or if any unusual or unforeseen circumstances arise, and occasion substantial additional work or responsibility on the part of Bond Counsel, Bond Counsel will be entitled to seek additional compensation in such amount as the County and Bond Counsel shall mutually agree to be appropriate.

Bond Counsel's fee and expenses shall be payable by the County at or after the issuance of the Bonds. Payment of such fee and expenses shall be made from proceeds of the Bonds and shall be entirely contingent upon the issuance of the Bonds.

Section 3. Termination of Agreement and Legal Services. This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the County, shall, at the option of the County, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the County, Bond Counsel shall be paid for all satisfactory work at its usual hourly rates unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon the issuance of the Bonds; provided that the County shall remain liable for any unpaid compensation or reimbursement due under Section 2 hereof. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Bonds or the County. For various cost and other reasons, Bond Counsel reserves the right to dispose, in any manner it chooses, of any documents or other materials retained by it after such termination.

Section 4. Nature of Engagement; Relationships With Other Parties. The role of bond counsel, generally, is to prepare or review the procedures for issuance of the bonds, notes or other evidence of indebtedness and to provide an expert legal opinion with respect to the validity thereof and other subjects (usually including the tax status of interest on the bonds) addressed by the opinion. Consistent with the historical origin and unique role of bond counsel, and reliance thereon by the public finance market, Bond Counsel's role as bond counsel under this Agreement is to provide opinions and related legal services that represent an objective judgment on the matters addressed rather than the partisan position of an advocate.

In performing its services as bond counsel in connection with the Bonds, Bond Counsel will act as bond counsel to the County with respect to the issuance of the Bonds; that is, Bond Counsel will assist County Counsel in representing the County but only with respect to the validity of the Major Legal Documents and the tax status of interest on the Bonds, and in a manner not inconsistent with the role of bond counsel described in the first sentence of this Section.

The County acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the financing or that may be involved with or adverse to the County in this or some other matter. Bond Counsel agrees not to represent any such entity in connection with the issuance of the Bonds, during the term of this Agreement, without the consent of the County, except possibly with respect to investment or derivative products where, because Bond Counsel has assisted a number of the providers/brokers in designing and developing their products and provides general and transactional advice with respect to such products, it is not practical to seek specific consent in each case, and instead Bond Counsel agrees to separate the attorneys working on the financings pursuant to this Agreement from the attorneys working on the investment or derivative products. Given the special, limited role of bond counsel described above, the County acknowledges that no conflict of interest exists or would exist, and waives any actual or potential conflict of interest that might be deemed to arise, now or in the future, from this Agreement or any such other relationship that Bond Counsel may have had, have or enter into, and the County specifically consents to any and all such relationships.

Section 5. Limitation of Rights to Parties; Successor and Assigns. Nothing in this Agreement or in any of the documents contemplated hereby, expressed or implied, is intended or shall be construed to give any person other than the County and Bond Counsel any legal or equitable right or claim under or in respect of this Agreement, and this Agreement shall inure to the sole and exclusive benefit of the County and Bond Counsel.

Bond Counsel may not assign its obligations under this Agreement without written consent of the County except to a successor partnership or corporation to which all or substantially all of the assets and operations of Bond Counsel are transferred. The County shall not otherwise assign its rights and obligations under this Agreement without written consent of

Bond Counsel. All references to Bond Counsel and the County in this Agreement shall be deemed to refer to any such successor of Bond Counsel and to any such assignee of the County and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

Section 6. Counterparts. This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

Section 8. Applicable Law. This Agreement and all amendments, modifications, alterations or supplements hereto, and the rights of the parties hereunder, shall be construed under and governed by, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COUNTY OF RIVERSIDE

By: _____
Chairman of the Board of Supervisors

ATTEST:
Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: _____
Deputy

**ORRICK, HERRINGTON &
SUTCLIFFE LLP**

By: _____
Greg Harrington, Partner

§ _____
**REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
OF THE COUNTY OF RIVERSIDE
LIMITED OBLIGATION IMPROVEMENT BONDS**

BOND PURCHASE AGREEMENT

_____, 2012

County of Riverside
County Executive Officer
4080 Lemon Street, 4th Floor
Riverside, California 92501

Ladies and Gentlemen:

E. J. De La Rosa & Co., Inc. (the "Underwriter"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement with the County of Riverside (the "County"), which, upon acceptance, will be binding upon the County and upon the Underwriter. This offer is made subject to acceptance of it by the County on the date hereof, and if not accepted will be subject to withdrawal by the Underwriter upon notice delivered to the County at any time prior to the acceptance hereof by the County.

The Underwriter hereby acknowledges that it is duly authorized to execute this Bond Purchase Agreement and to take all action required or permitted to be taken hereunder by or on behalf of the Underwriter. Any authority, discretion or other power conferred upon the Underwriter by this Bond Purchase Agreement may be executed by the representative alone. Capitalized terms not otherwise defined herein shall have the meaning provided in the Indenture (defined below).

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter agrees to purchase from the County, and the County agrees to sell to the Underwriter, all (but not less than all) of the \$_____ Reassessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Bonds"). The Bonds shall be dated the Closing Date (hereinafter defined), and bear interest (payable semiannually on March 2 and September 2 in each year, commencing March 2, 2013) at the rates per annum and maturing on the dates and in the amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$_____ (representing the principal amount of the Bonds, less an Underwriter's discount of \$_____, and [less net original issue discount] [plus net original issue premium] of \$_____). The Bonds will be subject to redemption as set forth in the Indenture (defined below). The Bonds will be issued in book-entry form only.

The Bonds shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, an Indenture, dated as of _____ 1, 2012 (the "Indenture"), between the County and U.S. Bank National Association, as trustee (the "Trustee"), approved in a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on _____, 2012 (the "Resolution of Issuance"). Proceeds of the sale of the Bonds, together with certain other funds of the County, will be used in accordance with the Indenture and the Refunding Act (defined below), to defease the County's outstanding Assessment District No. 168 (Rivercrest) of the County of Riverside Limited Obligation Improvement Bonds (the "Refunded Bonds"), to fund a Reserve Fund for the Bonds, and to pay costs of issuance of the Bonds.

The Refunded Bonds were issued pursuant to the Improvement Bond Refunding Act of 1915 (being Division 10 of the California Streets and Highways Code) (the "1915 Refunding Act") to acquire and construct certain public improvements (the "Improvements") benefiting the properties within the Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "Reassessment District"). The Bonds are being issued by the County pursuant to the provisions of the Refunding Act of 1984 for 1915 Improvement Refunding Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") for the purpose of refunding the Refunded Bonds. The Bonds are issued upon and secured by the unpaid reassessments (the "Reassessments"), together with interest thereon, levied on parcels within the Reassessment District.

(b) At or prior to the acceptance hereof, the County has authorized the use of the Official Statement in connection with the public offering of the Bonds. The County has also consented to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement (defined below) relating to the Bonds in connection with the public offering of the Bonds. Authorized officers of the County have certified to the Underwriter that such Preliminary Official Statement was deemed to be final as of its date for purposes of Rule 15c2-12 (defined below), with the exception of certain final pricing and related information referred to in Rule 15c2-12.

(c) Subsequent to its receipt of a certificate from the County deeming the Preliminary Official Statement for the Bonds, dated _____, 2012 (which Preliminary Official Statement, together with the cover page and all appendices thereto, is herein collectively referred to as the "Preliminary Official Statement" and which, as amended with the prior approval of the Underwriter and executed by the County, will be referred to herein as the "Official Statement") final for purposes of Rule 15c2-12 ("Rule 15c2-12") of the Securities and Exchange Commission (the "SEC"), the Underwriter has distributed electronic copies of the Preliminary Official Statement. The County hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute the final Official Statement dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12 and any supplements and amendments thereto as have been approved by the County as evidenced by the execution and delivery of such document by an officer of the County (the "Official Statement"), the Indenture, the Continuing Disclosure Agreement of the County, dated as of _____ 1, 2012, between the County and U.S. Bank National Association, as dissemination agent (the "Disclosure Agreement"), this Bond Purchase Agreement, the Escrow Agreement with regard to the Refunded Bonds (the "Escrow

Agreement”), dated as of _____ 1, 2012, between the County and U.S. Bank National Association, as escrow agent (the “Escrow Agent”), any other documents or contracts to which County, acting on behalf of the County, or the County is a party, and all information contained therein, and all other documents, certificates and statements furnished by the County to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter.

The Underwriter hereby agrees to deliver a copy of the Official Statement to a national repository on or before the Closing Date (as hereinafter defined), and to make available an electronic copy to each investor that purchases any of the Bonds prior to the “end of the underwriting period” (as such term is defined in Section 2 (h) below), and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, Rule G-32 of the Municipal Securities Rulemaking Board (the “MSRB”) and Rule 15c2-12. The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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. As of the date hereof, the Underwriter has not notified the County of the need to modify or supplement the Preliminary Official Statement.

(d) At 8:00 A.M., Pacific Daylight Time, on _____, 2012, or at such earlier time or date as shall be agreed upon by the Underwriter and the County (such time and date being herein referred to as the “Closing Date”), the County will deliver (i) through the facilities of The Depository Trust Company, New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co. and having the CUSIP numbers assigned to them printed thereon), duly executed by the officers of the County as provided in the Indenture, and (ii) to the Underwriter, at the offices of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”) in Los Angeles, California, or at such other place as shall be mutually agreed upon by the County and the Underwriter, the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in immediately available cleared funds (such delivery and payment being herein referred to as the “Closing”). Notwithstanding the foregoing, the Underwriter may, in its discretion, accept delivery of the Bonds in temporary form upon making arrangements with the County which are satisfactory to the Underwriter relating to the delivery of the Bonds in definitive form.

(e) The County acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the County and the Underwriter and that the Underwriter has financial and other interests that differ from those of the County, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the County or any other person or entity and has not assumed any advisory or fiduciary responsibility to the County with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County on other matters), (iii) the only obligations the Underwriter has to the County with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement, except as otherwise provided by applicable rules and regulations of the SEC or the rules of the MSRB, and (iv) the County has consulted its own legal,

accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The County acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under rule G-17 of the MSRB.

2. Representations, Warranties and Agreements of the County. The County represents, warrants and covenants to and agrees with the Underwriter that:

(a) The County is duly organized and is validly existing under the Refunding Act and laws of the State, has full legal right, power, and authority (i) to execute, deliver and perform its obligations under, and to carry out all transactions contemplated by, the Indenture, the Disclosure Agreement, this Bond Purchase Agreement and the Escrow Agreement (collectively, the "County Documents"), (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution of Issuance, this Bond Purchase Agreement and the Indenture as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the County Documents and the Official Statement.

(b) The County has complied, and will at the Closing Date be in compliance, in all material respects with, the County Documents, and any immaterial compliance by the County, if any, will not impair the ability of the County to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the County will continue to comply with its covenants in the County Documents;

(c) The Board of Supervisors has duly and validly: (i) taken or caused to be taken, all proceedings necessary under the Refunding Act and the Constitution and laws of the State of California in order to form the Reassessment District, to authorize the execution of the County Documents and the levy of Reassessments on the property within the Reassessment District; (ii) authorized and approved the execution and delivery of the County Documents and the issuance and sale of the Bonds; and (iii) authorized and approved the performance by the County of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said County Documents (including, without limitation, the collection of the Reassessments). The County Documents (assuming due authorization, execution and delivery by other parties thereto, where necessary) will constitute the valid, legal and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles.

(d) To the best of the County's knowledge, the County is not in breach of or default under any applicable material law or administrative rule or regulation of the State of California (the "State"), or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or under any material loan agreement, note, resolution, bond indenture, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the County of its obligations under the Bonds or the County Documents, and compliance with the provisions of each thereof, will not conflict with or constitute a material breach of or default under any applicable law or administrative rule or

regulation of the State, or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the County is a party or is otherwise subject to or bound;

(e) Except for compliance with the blue sky or other states securities law filings, as to which the County makes no representations, all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the County of its obligations hereunder, or under the County Documents, have been obtained and are in full force and effect;

(f) The Reassessments constituting the security for the Bonds (i) have been duly and lawfully authorized and may be levied under the Refunding Act and the Constitution and the applicable laws of the State of California, and (ii) such Reassessments will constitute a valid and legally binding lien on the properties on which they have been levied, subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against agencies in the State of California;

(g) The County has never been in default at any time, as to principal of or interest on any obligation which it has issued, which default may have an adverse effect on the ability of the County to consummate the transactions on its part under the County Documents, except as specifically disclosed in the Official Statement; and other than the Indenture and the Reassessments, the County has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Reassessments following issuance of the Bonds.

(h) Until the earlier of (i) the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), or (ii) the date on which all of the Bonds have been sold by the Underwriter, if any event shall occur of which the County 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 County 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 or County'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 County shall promptly furnish to the Underwriter electronic copies of such supplement. As used herein, the term "end of the underwriting period" means the later of such time as (i) the County delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the County at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting

period,” and the Underwriter agrees to notify the County in writing of the date on which the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public;

(i) The Indenture creates a valid pledge of the Reassessments and the moneys in the Redemption Fund established pursuant to the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(j) Except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or, to the best current, actual knowledge of the County, threatened against the County in which the County has been served (i) which would materially adversely affect the ability of either the County to perform its obligations under the the Bonds or the County Documents, or (ii) seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the Reassessments pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the County Documents, or any action contemplated by any of said documents, or (iii) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the powers or authority of the County with respect to the Bonds, the County Documents, or any action of the County contemplated by any of said documents; nor is there any action pending or, to the best knowledge of the County, threatened against the County in which the County has been served, which alleges that interest on the Bonds is not excludable from gross income for federal income tax purposes or is not exempt from California personal income taxation;

(k) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter 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 as the Underwriter may designate; provided, however, the County shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing;

(l) Any certificate signed by any authorized official of the County authorized to do so shall be deemed a representation and warranty to the Underwriter as to the statements made therein;

(m) Except as otherwise described in the Official Statement, the County has not failed in any material respect to comply with any undertaking of the County under Rule 15c2-12 in the previous five years;

(n) The County will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement;

(o) The Bonds comply with the requirement of the Refunding Act;

(p) The information contained in the Preliminary Official Statement and the Official Statement (other than information in "APPENDIX D - Book-Entry Only System" and the information concerning the Underwriter under the heading of "Underwriter," as to which no view is expressed) as of the date thereof did not, and on the Closing Date the Official Statement will not, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(q) The Preliminary Official Statement heretofore delivered to the Underwriter was deemed final by the County as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The County hereby covenants and agrees that, within seven (7) business days from the date hereof, the County shall cause a final version of the Official Statement to be electronically delivered to the Underwriter, so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of the MSRB.

3. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the County contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the County made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the County of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the County Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices set forth in the Official Statement shall not have been materially adversely affected, in the reasonable judgment of the Underwriter following consultation with the County (evidenced by a written notice to the County terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury

Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest as would be received by the holders of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof (it being acknowledged by the parties hereto that of the date hereof no such legislation, ruling, regulation, press release or other form of notice which would result in such adverse impact on the market price or marketability of the Bonds exists);

(2) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Refunding Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underwriting arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(3) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the County, its property, income, securities (or interest thereon), or the validity or enforceability of the Reassessments;

(4) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or results in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange;

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(8) any amendment is made to the Official Statement that in the Underwriter's reasonable judgment will materially adversely affect the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

(c) On the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case reasonably satisfactory in form and substance to the Underwriter:

(1) the County Documents, together with a certificate dated as of the Closing Date of the Clerk of the Board of Supervisors to the effect that each County Document is a true, correct and complete copy of the one duly adopted by the Board of Supervisors;

(2) the Preliminary Official Statement and the Official Statement;

(3) an opinion of Bond Counsel, dated the Closing Date and addressed to the County, in the form attached to the Preliminary Official Statement as APPENDIX C, and an unqualified opinion of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such approving opinion addressed to the County may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(4) a supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the County and, assuming such agreement constitutes a valid and binding obligation of the other parties thereto, constitutes the legally valid and binding agreement of the County enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law); (ii) the Bonds are not subject to the registration requirements of the Securities Refunding Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (iii) the information contained in the Official Statement on the cover and under the captions "THE FINANCING PLAN," "THE BONDS," "SECURITY FOR THE BONDS," "LEGAL MATTERS – Tax Exemption" and APPENDICES B, C and E thereof, insofar as it purports to summarize certain provisions of the Refunding Act, the Bonds and the Indenture and such counsel's opinion as to the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds, present a fair and accurate summary of such provisions; and (iv) the Indenture creates a valid pledge of, lien upon and security interest in the proceeds of the Bonds and the moneys in all funds and accounts established pursuant to the Indenture, including the investment earnings thereon, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(5) a letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel ("Disclosure Counsel"), to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, no facts have come to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Bonds that

have caused them to believe that the Official Statement as of its date contained, or as of the Closing Date contains, any untrue statement of a material fact, or as of its date omitted, or as of the Closing Date omits, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that the firm expresses no view with respect to any information concerning The Depository Trust Company, or the book-entry system, or with respect to any financial, statistical, economic or demographic data or revenue or other forecasts, projections, numbers, estimates, tables, assumptions, appraisals, assessed valuations or assumptions or expressions of opinion contained in the Official Statement, or with respect to any of the appendices thereto);

(6) a defeasance opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in a form satisfactory to the Escrow Agent and the Underwriter, with respect to the Refunded Bonds;

(7) a certificate, dated the Closing Date and signed by an authorized representative of the County, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds; and certifying that (i) the representations and warranties of the County contained in Section 2 hereof are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds and the County Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the County has complied with all the material agreements and satisfied all the conditions on its part to be performed or satisfied under the County Documents and the Official Statement at or prior to the Closing Date;

(8) an opinion of the County Counsel, as counsel to the County, dated the Closing Date and addressed to the Underwriter, to the effect that (i) the County is duly organized and validly existing under the Constitution and laws of the State; (ii) the County has full legal right, power, and authority to execute and deliver the County Documents; (iii) the County Documents have been duly authorized, executed, and delivered by the County and, assuming due authorization and execution by any other applicable parties thereto, the County Documents constitute the valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally, to the limitations on legal remedies against municipal corporations in the State of California, and to the application of equitable principles if equitable remedies are sought; (iv) the Board of Supervisors adopted the resolutions forming the Reassessment District, confirming the Reassessments, approving the County Documents and authorizing the sale and issuance of the Bonds at meetings of the Board of Supervisors which were called, held and conducted pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and such resolutions and ordinances are now in full force and effect and have not been amended, modified or rescinded; (v) except as disclosed in the Official Statement, to the best of such counsel's current, actual knowledge, after due inquiry, there are no actions, suits, proceedings, inquiries, or investigations, at law or in equity, before or by any court, governmental agency, public board, or

body, pending or threatened against the County for which the County has been served, to restrain or enjoin the issuance of the Bonds, the collection or application of the Reassessments, or the payment of principal of and interest on the Bonds, or in any way contesting the validity of the formation of the County, the Bonds, or the County Documents; (vi) the execution and delivery of the County Documents, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which either is a party or by which either is bound or any existing law, regulation, court order or consent decree to which either is subject that the County Counsel has, in the exercise of customary professional diligence, recognized as applicable to the County and the transactions contemplated by the County Documents, and with respect to such conflict, breach or default, would materially adversely affect the ability of the County to pay the principal or interest on the Bonds; and if any such agreement or instrument to which the County is a party is governed by the laws of a jurisdiction other than California, the County Counsel has assumed that such agreement or instrument is governed by the laws of California and the County Counsel expresses no opinion as to the effect of the County's performance of its obligations under the County Documents on the County's compliance with its financial covenants in such other agreements or instruments, and (vii) except as disclosed in the Official Statement, the Reassessments constituting the security for the Bonds have been duly and lawfully levied under and pursuant to the Refunding Act and constitute valid and legally binding liens on the properties on which they have been levied, subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipalities in the State of California;

(9) a certificate dated the Closing Date from Albert A. Webb Associates (the "Reassessment Engineer") addressed to County and the Underwriter to the effect that the statements and information contained in the Official Statement under the headings "SUMMARY STATEMENT," "THE REASSESSMENT DISTRICT" and APPENDIX A to the Official Statement, insofar as such statements and information purport to summarize certain provisions of the Engineer's Report prepared with respect to the Reassessment District, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading and no events or occurrences have been ascertained by the Reassessment Engineer or have come to its attention that would substantially change such information set forth in the Official Statement;

(10) a certificate of the County dated the Closing Date, in a form reasonably acceptable to Bond Counsel, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(11) a certificate of the Trustee and an opinion of counsel to the Trustee dated the Closing Date and addressed to the County and the Underwriter to the effect that it has duly authorized the execution and delivery of the Indenture and the Continuing Disclosure Agreement and that the Indenture and the Continuing Disclosure Agreement are valid and binding obligations of the Trustee enforceable in accordance with their respective terms;

(12) a certificate of the Escrow Agent and an opinion of counsel to the Escrow Agent dated the Closing Date and addressed to the County and the Underwriter to the effect that it has duly authorized the execution and delivery of the Escrow Agreement and that the Escrow Agreement is a valid and binding obligation of the Escrow Agent enforceable in accordance with its terms; and

(13) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the County's representations and warranties contained herein and the due performance or satisfaction by the County at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County in connection with the transactions contemplated hereby and by the Official Statement.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriter set forth in Section 5 and Section 6 hereof shall continue in full force and effect.

4. Conditions of the County's Obligations. The County's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, except as disclosed in the Official Statement or as may be waived by the County, no litigation shall be pending or, to the knowledge of the duly authorized officer of the County executing the certificate referred to in Section 3(c)(6) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the County Documents or the existence or powers of the County; and

(b) As of the Closing Date, the County shall receive the opinions of Bond Counsel and Disclosure Counsel referred to in Section 3(c)(3) and (5) hereof.

5. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

(a) The Underwriter shall be under no obligation to pay, and the County shall pay or cause to be paid (out of any legally available funds of the County) any expenses incident to the performance of the County's obligations hereunder, including, but not limited to, the cost of printing and delivering the Bonds to the Underwriter, the cost of preparation, posting, distribution and delivery of the Indenture, the Preliminary Official Statement, the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) as requested by the Underwriter; and any fees and disbursements of the Trustee for the

Bonds then due, Bond Counsel, Disclosure Counsel, counsel to the County, and any accountants, engineers or any other experts or consultants the County has retained in connection with the Bonds; and

(b) The County shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Bond Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including Underwriter's counsel and any advertising expenses.

6. Notices. Any notice or other communication to be given to the County under this Bond Purchase Agreement may be given by delivering the same in writing to the County at the address set forth above; and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to E. J. De La Rosa & Co., Inc., 10866 Wilshire Blvd., Suite 1650, Los Angeles, CA 90024, attention: Mr. Raul Amezcua.

7. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the County and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the County set forth in or made pursuant to this Bond Purchase Agreement and any certificates delivered hereunder shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Bond Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the County and regardless of delivery of and payment for the Bonds.

9. Effective. This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the County and shall be valid and enforceable as of the time of such acceptance.

10. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the County.

11. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

12. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Very truly yours,

E. J. DE LA ROSA & CO., INC.

By: _____
Title: _____

ACCEPTED:

COUNTY OF RIVERSIDE

By: _____
Deputy County Executive Officer
Time of Execution: _____

EXHIBIT A
MATURITY SCHEDULE

<u>Maturity Date</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
--	---	--	---

**AGREEMENT
FOR
BOND COUNSEL SERVICES**

Reassessment District No. 168 (Rivercrest) of the County of Riverside

THIS AGREEMENT (this "Agreement"), dated as of _____, 2012, is by and between the COUNTY OF RIVERSIDE (the "County") and ORRICK, HERRINGTON & SUTCLIFFE LLP ("Bond Counsel").

WITNESSETH

WHEREAS, the County previously established Assessment District No. 168 (Rivercrest) of the County of Riverside (the "Prior District") and previously issued bonds (the "Prior Bonds") to finance certain public improvements payable from the special assessments levied within the Prior District;

WHEREAS, the County desires to issue bonds (the "Bonds") to refund the Prior Bonds;

WHEREAS, in order to refund the Prior Bonds, the County has proposed to establish Reassessment District No. 168 (Rivercrest) of the County of Riverside (the "Reassessment District");

WHEREAS, the County desires to employ Bond Counsel to provide legal services incident to the issuance and sale of the Bonds; and

WHEREAS, Bond Counsel possesses the necessary professional capabilities and resources to provide the legal services required by the County as described in this Agreement;

NOW, THEREFORE, it is mutually agreed by the parties hereto as follows:

Section 1. Scope of Services. (a) Bond Counsel shall perform the following legal services in connection with the issuance and sale of Bonds:

(i) consultation with representatives of the County, including the County Counsel, the special tax consultant, the financial advisor, the underwriter, underwriter's counsel and others, concerning the proposed financing and its timing, terms and structure, and including the rendering of legal advice with respect to the proceedings deemed necessary or desirable to comply with all requirements of law preliminary to the authorization, issuance and sale of the Bonds;

(ii) preparation of documents to be adopted or entered into by the County required for the issuance of the Bonds and the refunding of the Prior

Bonds, including preparation of the authorizing resolution, the indenture providing for the issuance of the Bonds and the escrow agreement (the "Major Legal Documents");

(iii) preparation of the continuing disclosure agreement to be entered into in connection with the issuance of the Bonds; provided, however, that, as Rule 15c2-12 applies only to underwriters, compliance with such rule will be the responsibility of underwriter's counsel, and that if, as a result, the continuing disclosure agreement is prepared by underwriter's counsel, all references to that document contained in this Agreement shall be deemed deleted;

(iv) preparation of summaries of the Major Legal Documents included in the official statement;

(v) attendance at such County Board of Supervisors meetings and working group meetings or conference calls as the County may request, and assistance to the County staff in preparation of such explanations or presentations to the County Board of Supervisors as such staff may request;

(vi) preparation of final closing papers to be executed by the County required to effect delivery of the Bonds (including the tax certificate) and coordination of the closing;

(vii) rendering of Bond Counsel's customary final legal opinion on the validity of the Bonds and the tax-exempt status of interest thereon; and

(viii) such other legal services as may be incidental to the foregoing.

(b) The County shall and will rely on County Counsel to render day to day and ongoing general counsel legal services. Bond Counsel shall circulate documents to and coordinate its services with County Counsel to the extent requested by the County or County Counsel. Bond Counsel shall be entitled to assume that County Counsel has reviewed all documents and matters submitted to the County for adoption or approval or to officers of the County for execution prior to such adoption, approval or execution.

In rendering opinions and performing legal services under this Agreement, Bond Counsel shall be entitled to rely on the accuracy and completeness of information provided and certifications made by, and opinions provided by counsel to, the County and other parties and consultants, without independent investigation or verification.

Bond Counsel services are limited to those specifically set forth in this Section. Bond Counsel services do not include any services beyond those set forth in this Section, including, without limitation (i) any representation of the County or any other party in any litigation or other legal or administrative proceeding involving any of the Bonds or any related matter, (ii) the preparation of any bond purchase agreement or credit enhancement agreement or the preparation or review of any investment agreement, (iii) any responsibility for compliance with federal or state securities laws, environmental, land use, real estate, any tax laws (except as required for tax exemption

of the interest on the Bonds), insurance or similar laws or matters or for title to or perfection of security interests in real or personal property, or (iv) any financial advice or analysis. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Also, Bond Counsel services with respect the Bonds will not extend past the date of issuance of the Bonds and will not, for example, include services related to rebate compliance or continuing disclosure (although Bond Counsel may be available for separate engagement to provide either or both such services pursuant to separate contract) or otherwise related to the Bonds.

Section 2. Compensation. For the legal services described in subsection (a) of Section 1 hereof, Bond Counsel shall be paid a flat fee of \$55,000.

In addition to the fee provided above, Bond Counsel shall be paid a flat amount of \$1,000 to cover costs and expenses (direct and indirect) incurred in connection with the legal services rendered pursuant hereto, including (without limitation) document reproduction and delivery, travel, long distance telephone, telecopy, word processing, computer research, secretarial overtime, final transcripts and other similar expenses.

The fee payable to Bond Counsel pursuant to this Section is based, in part, upon the assumption that the scope of services will conform to the description thereof contained in subsection (a) of Section 1 hereof, the transaction will not have an extraordinary amount of problems/issues, Bond Counsel will be required to attend no more than the usual number of meetings and conference calls, Bond Counsel will not be required to generate an inordinate amount of drafts of the Major Legal Documents and the structure of the transaction will not materially change (particularly after preparation of the Major Legal Documents has commenced). If any part of this assumption is incorrect, or if any unusual or unforeseen circumstances arise, and occasion substantial additional work or responsibility on the part of Bond Counsel, Bond Counsel will be entitled to seek additional compensation in such amount as the County and Bond Counsel shall mutually agree to be appropriate.

Bond Counsel's fee and expenses shall be payable by the County at or after the issuance of the Bonds. Payment of such fee and expenses shall be made from proceeds of the Bonds and shall be entirely contingent upon the issuance of the Bonds.

Section 3. Termination of Agreement and Legal Services. This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the County, shall, at the option of the County, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the County, Bond Counsel shall be paid for all satisfactory work at its usual hourly rates unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon the issuance of the Bonds; provided that the County shall

remain liable for any unpaid compensation or reimbursement due under Section 2 hereof. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Bonds or the County. For various cost and other reasons, Bond Counsel reserves the right to dispose, in any manner it chooses, of any documents or other materials retained by it after such termination.

Section 4. Nature of Engagement; Relationships With Other Parties. The role of bond counsel, generally, is to prepare or review the procedures for issuance of the bonds, notes or other evidence of indebtedness and to provide an expert legal opinion with respect to the validity thereof and other subjects (usually including the tax status of interest on the bonds) addressed by the opinion. Consistent with the historical origin and unique role of bond counsel, and reliance thereon by the public finance market, Bond Counsel's role as bond counsel under this Agreement is to provide opinions and related legal services that represent an objective judgment on the matters addressed rather than the partisan position of an advocate.

In performing its services as bond counsel in connection with the Bonds, Bond Counsel will act as bond counsel to the County with respect to the issuance of the Bonds; that is, Bond Counsel will assist County Counsel in representing the County but only with respect to the validity of the Major Legal Documents and the tax status of interest on the Bonds, and in a manner not inconsistent with the role of bond counsel described in the first sentence of this Section.

The County acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the financing or that may be involved with or adverse to the County in this or some other matter. Bond Counsel agrees not to represent any such entity in connection with the issuance of the Bonds, during the term of this Agreement, without the consent of the County, except possibly with respect to investment or derivative products where, because Bond Counsel has assisted a number of the providers/brokers in designing and developing their products and provides general and transactional advice with respect to such products, it is not practical to seek specific consent in each case, and instead Bond Counsel agrees to separate the attorneys working on the financings pursuant to this Agreement from the attorneys working on the investment or derivative products. Given the special, limited role of bond counsel described above, the County acknowledges that no conflict of interest exists or would exist, and waives any actual or potential conflict of interest that might be deemed to arise, now or in the future, from this Agreement or any such other relationship that Bond Counsel may have had, have or enter into, and the County specifically consents to any and all such relationships.

Section 5. Limitation of Rights to Parties; Successor and Assigns. Nothing in this Agreement or in any of the documents contemplated hereby, expressed or

implied, is intended or shall be construed to give any person other than the County and Bond Counsel any legal or equitable right or claim under or in respect of this Agreement, and this Agreement shall inure to the sole and exclusive benefit of the County and Bond Counsel.

Bond Counsel may not assign its obligations under this Agreement without written consent of the County except to a successor partnership or corporation to which all or substantially all of the assets and operations of Bond Counsel are transferred. The County shall not otherwise assign its rights and obligations under this Agreement without written consent of Bond Counsel. All references to Bond Counsel and the County in this Agreement shall be deemed to refer to any such successor of Bond Counsel and to any such assignee of the County and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

Section 6. Professional Liability Insurance: Bond Counsel shall maintain Professional Liability Insurance providing coverage for the Bond Counsel's performance of work included within this Agreement, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate. If Bond Counsel's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and Bond Counsel shall purchase at his sole expense either (i) an Extended Reporting Endorsement (also known as Tail Coverage); (ii) Prior Dates Coverage from new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or (iii) demonstrate through certificates of insurance that Bond Counsel has maintained continuous coverage with the same or original insurer. Coverage provided under items (i), (ii) or (iii) will continue for a period of five (5) years beyond the termination of this Agreement.

Section 7. Counterparts. This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

Section 8. Applicable Law. This Agreement and all amendments, modifications, alterations or supplements hereto, and the rights of the parties hereunder, shall be construed under and governed by, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 8/2/12
DALE A. GARDNER DATE

COUNTY OF RIVERSIDE

By: [Signature]
John Tavaglione, Chairman of the
Board of Supervisors

ATTEST:
Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: [Signature]
Deputy

**ORRICK, HERRINGTON & SUTCLIFFE
LLP**

By: [Signature]
Greg Harrington, Partner

Canova, Lorraine

From: Persi, Stephanie <SPersi@rceo.org>
Sent: Thursday, August 02, 2012 4:34 PM
To: Canova, Lorraine
Subject: FW: AD 168 (Rivercrest) Reassessment Diagram and Certificate
Attachments: AD 168 Reassessment Diagram.pdf; Matt Webb's Signed Reassessment District Certificate.pdf

Here are the directions for signing the Mylar as well as an electronic version of the map if needed.

Stephanie Persi
Senior Management Analyst
Riverside County Executive Office
4080 Lemon St., 4th Floor Annex
Riverside, CA 92501
(951) 955-1110
(951) 955-1141 Direct
(951) 955-1105 Fax
spersi@rceo.org

From: Shane Spicer [<mailto:shane.spicer@webbassociates.com>]
Sent: Thursday, August 02, 2012 11:45 AM
To: Persi, Stephanie; Shaw, Donna
Cc: Chand, Ivan; Melissa Bellitire; Jeff Wright
Subject: AD 168 (Rivercrest) Reassessment Diagram and Certificate

Hello Stephanie/Donna,

What is your availability for the delivery so Jeff Wright from our office can confirm whether these instructions make sense?

Jeff will be dropping off a set of Reassessment Diagrams and Engineer's Certificates that require the following:

Reassessment Diagram

- 1) Ivan's signature as the Superintendent of Streets
- 2) Clerk of the Board Signatures

Note: All of these are dated as of July 31, 2012 to reflect the date of the ROI adoption. Attached is an electronic version of the Reassessment Diagram that can be forwarded to the Clerk of the Board if they require it to be filed electronically. We will also provide a full size paper copy for their files as well. Let Jeff know if you can have them signed by the Clerk, or if you need us to take them there ourselves. We need to have them sign them as soon as possible so that we can take them to get recorded. No later than next Monday.

Once we have the signed copies we will take them immediately to be recorded which will take approximately one week. From that recording we will have the Notice of Reassessment recorded.

Engineer's Certificate

- 1) One copy is to be filed with the Clerk of the Board
- 2) A second copy is for your files, (electronic version attached)

Note: We will be sending an original to Orrick for their files as well.

Let me know if you have any questions.

Thanks,
Shane

Shane T.G. Spicer

Director of Special Assessment & Tax Consulting
Albert A. **WEBB** Associates
T. 951.248.4281



Corporate Office

3788 McCray Street | Riverside, CA 92506
T. 951.248.4281 | F. 951.788.4139
shane.spicer@webbassociates.com

Desert Region

36-951 Cook St #103 | Palm Desert, CA 92211
T. 760.568.5005 | F. 760.568.3443
www.webbassociates.com

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Please note: The County Administrative Center will be closed every Friday per order of the Board of Supervisors.
Business hours for the County Executive Office are Monday through Thursday, 7:30 a.m. to 5:30 p.m.

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RIVERSIDE COUNTY
REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
REASSESSMENT AND REFUNDING PROCEEDINGS

CERTIFICATE OF REASSESSMENT ENGINEER

The undersigned hereby states and certifies:

(a) That he is an authorized representative of Albert A. Webb Associates, and, as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(b) pursuant to a resolution adopted by the Riverside County Board of Supervisors (the "County") on July 31, 2012, Albert A. Webb Associates was appointed Reassessment Engineer for the purpose of preparing a report containing the matters required by Section 9523 of the Streets and Highways Code of the State of California for the reassessment proceedings conducted by the Board of Supervisors with regard to the levy of reassessments within and the refunding of the outstanding bonds issued for the above-referenced assessment district (the "Reassessment District"), and that report (the "Report") was prepared and submitted to the Board of Supervisors at its meeting held on July 31, 2012;

(c) the Report contains, among other matters, an auditor's record showing the schedule of principal installments and interest on all unpaid original assessments and the total amounts thereof for the Reassessment District, and the estimated amount of each reassessment which supersedes and supplants an original assessment, together with a proposed auditor's record for the reassessment;

(d) each estimated annual installment of principal and interest on the reassessment, as set forth in the Report, is less than the corresponding annual installment of principal and interest on the original assessment being superseded and supplanted, as set forth in the Report, by the same percentage for all subdivisions of land within the Reassessment District; and

(e) the principal amount of the reassessment on each subdivision of land within the Reassessment District, as set forth in the Report, is less than the unpaid principal amount of the original assessment being superseded and supplanted by the same percentage for each subdivision of land within the Reassessment District.

Dated: July 31, 2012

ALBERT A. WEBB ASSOCIATES

By: Matthew E. Webb
Matthew E. Webb, P.E.
President

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Clerk of the Board of Supervisors
County of Riverside
4080 Lemon Street
Riverside, California 92501

NOTICE OF REASSESSMENT

**REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
OF THE COUNTY OF RIVERSIDE**

Pursuant to the requirements of Section 3114 of the California Streets and Highways Code, the undersigned Clerk of the Board of Supervisors of the County of Riverside, State of California, hereby gives notice that a diagram and reassessment were recorded in the office of the Superintendent of Streets of the County of Riverside, as provided for in Section 3114 of the California Streets and Highways Code, and relating to the real property more particularly described on that certain reassessment diagram filed in accordance with Section 3114 of the California Streets and Highways Code, in Book 75 of Maps of Assessment and Community Facilities Districts at Pages 81 in the office of the County Recorder of the County of Riverside.

Notice is further given that upon the recording of this notice in the office of the County Recorder of the County of Riverside, the several reassessments assessed on the lots, pieces, and parcels as shown on said filed reassessment diagram shall become a lien upon the lots or portions of lots assessed, respectively. As provided in Section 9538 of the Streets and Highways Code, the reassessments on said lots, pieces and parcels evidenced by the County of Riverside Assessment District No. 168 (Rivercrest) Notice of Assessment, recorded on February 13, 2001 as Document No. 2001-059021 in the office of the County Recorder of the County of Riverside, are deemed superseded and supplanted by the reassessment evidenced hereby.

Reference is made to the reassessment diagram and reassessment roll recorded in the office of Superintendent of Streets of the County of Riverside. Refer to the reassessment roll to determine the amount of each reassessment levied against each parcel of land shown upon the reassessment diagram.

Attached hereto as Exhibit A is a list indicating the names of the reassessed owners, as they appear on the latest secured assessment roll, as required pursuant to Section 27288.1 of the California Government Code.

Dated: August __, 2012


Clerk of the Board of Supervisors,
County of Riverside

EXHIBIT "A"

REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
OF THE COUNTY OF RIVERSIDE

Owner	APN	Reassessment No.
HARPER MICHAEL	549-431-001	1
RAMSEY LAVER T	549-431-002	2
ROWLAND WALKER	549-431-003	3
GARCIA EDUARDO	549-431-004	4
RESONG HELEN	549-431-005	5
WARD PETER T	549-431-006	6
GUMINSKI RALPH	549-431-007	7
FEDERAL NATL MORTGA GE ASSN	549-431-008	8
FISHER JAY C	549-431-009	9
LEIGH TODD	549-431-010	10
RODRIGUEZ PABLO	549-431-011	11
STEWART LINDA S	549-431-012	12
HACKER STEVEN L	549-431-013	13
CALLAHAN CHARLES W	549-431-014	14
FEDERAL NATL MORTGA GE ASSN	549-431-015	15
PORTLEY MYRON	549-431-016	16
OLIVA DEBORAH H	549-431-017	17
LANE SEAN C	549-431-018	18
WILKIN JAMES K	549-431-019	19
YES & GEE ASSOC	549-431-020	20
HAMM DERELL L	549-431-021	21
BUFFINGTON BARRY W	549-431-022	22
CUTSHALL MARTHA ANN	549-431-023	23
JINDAL TEAM INC	549-433-001	24
MAHUTGA JOHN	549-433-002	25
CORTEZ ORALIA	549-433-003	26
LUDOLPH BILL G	549-433-004	27
TYLER JONNIE D	549-433-005	28
SALAZAR JOSE M	549-433-006	29
MARIE MISS ELIZABETH	549-433-007	30
RAMIREZ JEFFREY K	549-433-008	31
SANCHEZ EUGENIO	549-433-009	32
STROMBACH JASON D	549-433-010	33
THOMAS MARJORIE	549-432-009	34
TAYLOR SARAH A	549-432-008	35
DIXON GENE E	549-432-007	36
DEWIT MICHAEL	549-432-005	37
LAVOIE RUSSELL	549-432-004	38
HERNANDEZ ROBERT	549-432-003	39
OSBORN STEVEN A	549-432-002	40
POZDZIOCH MICHAEL	549-432-001	41
NEWKIRK MARIA T	549-432-010	42
CASTILLO GUADALUPE	549-432-011	43
DANIELS HUBERT JOSEF	549-432-012	44
HSBC BANK USA	549-432-013	45
PLACENCIA GORDEN T	549-432-014	46
WATHEN CHARLES	549-432-015	47
AGU NNAMDI C	549-432-016	48

EXHIBIT "A"

REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
OF THE COUNTY OF RIVERSIDE

Owner	APN	Reassessment No.
DUMOND PAUL M	549-432-017	49
FRANKLIN CHRISTINA K	549-432-018	50
VANGOETHEN SHANE D	549-432-019	51
RAMIREZ DANIEL M	549-432-020	52
BECK RUTH MARIE	549-432-021	53
ZILK AMY ELIZABETH	549-432-022	54
PHELPS JASON	549-432-023	55
CHRISTENSEN ROBERT WILLIAM	549-432-024	56
MONSERRAT RAUL	549-432-025	57
RIVERA JULIO MIGUEL	549-432-026	58
SMYTHE DANIEL L	549-432-027	59
HOLMES CYNTHIA TONI	549-432-028	60
JOHNSON ISRAEL J	549-432-029	61
COLLINS JOSHUA	549-432-030	62
LEYVA CARLOS	549-432-031	63
CHAMBERLIN MARK W	549-432-032	64
SEARL MARC	549-432-033	65
PETERSON COLLEEN	549-432-034	66
GIRON ENRIQUE	549-432-035	67
DAVENPORT DEBORAH ANN	549-432-036	68
ODOM RONDIEUZ	549-432-037	69
WELLS FARGO BANK	549-432-038	70
GOENNIER JOHN J	549-432-039	71
SANCHEZ SAMANTHA	549-432-040	72
VAZQUEZ MARTIN	549-432-041	73
BERNARD MARTIN ARTHUR	549-432-042	74
POWELL MICHAEL J	549-432-043	75
ZENTNER JAMES J	549-432-044	76
ROMERO JERILYNN D	549-432-045	77
MARTINEZ ARTURO	549-432-046	78
GREENE LUIS F	549-432-047	79
PIERCE W E	549-432-048	80
TOORZANI REZA R	549-432-049	81
MOORE RONALD	549-432-050	82
STONE MISHAEL	549-481-001	83
AMSCHEL STEPHEN J	549-481-002	84
SHAH RAHUL	549-481-003	85
TUNTLAND TROY	549-481-004	86
RAMOS ELMER	549-481-005	87
SPENCER HANK A	549-481-006	88
MARSH JON DAVID	549-481-007	89
MORIN JOYCE C	549-481-008	90
MEYER STEPHEN P	549-481-009	91
FEDERAL NATL MORTGA GE ASSN	549-481-010	92
MICHAELSON CYNTHIA	549-481-011	93
FEAGIN ERNEST WILLIAM	549-481-012	94
PRESCOTT SAMMIE D	549-481-013	95
IRELAND PAUL	549-483-001	96

EXHIBIT "A"

REASSESSMENT DISTRICT NO. 168 (RIVERCREST)
OF THE COUNTY OF RIVERSIDE

Owner	APN	Reassessment No.
ZAVALA MARIA	549-483-002	97
ONEAL BOBBY J	549-483-003	98
HEINSMA DEWEY D	549-483-004	99
BAUM ALBERT NEAL	549-483-005	100
NEMEC MICHAEL	549-482-001	101
WILCOX DIANA S	549-482-002	102
ROCHA IVAN R	549-482-003	103
MOORE WILLIAM E	549-482-004	104
ALVAREZ RAUL	549-482-005	105
OBEID HABIB	549-482-006	106
EVANS TERRY	549-482-007	107
BERRY WILLIAM W	549-482-008	108
WUEHLER BRIAN J	549-482-009	109
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GAUTHEIR JOE F	549-501-016	203
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VACCHETTA IRENE L	549-451-001	307
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