

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

987



FROM: Executive Office

SUBMITTAL DATE:
July 3, 2014

SUBJECT: Issuance of the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014. [\$325,000,000] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2014-163 and the execution and delivery of the documents associated with the financing of the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014 to provide for the construction of the project and various improvements as a result of the demolition of the Indio County Administration Center and to fund a reserve fund for the Bonds and pay the costs of issuance of the Bonds.

BACKGROUND:

Summary

On December 18, 2012, the Board of Supervisors adopted reimbursement resolution No. 2012-250 to reimburse the Executive Office for expenditures made on the project. At this time, the construction schedule on parts of the project is well underway and bond financing is needed to complete the remaining portion of the project.

Ivan M. Chand

Ivan M. Chand
Deputy County Executive Officer

Continued on pg. 2

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 876,285	\$ 9,033,885	\$ 325,000,000	\$ 0	

SOURCE OF FUNDS: General Fund

Budget Adjustment: No
For Fiscal Year: 2014-15

C.E.O. RECOMMENDATION:

APPROVE

BY *George A. Johnson*
George A. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

3)

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

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: July 15, 2014
xc: E.O.

Keja Harper-Ihem
Clerk of the Board
By *Keja Harper-Ihem*
Deputy

3 6:00

(Comp. Item 5-1)

Prev. Agn. Ref.: 3.5 12/18/2012 District: All Agenda Number:

3-8

FORM APPROVED COUNTY COUNSEL
BY: *Dale A. Gardner* 7/5/14
DALE A. GARDNER
Departmental Concurrence

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

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11:**

DATE:

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

The East County Detention Center (ECDC) is the most complex capital improvement project undertaken by the County of Riverside. Taken together, there are ten separate projects that are related to the core project with some of the project having multiple phases or components. Three of the projects directly related to the ECDC are the Indio Parking Structure, the Larry D. Smith Correctional Facility Laundry and ECDC. Other projects include AEOC-RCIT Hub, Larson Justice Center Courtrooms, Southwest Justice Center Courtrooms and a Parking lot for the Courts.

The ECDC will replace an existing, aged and undersized detention facility with a modern facility featuring 1,626 beds in a 506,000 square foot building on a 6.5 acre site. The ECDC projects was planned to be constructed in three phases; demolition and site preparation, ECDC construction, and demolition of the existing detention center and construction of surface parking lot. The project was partially funded through a \$100 million funding allocation the County received under the State of California's AB 900 Phase II detention capacity expansion program. The County provided a \$10 million DIF match and the remaining balance of the project was to be covered by bond financing and payments made over the next 30 years. The Board has approved budgets for these projects totaling \$328,424,915. At present, the State is in the final stages of approving the plans for ECDC and once approval is received and appropriate changes are made, the project will go out for construction bids. At that time, County will have a better estimate of ECDC and will bring it back to the Board for necessary adjustments.

The County is at the stage in the project that it has exhausted its current resources and needs to finance the remaining part of the project. This financing will be used to complete the construction of the ECDC and the related projects. Additional capacity is routinely requested in bond documents to accommodate costs increases. The current request is to issue bonds up to \$325,000,000.

If approved, staff recommends issuing up to \$325 million in fixed interest rate bonds. The Bonds will be issued as tax-exempt bonds through the Riverside County Public Financing Authority (the "PFA"). The Bonds mature in the years 2015 through 2044. Payments on the Bonds are secured by a lease between the PFA and the County. The lease payments will be made by the general fund. The average annual debt service is anticipated to be approximately \$22 million. The 1985 ACE's financing will be paid in full on September 15, 2014. This general fund obligation will then be replaced by the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014 (the "ECDC project"). The ACE's current average annual debt service is \$10 million. The difference will be a new general fund obligation.

This item has been approved by the Debt Advisory Committee.

This item also has a companion item on the Public Financing Authority agenda.

Impact on Citizens and Businesses

The completion of these projects will expand jail capacity for the County of Riverside. This will provide the County additional jail beds to house detainees.

SUPPLEMENTAL:

Additional Fiscal Information

N/A

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3-8

(1)

On motion of Supervisor Stone, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from Executive Office regarding Approval of the Issuance of the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014 is approved as recommended.

(2)

On Motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter be reconsidered.

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on July 15, 2014 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors
Dated: July 15, 2014
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

(seal)

By:  Deputy

AGENDA NO.
3.8

xc: E.O.

RESOLUTION NO. 2014-163

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING THE ISSUANCE BY THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY OF NOT TO EXCEED \$325,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS (EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE, A SITE LEASE AND A FACILITY LEASE, AND OTHER MATTERS RELATED THERETO

WHEREAS, the Riverside County Public Financing Authority (the "Authority") is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999 (the "Joint Powers Agreement"), by and between the County of Riverside (the "County") and the Redevelopment Agency of the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized and empowered pursuant to Article 4 (commencing with Section 6584) of the Act to issue bonds for the purposes of financing and refinancing public capital improvements; and

WHEREAS, the County has expressed its desire to provide for the financing of certain public improvements (the "Project"); and

WHEREAS, in order to provide the funds necessary to finance the Project, the County and the Authority will enter into a Site Lease (the "Site Lease"), whereby the County will lease to the Authority certain real property and the improvements located thereon (the "Leased Property"), and the County and the Authority will enter into a Facility Lease (the "Facility Lease"), whereby the County will sublease from the Authority the Leased Property; and

WHEREAS, pursuant to an assignment agreement (the "Assignment Agreement"), the Authority will transfer certain of its rights, title and interests in and to the Site Lease and the Facility Lease, including its right to receive base rental payments due under the Facility Lease, to U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"); and

WHEREAS, pursuant to an Indenture (the "Indenture") by and among the County, the Authority and the Trustee, the Authority will issue and deliver its Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 in an aggregate principal amount of not to exceed \$325,000,000 (the "Bonds"), the proceeds of which will be used to finance the Project and related costs of issuance and a reserve fund; and

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 7/3/14
DALE A. GARDNER DATE

WHEREAS, the Bonds will be secured by, among other things, the base rental payments made by the County under the Facility Lease; and

WHEREAS, in connection with the issuance and delivery of the Bonds, the Authority also desires to approve the form and distribution of a preliminary official statement (the "Preliminary Official Statement") and the form of a purchase contract (the "Purchase Contract") among the Authority, the County and the co-senior underwriters and co-managers named therein (collectively, the "Underwriter"); and

WHEREAS, to fulfill the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the County and the Trustee will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), whereby the County will agree to provide certain continuing disclosure reports; and

WHEREAS, the County, in consideration of the Authority's determination to assist with the financing of the Project as described above, has agreed to indemnify and hold harmless the Authority in connection with entering into the Site Lease and the Facility Lease and the Project, as more particularly set forth in the Facility Lease; and

WHEREAS, the County hereby finds that the financing of the Project within the County will result in significant public benefits in the form of employment benefits from undertaking the Project in a timely fashion and the more efficient delivery of services to residential and commercial development; and

WHEREAS, on this date, the County held a public hearing on the financing of the Project in accordance with Section 6586.5 of the Government Code of the State of California (the "Act"); and

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the County; and

WHEREAS, there have been presented to this meeting proposed forms of the following documents:

1. an Indenture;
2. a Site Lease;
3. a Facility Lease;
4. a Purchase Contract;
5. a Preliminary Official Statement; and
6. a Continuing Disclosure Agreement;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE COUNTY BOARD OF SUPERVISORS AS FOLLOWS:

SECTION 1. Approval of Issuance of Bonds by the Authority. The issuance of the Bonds by the Authority on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture and this Resolution, is hereby approved; provided, however, that (i) the aggregate principal amount of Bonds shall not exceed \$325,000,000, (ii) the maturity of the Bonds shall not exceed May 1, 2050 and (iii) the true interest cost with respect to the Bonds shall not exceed 6.0% per annum.

SECTION 2. Approval of Indenture. The form of Indenture presented at this meeting is hereby approved and the County Executive Officer, the Deputy County Executive Officer and the County Finance Director, or his or her designee (each, an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof, including with respect to whether and what type(s) of credit enhancement secures the Bonds, the amount to be deposited in a reserve fund for the Bonds, or by other factors, as determined by the Authorized Officers in consultation with the County's financial and legal consultants as being in the best interests of the Authority and the County.

SECTION 3. Approval of Site Lease. The form of Site Lease presented at this meeting is hereby approved and the Authorized Officers are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Site Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Approval of Facility Lease. The form of Facility Lease presented at this meeting is hereby approved and the Authorized Officers are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Facility Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Purchase Contract. Each Authorized Officer is hereby severally authorized and directed to execute and deliver the Purchase Contract in the form presented to this meeting, with the Underwriter of the Bonds, with such changes therein as such Authorized Officer shall approve as evidenced by the execution thereof; *provided, however*, that the underwriting fee payable pursuant to the Purchase Contract shall not exceed .20% of the aggregate principal amount of the Bonds and the maturity date, the principal amount of the Bonds and the interest rates thereon shall be limited as specified in Section 1 hereof.

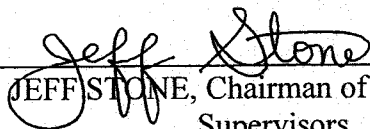
SECTION 6. Approval of Official Statement. The Preliminary Official Statement is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the Underwriter incident to the marketing of the Bonds. Each Authorized

Officer is hereby authorized to (a) make such changes in such form of the Preliminary Official Statement as such Authorized Officer, in consultation with County Counsel and the Underwriter, shall determine to be appropriate, and (b) on behalf of the County, to deem such Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Each Authorized Officer is authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered in the name and on behalf of the County by an Authorized Officer, and such Authorized Officer is authorized and directed to prepare, execute and deliver in the name and on behalf of the County any supplemental filings related to such final Official Statement.

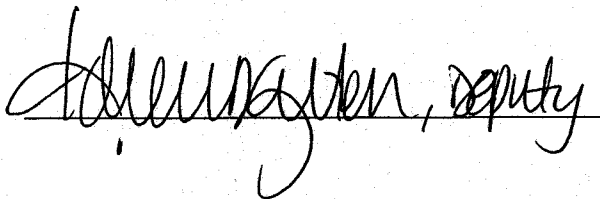
SECTION 7. Approval of Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement presented at this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Continuing Disclosure Agreement in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 8. Other Acts. The officers and staff of the County are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Counsel to the County or with Orrick, Herrington & Sutcliffe LLP, the County and Authority's bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including without limitation, negotiating the terms of a bond insurance policy and/or a reserve fund surety bond to the extent such insurance and/or surety bond is determined to be economically advantageous, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

SECTION 9. Effective Date. This Resolution shall take effect upon adoption.
PASSED and ADOPTED this July 15, 2014.


JEFF STONE, Chairman of the Board of
Supervisors

ATTESTED:
Clerk of the Board of Supervisors
KECIA HARPER-IHEM


Kecia Harper-Ihem, Deputy

[Insert Clerk's Certificate Regarding Due Adoption of Resolution]

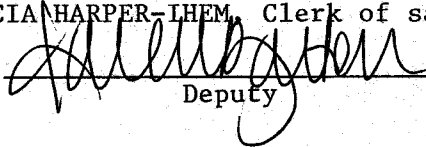
ROLL CALL:

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione

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

RESOLUTION NO. 2014-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$325,000,000 OF RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS (EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014, APPROVING THE EXECUTION AND DELIVERY OF VARIOUS RELATED DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS AND OTHER MATTERS RELATED THERETO

WHEREAS, the Riverside County Public Financing Authority (the "Authority") is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999 (the "Joint Powers Agreement"), by and between the County of Riverside (the "County") and the Redevelopment Agency of the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the Act"), and is authorized and empowered pursuant to Article 4 (commencing with Section 6584) of the Act to issue bonds for the purposes of financing and refinancing public capital improvements; and

WHEREAS, the County has expressed its desire to provide for the financing of certain public improvements (the "Project"); and

WHEREAS, in order to provide the funds necessary to finance the Project, the County and the Authority will enter into a Site Lease (the "Site Lease"), whereby the County will lease to the Authority certain real property and the improvements located thereon (the "Leased Property"), and the County and the Authority will enter into a Facility Lease (the "Facility Lease"), whereby the County will sublease from the Authority the Leased Property; and

WHEREAS, pursuant to an assignment agreement (the "Assignment Agreement"), the Authority will transfer certain of its rights, title and interests in and to the Site Lease and the Facility Lease, including its right to receive base rental payments due under the Facility Lease, to U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"); and

WHEREAS, pursuant to an Indenture (the "Indenture") by and among the County, the Authority and the Trustee, the Authority will issue and deliver its Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 in an aggregate principal amount of not to exceed \$325,000,000 (the "Bonds"), the proceeds of which will be used to finance the Project and related costs of issuance and a reserve fund; and

WHEREAS, the Bonds will be secured by, among other things, the base rental payments made by the County under the Facility Lease; and

WHEREAS, in connection with the issuance and delivery of the Bonds, the Authority also desires to approve the form and distribution of a preliminary official statement (the "Preliminary Official Statement") and the form of a purchase contract (the "Purchase Contract") among the Authority, the County and the co-senior underwriters and co-managers named therein (collectively, the "Underwriter"); and

WHEREAS, the County, in consideration of the Authority's determination to assist with the financing of the Project as described above, has agreed to indemnify and hold harmless the Authority in connection with entering into the Site Lease and the Facility Lease and the Project, as more particularly set forth in the Facility Lease; and

WHEREAS, there have been presented to this meeting the proposed forms of the following documents:

- (a) the Indenture;
- (b) the Assignment Agreement;
- (c) the Site Lease;
- (d) the Facility Lease;
- (e) the Preliminary Official Statement; and
- (f) the Purchase Contract;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY AS FOLLOWS:

SECTION 1. Issuance of Bonds. The issuance of the Bonds by the Authority on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture and this Resolution, is hereby approved; provided, however, that (i) the aggregate principal amount of Bonds shall not exceed \$325,000,000 (ii) the maturity of the Bonds shall not exceed May 1, 2050 and (iii) the true interest cost with respect to the Bonds shall not exceed 6.0% per annum.

SECTION 2. Approval of Indenture. The form of Indenture presented at this meeting is hereby approved and the Chair, the Vice Chair, and the Secretary of the Authority (each an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof, including with respect to whether and what type(s) of credit enhancement secures the Bonds, or by other factors, as determined by the Authorized Officers in consultation with the Authority's financial and legal consultants as being in the best interests of the Authority and the County.

SECTION 3. Approval of Site Lease. The form of Site Lease presented at this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Site Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Approval of Facility Lease. The form of Facility Lease presented at this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Facility Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Assignment Agreement. The form of Assignment Agreement presented at this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Assignment Agreement in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 6. Approval of Purchase Contract. The Authority is hereby authorized to enter into the Purchase Contract and each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the Authority, in substantially the form presented to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the Authority Counsel and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery thereof; *provided, however*, that the underwriting fee payable pursuant to the Purchase Contract shall not exceed .20% of the aggregate principal amount of the Bonds and the maturity date, the principal amount of the Bonds and the interest rates thereon shall be limited as specified in Section 1 hereof.

SECTION 7. Approval of Official Statement. The Preliminary Official Statement is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the Underwriter incident to the marketing of the Bonds. Each Authorized Officer is hereby authorized to (a) make such changes in such form of the Preliminary Official Statement as such officer, in consultation with Authority Counsel and the Underwriter, shall determine to be appropriate, and (b) on behalf of the Authority, to deem such Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Each Authorized Officer is authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered in the name and on behalf of the Authority by an Authorized Officer, and such Authorized Officer is authorized and directed to prepare, execute and deliver in the name and on behalf of the Authority any supplemental filings related to such final Official Statement.

SECTION 8. Other Acts. The officers and staff of the Authority are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Counsel to the Authority or with Orrick, Herrington & Sutcliffe, the Authority's bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

SECTION 9. Effective Date. This Resolution shall take effect upon adoption.

PASSED and ADOPTED this July 15, 2014.

Chairman

ATTESTED:

Secretary

CERTIFICATION:

The undersigned Secretary of the Riverside County Public Financing Authority, does hereby certify that the foregoing Resolution No. 2014-02 was duly adopted by the Riverside County Public Financing Authority at a meeting thereof held on July 15, 2014, by the following vote to wit:

AYES: Board

NOES: None

ABSENT: None

ABSTAIN: None

Secretary

RESOLUTION NO. 2014-163

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING THE ISSUANCE BY THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY OF NOT TO EXCEED \$325,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS (EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE, A SITE LEASE AND A FACILITY LEASE, AND OTHER MATTERS RELATED THERETO

WHEREAS, the Riverside County Public Financing Authority (the "Authority") is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999 (the "Joint Powers Agreement"), by and between the County of Riverside (the "County") and the Redevelopment Agency of the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized and empowered pursuant to Article 4 (commencing with Section 6584) of the Act to issue bonds for the purposes of financing and refinancing public capital improvements; and

WHEREAS, the County has expressed its desire to provide for the financing of certain public improvements (the "Project"); and

WHEREAS, in order to provide the funds necessary to finance the Project, the County and the Authority will enter into a Site Lease (the "Site Lease"), whereby the County will lease to the Authority certain real property and the improvements located thereon (the "Leased Property"), and the County and the Authority will enter into a Facility Lease (the "Facility Lease"), whereby the County will sublease from the Authority the Leased Property; and

WHEREAS, pursuant to an assignment agreement (the "Assignment Agreement"), the Authority will transfer certain of its rights, title and interests in and to the Site Lease and the Facility Lease, including its right to receive base rental payments due under the Facility Lease, to U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"); and

WHEREAS, pursuant to an Indenture (the "Indenture") by and among the County, the Authority and the Trustee, the Authority will issue and deliver its Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 in an aggregate principal amount of not to exceed \$325,000,000 (the "Bonds"), the proceeds of which will be used to finance the Project and related costs of issuance and a reserve fund; and

WHEREAS, the Bonds will be secured by, among other things, the base rental payments made by the County under the Facility Lease; and

WHEREAS, in connection with the issuance and delivery of the Bonds, the Authority also desires to approve the form and distribution of a preliminary official statement (the "Preliminary Official Statement") and the form of a purchase contract (the "Purchase Contract") among the Authority, the County and the co-senior underwriters and co-managers named therein (collectively, the "Underwriter"); and

WHEREAS, to fulfill the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the County and the Trustee will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), whereby the County will agree to provide certain continuing disclosure reports; and

WHEREAS, the County, in consideration of the Authority's determination to assist with the financing of the Project as described above, has agreed to indemnify and hold harmless the Authority in connection with entering into the Site Lease and the Facility Lease and the Project, as more particularly set forth in the Facility Lease; and

WHEREAS, the County hereby finds that the financing of the Project within the County will result in significant public benefits in the form of employment benefits from undertaking the Project in a timely fashion and the more efficient delivery of services to residential and commercial development; and

WHEREAS, on this date, the County held a public hearing on the financing of the Project in accordance with Section 6586.5 of the Government Code of the State of California (the "Act"); and

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the County; and

WHEREAS, there have been presented to this meeting proposed forms of the following documents:

1. an Indenture;
2. a Site Lease;
3. a Facility Lease;
4. a Purchase Contract;
5. a Preliminary Official Statement; and
6. a Continuing Disclosure Agreement;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE COUNTY BOARD OF SUPERVISORS AS FOLLOWS:

SECTION 1. Approval of Issuance of Bonds by the Authority. The issuance of the Bonds by the Authority on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture and this Resolution, is hereby approved; provided, however, that (i) the aggregate principal amount of Bonds shall not exceed \$325,000,000, (ii) the maturity of the Bonds shall not exceed May 1, 2050 and (iii) the true interest cost with respect to the Bonds shall not exceed 6.0% per annum.

SECTION 2. Approval of Indenture. The form of Indenture presented at this meeting is hereby approved and the County Executive Officer, the Deputy County Executive Officer and the County Finance Director, or his or her designee (each, an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof, including with respect to whether and what type(s) of credit enhancement secures the Bonds, the amount to be deposited in a reserve fund for the Bonds, or by other factors, as determined by the Authorized Officers in consultation with the County's financial and legal consultants as being in the best interests of the Authority and the County.

SECTION 3. Approval of Site Lease. The form of Site Lease presented at this meeting is hereby approved and the Authorized Officers are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Site Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Approval of Facility Lease. The form of Facility Lease presented at this meeting is hereby approved and the Authorized Officers are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Facility Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Purchase Contract. Each Authorized Officer is hereby severally authorized and directed to execute and deliver the Purchase Contract in the form presented to this meeting, with the Underwriter of the Bonds, with such changes therein as such Authorized Officer shall approve as evidenced by the execution thereof; *provided, however*, that the underwriting fee payable pursuant to the Purchase Contract shall not exceed .20% of the aggregate principal amount of the Bonds and the maturity date, the principal amount of the Bonds and the interest rates thereon shall be limited as specified in Section 1 hereof.

SECTION 6. Approval of Official Statement. The Preliminary Official Statement is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the Underwriter incident to the marketing of the Bonds. Each Authorized

Officer is hereby authorized to (a) make such changes in such form of the Preliminary Official Statement as such Authorized Officer, in consultation with County Counsel and the Underwriter, shall determine to be appropriate, and (b) on behalf of the County, to deem such Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Each Authorized Officer is authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered in the name and on behalf of the County by an Authorized Officer, and such Authorized Officer is authorized and directed to prepare, execute and deliver in the name and on behalf of the County any supplemental filings related to such final Official Statement.

SECTION 7. Approval of Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement presented at this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Continuing Disclosure Agreement in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 8. Other Acts. The officers and staff of the County are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Counsel to the County or with Orrick, Herrington & Sutcliffe LLP, the County and Authority's bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including without limitation, negotiating the terms of a bond insurance policy and/or a reserve fund surety bond to the extent such insurance and/or surety bond is determined to be economically advantageous, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

SECTION 9. Effective Date. This Resolution shall take effect upon adoption.

PASSED and ADOPTED this July 15, 2014.

APPROVED AS TO FORM AND LEGALITY

Pamela Walls, Esq.
County Counsel

By _____
Senior Deputy County Counsel

[Insert Clerk's Certificate Regarding Due Adoption of Resolution]

Recording Requested By And)
When Recorded Mail To:)
)
ORRICK, HERRINGTON & SUTCLIFFE, LLP)
777 South Figueroa Street, Suite 3200)
Los Angeles, California 90017)
Attention: William W. Bothwell, Esq.)

(Space above for Recorder's Use)

This transaction is exempt from California documentary transfer tax pursuant to Section 11929 of the California Revenue and Taxation Code. This document is recorded for the benefit of the County of Riverside and the recording is fee-exempt under Section 6103 of the California Government Code.

ASSIGNMENT AGREEMENT

by and between

**RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY**

and

U.S. Bank National Association,

as Trustee

**Relating to the
RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY LEASE REVENUE BONDS
(EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014**

Dated as of [DATED DATE]

ASSIGNMENT AGREEMENT

This Assignment Agreement (the "Assignment Agreement"), executed and entered into as of [DATED DATE], by and between the Riverside County Public financing Authority (the "Authority"), a joint powers authority duly organized and existing under and pursuant to California Government Code Sections 6500 *et seq.* and U.S. Bank National Association (the "Trustee"), a banking association existing under and by virtue of the laws of the United States, as trustee under the Indenture (as hereinafter defined);

WITNESSETH:

WHEREAS, the Authority and the County of Riverside (the "County") have executed and entered into the Site Lease*, dated as of [DATED DATE] (the "Site Lease"), pursuant to which the County has leased that certain real property, as more particularly described in the Site Lease (the "Leased Property") to the Authority, as described in Exhibit A attached hereto and incorporated herein; and

WHEREAS, the Authority and the County of Riverside (the "County") have executed and entered into the Facility Lease*, dated as of [DATED DATE] (the "Facility Lease"), pursuant to which the Authority has leased that certain real property, as more particularly described in the Facility Lease (the "Leased Property") to the County, as described in Exhibit A attached hereto and incorporated herein; and

WHEREAS, under and pursuant to the Facility Lease, the County is obligated to make rental payments to the Authority for the lease of the Leased Property to it; and

WHEREAS, the Authority desires to assign without recourse all its rights to receive the Base Rental Payments (as defined in the Facility Lease) and certain other payments scheduled to be paid by the County under and pursuant to the Facility Lease to the Trustee; and

WHEREAS, in consideration of such assignment and the execution and entering into of an Indenture (the "Indenture"), dated as of [DATED DATE], by and among the Trustee, the Authority and the County, the Authority has agreed to issue the Riverside County Public financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 in an aggregate principal amount of \$XXX,000,000 (the "Bonds"); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR

* Recorded concurrently herewith.

* Recorded concurrently herewith.

OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Assignment. The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby unconditionally grant, transfer and assign to the Trustee without recourse (i) all its rights to receive Revenues (as defined in the Indenture) under and pursuant to the Facility Lease, (ii) the right to take all actions under the Site Lease and the Facility Lease, (iii) the right of access more particularly described in the Site Lease and the Facility Lease, and (iv) any and all other rights and remedies of the Authority in the Site Lease, as lessee thereunder, and in the Facility Lease as lessor thereunder; *provided*, such assignment shall not include any of the Authority's rights to indemnification and payment or reimbursement for any costs or expenses under the Facility Lease, including without limitation, those rights specified in Section 5.01(b) and Section 9.03 of the Facility Lease; *and provided further*, that so long as no default in payment of Base Rental Payments under the Facility Lease shall have occurred or be continuing, the Authority shall have and may exercise all rights of the Authority under the Site Lease and the Facility Lease other than the right to receive the Base Rental Payments.

SECTION 2. Acceptance. The Trustee hereby accepts the foregoing assignment for the benefit of the Owners of the Bonds, subject to the conditions and terms of the Indenture, and all such Base Rental Payments shall be applied and all such rights so assigned shall be exercised by the Trustee as provided in the Indenture.

SECTION 3. Conditions. This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

SECTION 4. California Law. This Assignment Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 5. Severability. If any agreement, condition, covenant or term hereof or any application hereof should be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 6. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Assignment Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

**RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY**

By _____
Chairman

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By _____
Authorized Signatory

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

All that certain real property, situated in the County of Riverside, State of California, described as follows:

END OF LEGAL DESCRIPTION

STATE OF CALIFORNIA)
) ss
COUNTY OF RIVERSIDE)

On _____, 2014, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to be that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF RIVERSIDE)

On _____, 2014, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to be that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

William W. Bothwell, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
777 South Figueroa Street, Suite 3200
Los Angeles, California 90017

(Space above for Recorder's use)

This document is recorded for the benefit of the County of Riverside and the recording is fee-exempt under Section 6103 of the California Governmental Code.

SITE LEASE

by and between the

COUNTY OF RIVERSIDE

and the

RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY

Dated as of [DATED DATE]

relating to the

**RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
(EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014**

SITE LEASE

This Site Lease (this "Site Lease"), dated as of [DATED DATE], by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (the "County"), and the RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999 (the "Joint Powers Agreement"), by and between the County and the Redevelopment Agency of the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and is authorized and empowered pursuant to Article 4 (commencing with Section 6584) of the Act to issue bonds for the purposes of financing and refinancing public capital improvements;

WHEREAS, the County desires to provide for the financing of certain public improvements described in Exhibit A-2-1 to the Facility Lease, hereinafter defined (the "Project");

WHEREAS, pursuant to this Site Lease, the County will lease certain real property and the improvements thereon, described in Exhibit A hereto (the "Leased Property"), to the Authority;

WHEREAS, concurrently with the execution of this Site Lease, the County and the Authority are entering into a Facility Lease (the "Facility Lease"), dated as of [DATED DATE], whereby the Authority will lease back the Leased Property") to the County;

WHEREAS, the County, the Authority, and U.S. Bank National Association, as trustee (the "Trustee"), are entering into an Indenture, dated as of [DATED DATE] (the "Indenture") pursuant to which the Authority will issue its Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 in an aggregate principal amount of \$XXX,000,000 (the "Series 2014 Bonds") to provide funds for the financing of the Project;

WHEREAS, the Series 2014 Bonds will be secured by the payments to be made by the County pursuant to the Facility Lease;

WHEREAS, the County is authorized by law to lease the Leased Property and the Leased Property is necessary and proper for public purposes; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Site Lease do exist, have happened and have been performed in regular and

due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Site Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Leased Property. The County hereby leases to the Authority and the Authority hereby rents and hires from the County, on the terms and conditions hereinafter set forth, those certain real property and improvements thereon or to be located thereon, more particularly described in Exhibit A attached hereto and made a part hereof (the "Leased Property"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Facility Lease.

Section 2. Term.

(a) The term hereof will commence on the Closing Date and shall end on the Expiry Date (as defined in the Facility Lease) unless such term is sooner terminated or is extended as hereinafter provided. If prior to the Expiry Date all Base Rental Payments under the Facility Lease shall have been paid, or provision therefor has been made in accordance with Article X of the Indenture, the term hereof shall end simultaneously therewith.

(b) If the Facility Lease is extended beyond the Expiry Date pursuant to the terms thereof, this Site Lease shall also be extended to the day following the date of termination of the Facility Lease.

Section 3. Rent. The Authority shall pay to the County an advance rent of \$1, which, together with the execution and delivery of the Facility Lease, shall constitute full consideration for this Site Lease over its term. The Authority hereby waives any right that it may have under the laws of the State of California to receive a rebate of such rent in full or in part in the event there is a substantial interference with the use and right of possession by the Authority of the Leased Property or portion thereof as a result of material damage, destruction or condemnation

Section 4. Purpose. The Authority shall use the Leased Property solely for the purpose of subleasing the same to the County; *provided*, that in the event of default by the County under the Facility Lease, the Authority may exercise the remedies provided in the Facility Lease.

Section 5. Owner in Fee. The County covenants that it is the owner of the Leased Property free and clear of all liens, claims or encumbrances which affect marketability.

Section 6. Assignments and Leases. Unless the County shall be in default under the Facility Lease, the Authority may not, without the prior written consent of the County, assign its rights hereunder or sublet the Leased Property except that the County expressly approves and consents to the assignment and transfer of the Authority's right, title and interest in this Site Lease to the Trustee pursuant to the Assignment Agreement.

Section 7. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination. The Authority agrees, upon the termination hereof, to quit and surrender the Leased Property in the same good order and condition as the same was in at the time of commencement of the terms hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements to the Leased Property at the time of the termination hereof shall remain thereon and title thereto shall vest in the County.

Section 9. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms hereof, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the County may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Facility Lease shall be deemed to occur as a result thereof; *provided*, that so long as the Bonds executed and delivered pursuant to the Indenture are Outstanding, the County shall have no power to terminate this Site Lease by reason of any default on the part of the Authority, if such termination would affect or impair any assignment of the Facility Lease then in effect between the Authority and the Trustee that authenticates and delivers the Bonds.

Section 10. Quiet Enjoyment. The Authority at all times during the term hereof shall peaceably and quietly have, hold and enjoy the Leased Property.

Section 11. Waiver of Personal Liability. All liabilities hereunder on the part of the Authority shall be solely corporate liabilities of the Authority, and the County hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability hereunder. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable hereunder for anything done or omitted to be done by the Authority hereunder.

Section 12. Eminent Domain. In the event the whole or any portion of the Leased Property is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Base Rental Payments payable under the Facility Lease, and the amount of the unpaid Additional Payments due under the Facility Lease, and the balance of the award, if any, shall be paid to the County.

Section 13. Amendments. This Site Lease may be amended for the purpose of affecting a Substitution or Removal, as further described in the Facility Lease, and in the manner and under the circumstances described in connection with the amendment of the Facility Lease, as further described in the Facility Lease.

Section 14. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or

terms hereof shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All written notices to be given shall be given by first class mail to the party entitled thereto as 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 of Riverside
4080 Lemon Street, Fourth Floor
Riverside, CA 92501-3651
Attention: County Finance Director

If to the Authority:

Riverside County Public Financing Authority
4080 Lemon Street, Fourth Floor
Riverside, CA 92501-3651
Attention: Chair

If to the Trustee:

U.S. Bank National Association
Corporate Trust Services
633 West Fifth Street, 24th Floor LM-CA-T24T
Los Angeles, CA 90071
Attention: Corporate Trust Department

Section 16. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit scope of any provision hereof.

Section 17. Counterparts. This Site Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 18. Governing Law. This Site Lease is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

[This space intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Site Lease by their officers thereunder duly authorized as of the day and year first above written.

COUNTY OF RIVERSIDE

By: _____
County Executive Officer

RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY

By: _____
Chair

EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY

END OF LEGAL DESCRIPTION

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

William W. Bothwell, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
777 South Figueroa Street, Suite 3200
Los Angeles, California 90017

(Space above for Recorder's use)

This document is recorded for the benefit of the County of Riverside and the recording is fee-exempt under Section 6103 of the California Governmental Code.

FACILITY LEASE

by and between the

**RIVERSIDE COUNTY
PUBLIC FINANCING AUTHORITY**

and

COUNTY OF RIVERSIDE

**relating to the
RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
(EAST COUNTY DETENTION CENTER PROJECT)
SERIES 2014**

Dated as of [DATED DATE]

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FACILITY LEASE

This Facility Lease (this "Facility Lease"), executed and entered into as of [DATED DATE], by and between the RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and the COUNTY OF RIVERSIDE, a political subdivision duly organized and existing under the Constitution and laws of the State of California (the "County");

WITNESSETH:

WHEREAS, concurrently with the execution of this Facility Lease, the County and the Authority are entering into a Site Lease (the "Site Lease"), dated as of [DATED DATE], whereby the Authority will lease the Leased Property from the County;

WHEREAS, the County will then sublease the Leased Property back from the Authority pursuant to this Facility Lease;

WHEREAS, concurrently with the execution of this Facility Lease the Authority, the County and U.S. Bank National Association, as trustee (the "Trustee"), are entering into an Indenture, dated as of [DATED DATE] (the "Indenture");

WHEREAS, to provide funds for the financing of the Project, the Authority will issue its Lease Revenue Bonds (East County Detention Center Project), Series 2014 (the "Series 2014 Bonds"), in the aggregate principal amount of \$XXX,000,000;

WHEREAS, the Series 2014 Bonds will be secured by the payments to be made by the County pursuant to this Facility Lease;

WHEREAS, the County is authorized by law to sublease the Leased Property and the Leased Property is necessary and proper for public purposes; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Facility Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Facility Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All other capitalized terms used herein without definition shall have the meanings as set forth in the Indenture.

Additional Payments

“Additional Payments” means all amounts payable by the County pursuant to Section 5.01(b) hereof.

Assignment Agreement

“Assignment Agreement” means that certain Assignment Agreement executed and entered into as of [DATED DATE], by and between the Authority and the Trustee, as it may from time to time be amended.

Authority

“Authority” means the Riverside County Public Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California.

Base Rental Payment Date

The term “Base Rental Payment Date” means 15th day of the month preceding each Interest Payment Date.

Base Rental Payments

“Base Rental Payments” means all amounts payable by the County as base rental pursuant to Section 5.01(a) hereof.

Closing Date

“Closing Date” means the date on which the Bonds are initially delivered to the Underwriter.

Code

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

County

“County” means the County of Riverside, a political subdivision duly organized and existing under the Constitution and laws of the State of California.

Expiry Date

“Expiry Date” means ___ 1, 20__.

Facility Lease

“Facility Lease” means this Facility Lease, dated as of [DATED DATE], by and between the Authority and the County, as originally executed and entered into and as it may from time to time be amended in accordance herewith.

Fiscal Year

“Fiscal Year” means the fiscal year of the County which, as of the date hereof, is the period from July 1 to and including the following June 30.

Indenture

“Indenture” means that certain Indenture executed and entered into as of [DATED DATE], by and among the Trustee, the County and the Authority, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

Insurance Consultant

“Insurance Consultant” means an individual or firm retained by the County as an independent insurance consultant, experienced in the field of risk management.

Insurer

“Insurer” means the issuer or issuers, if any, of a policy or policies of municipal bond insurance obtained by the County to insure the payment of the principal of or interest on a Series of Bonds issued under the Indenture, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. [There is no Insurer with respect to the Series 2014 Bonds.]

Leased Property

“Leased Property” means the real property more particularly described in Exhibit A attached hereto (as the same may be changed from time to time by Removal or Substitution), together with the improvements thereon or to be located thereon.

Lease Year

“Lease Year” means the period from each July 1 to and including the following June 30 during the term hereof; provided that the initial Lease Year shall commence on the Closing Date and the final Lease Year shall terminate on the Expiry Date.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County.

Owner

“Owner” means the registered owner of any Outstanding Bond.

Permitted Encumbrances

“Permitted Encumbrances” means, as of any particular time: (i) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to Section 6.02, permit to remain unpaid; (ii) the Assignment Agreement, as it may be amended from time to time; (iii) this Facility Lease, as it may be amended from time to time; (iv) the Site Lease, as it may be amended from time to time; (v) the Indenture, as it may be amended from time to time; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facility Lease in the office of the County Recorder of the County of Riverside; (viii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of recordation of this Facility Lease and to which the Authority and the County consent in writing and certify to the Trustee will not materially impair the ownership interests of the Authority or use of the Leased Property by the County; and (ix) subleases and assignments of the County which will not adversely affect the exclusion from gross income of interest on the Bonds.

Removal

“Removal” means the release of all or a portion of the Leased Property from the leasehold hereof and of the Site Lease as provided in Section 2.06.

Site Lease

“Site Lease” means that certain Site Lease, executed and entered into as of [DATED DATE], by and between the County and the Authority, as originally executed and entered into and as it may from time to time be amended in accordance herewith and therewith.

Substitution

“Substitution” means the release of all or a portion of the Leased Property from the leasehold hereof and of the Site Lease, and the lease of substituted real property and improvements hereunder and under the Site Lease as provided in Section 2.06.

Trustee

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee acting in its capacity as such under the Indenture, or any successor as therein provided.

The singular form of any word used herein, including the terms defined in this Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. All references herein to “Sections” and other subdivisions hereof are to the corresponding Sections or subdivisions of this Facility Lease as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Facility Lease as a whole and not to any particular Section or subdivision hereof.

ARTICLE II

THE LEASED PROPERTY

Section 2.01 Lease of the Leased Property. The Authority hereby leases to the County, and the County hereby rents and hires from the Authority, the Leased Property on the conditions and terms hereinafter set forth. The County hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Leased Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the Authority to carry out its agreements and covenants contained herein and in the Indenture, and the County hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Leased Property.

Section 2.02 Quiet Enjoyment. The parties hereto mutually covenant that the County, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

Section 2.03 Right of Entry and Inspection. The Authority shall have the right to enter the Leased Property and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority’s rights or obligations hereunder and for all other lawful purposes.

Section 2.04 Prohibition Against Encumbrance or Sale. The County and the Authority will not create or suffer to be created any mortgage, pledge, lien, charge or

encumbrance upon the Leased Property, except Permitted Encumbrances, and except incident to the execution and delivery of Additional Bonds as contemplated by Section 5.07 hereof. The County and the Authority will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property, except as otherwise provided herein. Notwithstanding anything to the contrary herein contained, the County may assign, transfer or sublease any and all of the Leased Property or its other rights hereunder, *provided* that (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of the Authority hereunder, (b) no such assignment, transfer or sublease shall relieve the County of any of its obligations hereunder, (c) the assignment, transfer or sublease shall not result in a breach of any covenant of the County contained in any other Section hereof, (d) any such assignment, transfer or sublease shall by its terms expressly provide that the fair rental value of the Leased Property for all purposes shall be first allocated to this Facility Lease, as the same may be amended from time to time before or after any such assignment, transfer or sublease and (e) no such assignment, transfer or sublease shall confer upon the parties thereto any remedy which allows reentry upon the Leased Property unless concurrently with granting such remedy the same shall be also granted hereunder by an amendment to this Facility Lease which shall in all instances be prior to and superior to any such assignment, transfer or sublease.

Section 2.05 Liens. In the event the County shall at any time during the term hereof cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the County shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens against the Leased Property or the Authority's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Authority's interest therein, and the enforcement thereof is not stayed or if so stayed such stay thereafter expires, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the County shall forthwith pay and discharge or cause to be paid and discharged such judgment. The County shall, to the maximum extent permitted by law, indemnify and hold the Authority and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

Section 2.06 Substitution or Removal of Leased Property.

(a) The County may amend this Facility Lease and the Site Lease to substitute other real property and/or improvements (the "Substituted Property") for existing Leased Property and/or to remove real property (including undivided interests therein) and/or improvements from the definition of Leased Property, and upon compliance with all of the conditions set forth in subsection (b) below. After a Substitution or Removal, the part of the Leased Property for which the Substitution or Removal has been effected shall be released from the leasehold hereunder and under the Site Lease.

(b) No Substitution or Removal shall take place hereunder until the County delivers to the Authority and the Trustee the following:

(1) A Certificate of the County containing a description of all or part of the Leased Property to be released and, in the event of a Substitution, a description of the Substituted Property to be substituted in its place;

(2) A Certificate of the County (A) stating that the annual fair rental value of the Leased Property after a Substitution or Removal, in each year during the remaining term of this Facility Lease, is at least equal to the maximum annual Base Rental Payments payable hereunder attributable to the Leased Property prior to said Substitution or Removal, as determined by the County on the basis of commercially reasonable evidence of the annual fair rental value of the Leased Property after said Substitution or Removal; and (B) demonstrating that the useful life of the Leased Property after Substitution or Removal equals or exceeds the remaining term of this Facility Lease;

(3) An Opinion of Counsel to the effect that the amendments hereto and to the Site Lease contemplating Substitution or Removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the County and the Authority enforceable in accordance with their terms;

(4) (A) In the event of a Substitution, a policy of title insurance in an amount equal to the same proportion of the principal amount as the principal portion of the Base Rental Payments for the Substituted Property bears to the total principal portion of the Base Rental Payments payable hereunder, insuring the County's leasehold interest in the Substituted Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Trustee for the benefit of the Owners of the Series 2014 Bonds and any Additional Bonds, and (B) in the event of a partial Removal, evidence that the title insurance in effect immediately prior thereto is not affected;

(5) In the event of a Substitution, an opinion of the County Counsel of the County to the effect that the exceptions, if any, contained in the title insurance policy referred to in (4) above do not interfere with the beneficial use and occupancy of the Substituted Property described in such policy by the County for the purposes of leasing or using the Substituted Property;

(6) An Opinion of Counsel that the Substitution or Removal does not cause the interest with respect to the Bonds to be includable in gross income of the Owners thereof for federal income tax purposes; and

(7) Evidence that the County has complied with the covenants contained in clauses (1), (2) and (3) of Section 6.03 hereof with respect to the Substituted Property.

ARTICLE III

TERM OF THE FACILITY LEASE

Section 3.01 Commencement of the Facility Lease. The effective date of this Facility Lease is the Closing Date, and the term of this Facility Lease shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Expiry Date, the rental payable hereunder shall not be fully paid and all Bonds shall not be fully paid and retired, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Facility Lease shall be extended until ten days after the rental payable hereunder shall be fully paid and all Bonds shall be fully paid, except that the term of this Facility Lease shall in no event be extended beyond ___ 1, 2054. If prior to the Expiry Date, the rental payable hereunder shall be fully paid and all Bonds shall have been fully paid, or deemed fully paid, in accordance with Article X of the Indenture, the term of this Facility Lease shall end ten days thereafter or ten days after written notice by the County to the Authority to the effect that the rental payable hereunder shall be fully paid and all Bonds have been fully paid, whichever is earlier, and this Facility Lease shall thereupon terminate.

ARTICLE IV

USE OF PROCEEDS; TAX COVENANTS

Section 4.01 Use of Proceeds. The parties hereto agree that the proceeds of the Bonds will be used by the Authority to pay Construction Costs with respect to the Project, to fund the Reserve Fund and to pay Costs of Issuance and incidental and related expenses.

Section 4.02 Tax Covenants.

(a) The County will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, and specifically the County will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the County or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the County, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code to the extent that such requirements are, at the time, applicable and in effect; *provided*, that if the County shall obtain an Opinion of Counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the County may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the County is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture or otherwise the County shall so instruct the Trustee in writing, and the Trustee shall take such action in accordance with such instructions.

(b) To the ends covenanted in this section, the County hereby specifically agrees to ensure that the following requirements are met:

(1) The County will not invest or allow to be invested proceeds of the Bonds at a yield in excess of the yield on the Bonds, except to the extent allowed under the Tax Certificate.

(2) The County will rebate or cause to be rebated any amounts due to the federal government, as provided in the Tax Certificate.

(c) The provisions of this Section shall not apply to any Series of Bonds which the County shall certify to the Trustee is not intended to comply with the requirements of the Code necessary to make interest on such Series of Bonds excludable from gross income for federal income tax purposes.

ARTICLE V

RENTAL PAYMENTS

Section 5.01 Rental Payments. The County agrees to pay to the Authority, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Leased Property, the following amounts at the following times:

(a) Base Rental. Subject to the immediately following sentence, the County shall pay to the Authority rental hereunder as Base Rental Payments for the use and occupancy of the Leased Property for each Lease Year or portion thereof, at the times and in the amounts set forth in the Base Rental Payment Schedule attached hereto as Exhibit B, and made a part hereof. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the County hereunder.

If the term of this Facility Lease shall have been extended pursuant to Section 3.01 hereof, Base Rental Payment installments shall continue to be payable on the Base Rental Payment Dates, continuing to and including the date of termination of this Facility Lease. Upon such extension of this Facility Lease, the County shall deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule shall establish the Base Rental Payments at an amount sufficient to pay all unpaid principal and interest on the Bonds.

(b) Additional Payments. The County shall also pay in addition to the Base Rental Payments, to the Authority or the Trustee, as hereinafter provided, such amounts ("Additional Payments") in each year as follows:

(i) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due

to the transactions contemplated hereby but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the County shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the County's expense, to protest and contest any such taxes or assessments levied upon them and that the County shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture as provided in Section 8.03 of the Indenture, as and when the same become due and payable;

(iii) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Facility Lease, the Site Lease or the Indenture; and

(iv) The reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with this Facility Lease, the Site Lease, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving this Facility Lease, the Site Lease, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the County, the Leased Property, its properties, assets or operations or otherwise in connection with the administration of this Facility Lease, the Site Lease, the Bonds or the Indenture.

Such Additional Payments shall be billed to the County by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the County within thirty (30) days after receipt of the bill by the County.

(c) Consideration.

(i) Such payments of Base Rental Payments for each Lease Year or portion thereof during the term of this Facility Lease shall constitute, together with the Additional Payments, the total amount due for such Lease Year or portion thereof and shall be paid or payable by the County for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property. On the Closing Date, the County shall deliver a certificate to the Authority and the Trustee, which shall set forth the

annual fair rental value of the Leased Property. The parties hereto have agreed and determined that the annual fair rental value of the Leased Property is not less than the maximum Base Rental Payments payable hereunder in any year. In making such determinations of annual fair rental value, consideration has been given to a variety of factors including the replacement costs of the existing improvements on the Leased Property, other obligations of the parties under this Facility Lease, the uses and purposes which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the County and the general public.

(ii) The parties hereto hereby acknowledge that the parties hereto may amend this Facility Lease from time to time to increase the Base Rental Payments payable hereunder so that Additional Bonds may be executed, authenticated and issued pursuant to Section 5.07 hereof and Sections 2.11 and 2.12 of the Indenture. The proceeds of such Additional Bonds shall be used for any lawful purpose. Notwithstanding anything to the contrary herein contained, this Facility Lease may not be amended in a manner such that the sum of Base Rental Payments, including Base Rental Payments payable pursuant to such amendment, in any year is in excess of the annual fair rental value of the Leased Property and other land and improvements leased to the County hereunder.

(d) Payment; Credit. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal corporate trust office of the Trustee in Los Angeles, California, or such other place as the Authority shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall remain due and payable until received by the Trustee, except as provided in Section 5.04 hereof, and to the extent permitted by law shall bear interest at the rate of ten percent per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the County and the Authority, the County shall make all rental payments when due, without deduction or offset of any kind, and shall not withhold any rental payments pending the final resolution of any such dispute. In the event of a determination that the County was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the County, be credited against subsequent rental payments due hereunder or be refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to this Section 5.01(d) on any date shall be reduced to the extent of available amounts on deposit on such date in the Revenue Fund, the Interest Fund or the Principal Fund. Any payment scheduled to be made on a date which is not a Business Day shall be made on the next succeeding Business Day.

Section 5.02 Annual Budgets; Reporting Requirements. The County covenants to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under this Facility Lease in its operating budget for each Fiscal Year commencing after the date hereof (an "Operating Budget") and to make all necessary appropriations for such Base Rental Payments and Additional Payments.

Section 5.03 Application of Rental Payments. All Base Rental Payments received shall be applied first to the interest components of the Base Rental Payments due hereunder, then to the principal components (including any prepayment premium components) of the Base Rental Payments due hereunder and thereafter to all Additional Payments due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Section 5.04 Rental Abatement. Except to the extent of (a) amounts held by the Trustee in the Revenue Fund or in the Reserve Fund, (b) amounts received in respect of rental interruption insurance, and (c) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Bonds, during any period in which, by reason of material damage, destruction, title defect, condemnation, there is substantial interference with the use and possession by the County of any portion of the Leased Property, rental payments due hereunder with respect to the Leased Property shall be abated to the extent that the annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments, in which case rental payments shall be abated only by an amount equal to the difference. In the event the County shall assign, transfer or sublease any or all of the Leased Property or other rights hereunder, as permitted by Section 2.04 hereof, for purposes of determining the annual fair rental value available to pay Base Rental Payments, annual fair rental value of the Leased Property shall first be allocated to this Facility Lease as provided in clause (d) of Section 2.04 hereof. Any abatement of rental payments pursuant to this Section shall not be considered an Event of Default as defined in Article X hereof. The County waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate this Facility Lease by virtue of any such interference and this Facility Lease shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the Leased Property so damaged, destroyed, defective or condemned.

In the event that rental is abated, in whole or in part, pursuant to this Section due to damage, destruction, title defect or condemnation of any part of the Leased Property and the County is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the County agrees to apply for and to use its best efforts to obtain any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property.

Section 5.05 Prepayment of Rental Payments. The County may prepay, from eminent domain proceeds or net insurance proceeds received by it pursuant to Section 7.01 hereof, all or any portion of the components of Base Rental Payments payable hereunder relating to any portion of the Leased Property then unpaid, in whole on any date, or in part on any date in integral multiples of an Authorized Denomination so that the aggregate annual amounts of principal components of Base Rental Payments payable under this Facility Lease represented by the Series 2014 Bonds and any Additional Bonds which shall be payable after such prepayment date shall each be in an integral multiple of an Authorized Denomination and shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of Base Rental Payments payable under this Facility Lease represented by the Series 2014 Bonds and any Additional Bonds.

The County may prepay, from any source of available moneys pursuant to Section 4.01(b) of the Indenture, all or any part (in an integral multiple of an Authorized Denomination) of the principal components of Base Rental Payments payable under this Facility Lease then unpaid so that the aggregate annual amounts of principal components of Base Rental Payments under this Facility Lease which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of principal components represented by the Series 2014 Bonds and any Additional Bonds unpaid prior to the prepayment date, at a prepayment amount equal to the principal component prepaid plus accrued interest thereon to the date of prepayment plus any applicable premium.

Before making any prepayment pursuant to this Section, at least 45 days before the prepayment date the County shall give written notice to the Authority and the Trustee describing such event, specifying the order of Principal Payment Dates and specifying the date on which the prepayment will be made, which date shall be not less than 30 nor more than 60 days from the date such written notice is given to the Authority and the Trustee.

Section 5.06 Obligation to Make Rental Payments. The agreements and covenants on the part of the County contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the agreements and covenants contained herein agreed to be carried out and performed by the County.

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS AND TO PAY ADDITIONAL RENT DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION TO MAKE RENTAL PAYMENTS AND TO PAY ADDITIONAL RENT CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Section 5.07 Additional Bonds. In addition to the Series 2014 Bonds to be executed, authenticated and issued under the Indenture the County and the Authority may, from time to time, but only upon satisfaction of the conditions to the issuance of Additional Bonds set forth in Sections 2.11 and 2.12 of the Indenture, enter into a Supplemental Indenture to issue Additional Bonds on a parity with the Series 2014 Bonds and any previously executed, authenticated and issued Additional Bonds (unless otherwise provided in the related Supplemental Indenture), the proceeds of which may be used for any lawful purpose by the County, as provided in the Supplemental Indenture; *provided* that prior to or concurrently with the execution and delivery of the Additional Bonds, the County and the Authority shall have entered into an amendment to this Facility Lease, providing for an increase in the Base Rental Payments to be made hereunder subject to the limitations set forth in Section 5.01(c)(ii) hereof.

ARTICLE VI

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 6.01 Maintenance of the Leased Property by the County. The County agrees that, at all times during the term hereof, it will, at its own cost and expense, maintain, preserve and keep, or cause to be maintained, preserved and kept, the Leased Property and every portion thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The Authority shall have no responsibility in any of these matters or for the making of additions or improvements to the Leased Property.

Section 6.02 Taxes, Other Governmental Charges and Utility Charges. The parties hereto contemplate that the Leased Property will be used for public purposes by the County and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use, possession or acquisition by the County or the Authority of the Leased Property is found to be subject to taxation in any form, the County will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the County in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, the Leased Property, as well as all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Property; *provided*, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are accrued during such time as this Facility Lease is in effect.

Section 6.03 Insurance. The County shall secure and maintain or cause to be secured and maintained at all time with insurers of recognized responsibility all coverage on the Leased Property required by this Section 6.03. Such insurance shall consist of :

(1) A policy or policies of insurance against loss or damage to the Leased Property known as "all risk," including flood, but excluding earthquake, which shall be maintained at any time in an amount per occurrence at least equal to the lesser of (i) the cumulative replacement values of the Leased Property and, in the case of a policy covering more than the Leased Property, as permitted by the next succeeding sentence, any other property which is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations shall have been issued ("Obligations") or (ii) the aggregate amount of the principal component of the then-remaining Base Rental Payments payable hereunder; *provided* that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured

and the proximity of the insured properties to each other. Such insurance may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in an amount per occurrence in the aggregate to the amount required by the preceding sentence. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss (except for flood, in which case the deductible may not exceed \$250,000 for any one loss). The County may obtain such coverage as a joint insured with one or more other public agencies located within or outside of the County which may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph (1) and which may be limited in a cumulative amount of claims during a 12-month period in the aggregate for all insureds in an amount not less than \$500,000,000. Otherwise conforming policies satisfying the requirements of this paragraph (1) may provide that amounts payable as coverage under this paragraph (1) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa. The County is, however, under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake.

(2) In the event that such coverage is not included in paragraph (1) above, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property in an amount not less than \$75,000,000 per accident; *provided, however*, that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice to the Trustee that, based upon its evaluation of the County's maximum foreseeable loss in the event of loss or damage by steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Property, a specified smaller amount is believed to be reasonable. Such insurance may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County which may be limited in amount to \$75,000,000 per accident. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss. The County may obtain such coverage as a joint insured with one or more public agencies located within or without the County which may be limited in amount to \$75,000,000 per accident. Otherwise conforming policies satisfying the requirements of this paragraph (2) may provide that amounts payable as coverage under this paragraph (2) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa.

(3) So long as any Bonds are Outstanding, rental interruption insurance to cover loss, total or partial, of the use of any part of the Leased Property as a result of any of the hazards covered by the insurance required pursuant to paragraph (1) or (2) above, as the case may be, in an amount sufficient at all times to pay the total rent payable under this Facility Lease for a period of not less than two years' Base Rental Payments for the Leased Property; *provided* that such rental interruption insurance may be included in the policy or policies provided pursuant to paragraph (1) or (2) without increasing the aggregate limits for coverage with respect to any hazard covered thereby. Such insurance also may be in the form of a policy which covers the Leased Property and one or more additional parcels of real property leased or owned by the County. The

County also may obtain an otherwise conforming policy required by this paragraph (3) as a joint insured with one or more other public agencies within or without the County which may, with respect to any hazard, be limited in aggregate amount for all insureds to the amount of the policy or policies required pursuant to paragraph (1) or (2) above, as the case may be, which insures against such hazard. Otherwise conforming policies satisfying the requirements of this paragraph (3) may provide that amounts payable as coverage under this paragraph (3) may be reduced by amounts payable under paragraph (1) or (2), as the case may be, for the same occurrence, and vice versa.

The County shall collect, adjust and receive all moneys which may become due and payable under any policies contemplated by paragraphs (1) and (2) above, and, may compromise any and all claims thereunder and shall transfer the net proceeds of such insurance as provided herein or in the Indenture. The Trustee shall not be responsible for the sufficiency of any insurance herein required. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County.

Any insurance policy issued pursuant to paragraph (1) or (2) above shall be so written or endorsed as to make losses, if any, payable to the County, the Authority and the Trustee as their respective interests may appear and the net proceeds of the insurance required by paragraphs (1) or (2) above shall be applied as provided in Section 7.01 hereof. The net proceeds, if any, of the insurance policy described in paragraphs (1) and (2) above shall be payable to the County for deposit in the Insurance Proceeds and Condemnation Awards Fund. The net proceeds, if any, of the insurance policy described in paragraph (3) above shall be payable to the Trustee and deposited in the Revenue Fund. Each insurance policy provided for in this Section shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Authority or the Trustee without first giving written notice thereof to the Authority and the Trustee at least 30 days in advance of such intended cancellation or modification.

The County shall file a Certificate of the County with the Trustee and the Insurer not later than January 31 of each year certifying that the insurance policies required by this Section are in full force and effect and that the Authority and/or the Trustee is named as a loss payee on each insurance policy which this Facility Lease requires to be so endorsed. The County will provide the Insurer with copies of such insurance policies upon request. The Trustee shall have no responsibility whatsoever for determining the adequacy of any insurance required hereunder.

Section 6.04 Advances. In the event the County shall fail to maintain the full insurance coverage required hereby or shall fail to keep the Leased Property in good repair and operating condition, the Authority may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Authority shall become Additional Payments, which amounts the County agrees to pay within 30 days of a written request therefor, together with interest thereon at the maximum rate allowed by law.

Section 6.05 Title Insurance. The County covenants and agrees to deliver or cause to be delivered to the Trustee on the Closing Date a CLTA leasehold owner's policy or policies, or a commitment for such policy or policies, with respect to the Leased Property with liability in the aggregate amount equal to the principal component of all Base Rental Payments payable hereunder. Such policy or policies, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the County in the Leased Property subject only to Permitted Encumbrances.

ARTICLE VII

DAMAGE, DESTRUCTION, TITLE DEFECT AND CONDEMNATION

Section 7.01 Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds. If prior to the termination of the term hereof (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property or any portion thereof or the estate of the County or the Corporation in the Leased Property or any portion thereof is defective or shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or Authority acting under governmental authority, then the County and the Authority will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Leased Property, and any balance of the net proceeds remaining after such work has been completed shall be paid to the County; *provided*, that the County, at its option and provided the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amounts of principal and interest components of the Base Rental Payments due hereunder attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the Leased Property), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon shall cause said proceeds to be used for the prepayment of Outstanding Bonds pursuant to the provisions of Section 4.01(a) of the Indenture. Notwithstanding any other provision herein, the County shall only prepay less than all of the principal component of the then-remaining Base Rental Payments if the annual fair rental value of the Leased Property after such damage, destruction, title defect or condemnation is at least equal to the aggregate annual amount of the principal and interest components of the Base Rental Payments not being prepaid.

In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either to (i) repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property would be at least equal to the Base Rental Payments or (ii) to prepay all the Outstanding Bonds, both as provided in the preceding paragraph, then the County may, in its sole discretion, budget and appropriate an amount necessary to effect such repair, rebuilding or replacement or prepayment; *provided* that the failure of the County to so budget and/or appropriate shall not be a breach of or default under this Facility Lease.

ARTICLE VIII

DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE LEASED PROPERTY

Section 8.01 Disclaimer of Warranties. NEITHER THE TRUSTEE NOR THE AUTHORITY MAKES ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT NEITHER THE TRUSTEE NOR THE AUTHORITY IS A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Facility Lease or the existence, furnishing, functioning or the County's use of the Leased Property as provided hereby.

Section 8.02 Use of the Leased Property; Improvements. The County will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The County shall provide all permits and licenses, if any, necessary for the use of the Leased Property. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each portion of the Leased Property) with all laws of the jurisdictions in which its operations involving any portion of the Leased Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; *provided*, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the County adversely affect the estate of the Authority in and to the Leased Property or its interest or rights hereunder.

ARTICLE IX

ASSIGNMENT; INDEMNIFICATION; NON-LIABILITY

Section 9.01 Assignment by Authority. The parties understand that certain of the rights of the Authority hereunder and under the Site Lease will be assigned to the Trustee pursuant to the Assignment Agreement, and accordingly the County agrees to make all payments due hereunder to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach hereof or otherwise) that the County may from time to time have against the Authority. The County agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Authority or the Trustee to protect their interests in the Leased Property during the term hereof.

Section 9.02 Assignment by County. This Facility Lease and the interest of the County in the Leased Property may not be assigned or encumbered by the County except as permitted by Section 2.04 hereof.

Section 9.03 Indemnification. The County shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Authority and the Trustee and their respective directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the issuance of the Bonds, the entering into of this Facility Lease, the use of the Leased Property and each portion thereof or any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the County or the Authority; any claim arising out of the use, presence, storage, disposal or release of any Hazardous Substances on or about the Leased Property; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this Section 9.03 shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The County the Trustee and the Authority mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following the learning thereof by such party.

Section 9.04 Non-Liability of the Authority. The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Facility Lease. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Facility Lease, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the County under this Facility Lease.

The County hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the County to the Trustee pursuant to this Facility Lease, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the County shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the County, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Section 9.05 Waiver of Personal Liability. No member, officer, agent or employee of the Authority or any director, officer, agent or employee of the County shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Facility Lease; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Facility Lease.

ARTICLE X

DEFAULT

Section 10.01 Default.

(a) The following events shall be "Events of Default" under this Facility Lease and the terms "Event of Default" and "Default" shall mean, whenever they are used in this Facility Lease, any one or more of the following events:

(1) The County shall fail to deposit with the Trustee any Base Rental Payment required to be so deposited by the close of business on the day such deposit is required pursuant to Section 5.01(a) hereof, provided, that the failure to deposit any Base Rental Payments abated pursuant to Section 5.04 hereof shall not constitute an Event of Default;

(2) The County shall fail to pay any item of Additional Payments when the same shall become due and payable pursuant to Section 5.01(b) hereof; or

(3) The County shall breach any other terms, covenants or conditions contained herein or in the Indenture, and shall fail to remedy any such breach with all reasonable dispatch within a period of 30 days after written notice thereof from the Authority to the County; *provided, however*, that if the failure stated in the notice cannot be corrected within such period, then the Authority shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within such period and is diligently pursued until the default is corrected.

(b) Upon the happening of any of the Events of Default specified in Section 10.01(a) or (e) hereof, it shall be lawful for the Authority or its assignee, subject to the terms of this Facility Lease, to exercise any and all remedies available or granted to it pursuant to law or hereunder.

(c) Upon the occurrence of an Event of Default, the Authority or its assignee must thereafter maintain this Facility Lease in full force and effect and may only recover rent and other monetary charges as they become due, all without terminating the County's right to possession of the Leased Property, regardless of whether or not the County has abandoned the Leased Property; **THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE COUNTY UNDER THIS FACILITY LEASE OR OTHERWISE.** In such event, the County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, to pay the

rent to the end of the term of this Facility Lease and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration).

(d) The Authority expressly waives the right to receive any amount from the County pursuant to Section 1951.2(a)(3) of the California Civil Code.

(e) In addition to any Event of Default resulting from breach by the County of any agreement, condition, covenant or term hereof, if the County's interest herein or any part thereof assigned, sublet or transferred without the written consent of the Authority (except as otherwise permitted by Section 2.04 hereof), either voluntarily or by operation of law; or the County or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the County shall make a general or any assignment for the benefit of its creditors; or the County shall abandon or vacate the Leased Property or any portion thereof (except as permitted by Section 2.04 hereof); then in each and every such case the County shall be deemed to be in default hereunder.

(f) Neither the County nor the Authority shall be in default in the performance of any of its obligations hereunder (except for the obligation to make Base Rental Payments pursuant to Section 5.01 hereof) unless and until it shall have failed to perform such obligation within 30 days after notice by the County of the Authority, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.

(g) The County and Authority and its successors and assigns shall honor the exclusive rights of the County to use the Leased Property.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Notices. All written notices to be given hereunder shall be given by first class mail 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 Authority:

Riverside County Public Financing Authority
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3651
Attention: Chair

If to the County:

County of Riverside
4080 Lemon Street, 4th Floor
Riverside, CA 92501-3651
Attention: County Finance Director

If to the Trustee:

U.S. Bank National Association
Corporate Trust Services
633 West Fifth Street, 24th Floor LM-CA-T24T
Los Angeles, CA 90071
Attention: Corporate Trust Department

Section 11.02 Binding Effect. This Facility Lease shall inure to the benefit of and shall be binding upon the Authority and the County and their respective successors and assigns.

Section 11.03 Trustee as Third Party Beneficiary. The Trustee is hereby designated a third party beneficiary hereunder for the purpose of enforcing any of the rights hereunder assigned to the Trustee under the Assignment Agreement.

Section 11.04 Net Lease. It is the purpose and intent of the Authority and the County that lease payments hereunder shall be absolutely net to the Authority so that this Facility Lease shall yield to the Authority the lease payments, free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Leased Property, and without counterclaim, deduction, defense, deferment or set-off by the County except as herein specifically otherwise provided. The Authority shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder except as herein expressly set forth, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Leased Property which may arise or become due during the term of this Facility Lease shall be paid by the County.

Section 11.05 Amendments. This Facility Lease may be amended in writing as may be mutually agreed by the Authority and the County, subject to the written approval of the Trustee; *provided*, that no such amendment which materially adversely affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of more than 50% in principal amount of the Bonds Outstanding, and *provided further*, that no such amendment shall (a) extend the payment date of any Base Rental Payment, or reduce the interest, principal or prepayment premium component of any Base Rental Payment, without the prior written consent of the Owner of each Bond so affected, or (b) reduce the percentage of the principal amount of the Bonds Outstanding the consent of the Owners of which is required for the execution of any amendment hereof.

This Facility Lease and the rights and obligations of the Authority and the County hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of

any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required by the Authority or the County to be observed or performed herein and other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the County, or to surrender any right or power reserved herein to or conferred herein on the Authority or the County, and which in either case shall not materially adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the County may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners;

(c) to effect a Substitution or Removal in accordance with Section 2.06 hereof;

(d) to facilitate the issuance of Additional Bonds as provided in Section 5.07 hereof; or

(e) to make any other addition, amendment or deletion which does not materially adversely affect the interests of the Owners or the Insurer.

Section 11.06 Discharge of County. Upon the payment of all Base Rental Payments and Additional Payments payable hereunder, all of the obligations of the County hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied; *provided, however,* if any Outstanding Bonds shall be deemed to have been paid by virtue of a deposit of Base Rental Payments hereunder pursuant to Section 10.01(b) of the Indenture, then the obligation of the County hereunder to make Base Rental Payments hereunder shall continue in full force and effect until the Outstanding Bonds so deemed paid have in fact been paid, but such payments shall be made solely and exclusively from moneys and securities deposited with the Trustee as contemplated by Section 10.01(b) of the Indenture, and that shall be the sole source of satisfaction of the County's obligation to make Base Rental Payments. The time period for giving notice by the County to the Authority and the Trustee specified in the third paragraph of Section 5.05 hereof shall not apply incident to the payment to the Owners of all Outstanding Bonds in accordance with Section 10.01, including Section 10.01(b), of the Indenture.

Section 11.07 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 11.08 California Law. This Facility Lease shall be governed by and construed and interpreted in accordance with the laws of the State of California.

Section 11.09 Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

Section 11.10 Execution. This Facility Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[This space intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Facility Lease by their officers thereunto duly authorized as of the day and year first written above.

**RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY**

By: _____
Chairman

COUNTY OF RIVERSIDE

By: _____
County Executive Officer

EXHIBIT A

Description of the Leased Property

EXHIBIT B

Base Rental Payments Schedule

<u>Payment Date</u>	<u>Principal Component of Base Rental Payment</u>	<u>Interest Component of Base Rental Payment</u>	<u>Total Base Rental Payment</u>
5/1/2013			
11/1/2013			
5/1/2014			
11/1/2014			
5/1/2015			
11/1/2015			
5/1/2016			
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5/1/2033			

INDENTURE

by and among

**U.S. BANK NATIONAL ASSOCIATION
as Trustee,**

COUNTY OF RIVERSIDE

And

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY
as Lessee and Sublessor**

Dated as of [DATED DATE]

**relating to the
RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
(EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014**

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INDENTURE

This INDENTURE, made and entered into as of [DATED DATE], by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"), the COUNTY OF RIVERSIDE, a political subdivision duly organized and existing under the Constitution and laws of the State of California (the "County"), and RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999 (the "Joint Powers Agreement"), by and between the County and the Redevelopment Agency of the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and is authorized and empowered pursuant to Article 4 (commencing with Section 6584) of the Act to issue bonds for the purposes of financing and refinancing public capital improvements;

WHEREAS, the County desires to provide for the financing of certain public improvements described in Exhibit A-2-1 hereof (the "Project");

WHEREAS, the County has determined that the consummation of the transactions contemplated in the Facility Lease (as hereinafter defined) and this Indenture will result in significant public benefits in the form of employment benefits from undertaking the financing of the Project in a timely fashion;

WHEREAS, the County and the Authority have executed and entered into a Site Lease (the "Site Lease") dated as of [DATED DATE], whereby the County has agreed to lease to the Authority certain real property and improvements thereon or to be located thereon, more particularly described in Exhibit A-1-1 attached hereto (the "Leased Property");

WHEREAS, the County and the Authority have executed and entered into a Facility Lease (the "Facility Lease") dated as of [DATED DATE], whereby the County has agreed to sublease back the Leased Property from the Authority;

WHEREAS, under and pursuant to the Facility Lease, the County is obligated to make rental payments to the Authority;

WHEREAS, the Authority has assigned without recourse all its rights to receive the Base Rental Payments (as hereinafter defined) scheduled to be paid by the County under and pursuant to the Facility Lease, and certain other rights to the Trustee pursuant to the Assignment Agreement (the "Assignment Agreement") executed and entered into as of [DATED DATE];

WHEREAS, in consideration of the assignments pursuant to the Assignment Agreement and the execution and delivery of this Indenture, the Authority has agreed to issue its Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 (the "Series 2014 Bonds"), in the aggregate principal amount of \$XXX,000,000 (as defined herein);

WHEREAS, the proceeds of the sale of the Series 2014 Bonds are to be used to finance the construction of the Project; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES DO HEREBY AGREE 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 hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Act

The term "Act" means the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

Additional Bonds

The term "Additional Bonds" means the additional bonds authorized by a Supplemental Indenture that are authenticated and delivered by the Trustee under and pursuant to Article II hereof.

Additional Payments

The term "Additional Payments" means the additional payments payable by the County under and pursuant to Section 5.01(b) of the Facility Lease.

Annual Debt Service

The term “Annual Debt Service” means, for any Bond Year, the sum of (1) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid in such Bond Year (together with the redemption premiums, if any, thereon).

Assignment Agreement

The term “Assignment Agreement” means that certain Assignment Agreement, dated as of [DATED DATE], by and between the Authority and the Trustee, as it may from time to time be amended.

Authority

The term “Authority” means Riverside County Public Financing Authority, or its successors and assigns.

Authorized Denominations

The term “Authorized Denominations” means \$5,000 or any integral multiple thereof.

Authorized Signatory

“Authorized Signatory” means any Director of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

Average Annual Debt Service

The term “Average Annual Debt Service” means an amount equal to the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

Base Rental Payments

The term “Base Rental Payments” means the aggregate base rental payments with interest components and principal components payable by the County under and pursuant to Section 5.01(a) of the Facility Lease in the amounts and at the times set forth in Exhibit B thereof.

Beneficial Owner

The term "Beneficial Owner" shall have the meaning set forth in the Continuing Disclosure Agreement.

Bond Insurance Policy

The term "Bond Insurance Policy" means the Bond Insurance Policy, if any, issued by the applicable Insurer and guaranteeing, in whole or in part, the scheduled payment of principal of and interest on a Series of Bonds when due.

Bond Purchase Contract

The term "Bond Purchase Contract" means that certain Series 2014 Purchase Contract, dated _____, 2014, by and among the Underwriter, the Authority and the County relating to the Series 2014 Bonds.

Bonds; Series 2014 Bonds; Serial Bonds; Term Bonds

The term "Bonds" means the Series 2014 Bonds and all Additional Bonds.

The term "Series 2014 Bonds" means the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014.

The term "Serial Bonds" means Bonds for which no sinking fund payments are provided.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year

The term "Bond Year" means the period from each May 1 to and including the following April 30 during the term hereof, except for that the first Bond Year shall begin on the Closing Date and shall end on [April 30, 2015].

Business Day

The term "Business Day" means a day other than (i) Saturday or Sunday or (ii) a day on which banking institutions in Los Angeles, California, New York, New York, or the city or cities in which the principal designated trust office of the Trustee are closed or (iii) a day on which the New York Stock Exchange is closed. 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.

Capitalized Interest Account

“Capitalized Interest Account” means the account by that name established pursuant to Section 5.02 hereof.

Certificate of Completion

“Certificate of Completion” means a Certificate of the County filed with the Trustee, stating that construction of a Project has been substantially completed and that all Construction Costs have been paid or provided for.

Certificate, Statement, Written Request or Requisition of the Authority or the County

“Certificate,” “Statement,” “Written Request” and “Requisition” of the Authority or of the County means, respectively, a written certificate, statement, request or requisition signed in the name of the Authority by its Chairman, Vice Chairman, Secretary or Assistant Secretary, or any other person designated and authorized to sign for the Authority in writing to the Trustee, and with respect to the County means the County Executive Officer, the Deputy County Executive Officer, the County Finance Director, or such other person as may be designated and authorized to sign for the County in writing to the Trustee. Any such instrument and supporting opinions or representations, if any, 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. If and to the extent required by Section 12.06, each such instrument shall include the statements provided for in Section 12.06.

Closing Date

The term “Closing Date” means _____, 2014.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended.

Construction Costs

“Construction Costs” means all costs of constructing a Project, including, but not limited to:

(1) all costs which the County shall be required to pay to a manufacturer, vendor or contractor or any other person under the terms of any contract or contracts for the construction, installation or improvement of a Project;

(2) obligations of the County or others incurred for labor and materials (including obligations payable to the County or others for actual out-of-pocket expenses of the County or others) in connection with the construction, installation or improvements of a Project, including reimbursement to the County or others for all advances and payments made in connection with a Project prior to or after delivery of the Bonds.

(3) the costs of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction, installation or improvement of a Project;

(4) all costs of engineering and architectural services, including the actual out-of-pocket costs of the County for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees and sales commissions, and for supervising construction, installation and improvement, as well as for the performance of all other duties required by or consequent to the proper construction, installation or improvement of a Project; and

(5) any sums required to reimburse the County for advances made by the County for any of the above items or for any other costs incurred and for work done by the County which are properly chargeable to the construction, installation or improvement of a Project.

Construction Fund

“Construction Fund” means the fund by that name established pursuant to Section 3.03 hereof.

Continuing Disclosure Agreement

The term “Continuing Disclosure Agreement” means collectively, the Continuing Disclosure Agreement executed by the County at the time of the initial issuance of the Series 2014 Bonds, together with any Continuing Disclosure Agreement executed by the County at the time of the execution and delivery of any Additional Bonds, as originally executed and as each such Agreement may be amended from time to time in accordance with the terms thereof.

Cost of Issuance Fund

The term “Cost of Issuance Fund” means the fund by that name established in accordance with Section 3.05 hereof.

Costs of Issuance

The term “Costs of Issuance” means all the costs of executing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Facility Lease, the Site Lease, the Assignment Agreement, the Bonds and the preliminary official statement and final official statement pertaining to the Bonds; rating agency fees; financial advisor fees; title insurance fees; CUSIP Service Bureau charges; market study fees; legal fees and expenses of counsel with respect to the lease of the Leased Property; any computer and other expenses incurred in connection with the Bonds; the fees and expenses of the Trustee, including fees and expenses of their respective counsel; and other fees and expenses incurred in connection with the execution of the Bonds, to the extent such fees and expenses are approved by the County.

County

The term "County" means the County of Riverside, a political subdivision duly organized and existing under the Constitution and laws of the State of California.

Defeasance Securities

The term "Defeasance Securities" means any of the following:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation);
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
 - U.S. treasury obligations;
 - All direct or fully guaranteed obligations
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA); and
 - State and Local Government Series; and
- (3) Obligations described in paragraph (7) of the definition of Permitted Investments.

Designated Corporate Trust Office

The term "Designated Corporate Trust Office" means the corporate trust office of the Trustee at the address set forth in Section 12.12 hereof, except for purposes of payment, registration, transfer, exchange and surrender of Bonds, means the corporate trust office of the Trustee in Los Angeles, California, or such other office specified by the Trustee.

DTC

The term "DTC" means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds including any such successor appointed pursuant to Section 2.07 hereof.

Environmental Regulations

The term "Environmental Regulations" means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

Event of Default

The term "Event of Default" means any occurrence or event specified in and defined by Section 7.01 hereof.

Facility Lease

The term "Facility Lease" means that certain Facility Lease, dated as of [DATED DATE], with respect to the Leased Property, by and between the County, as sublessee, and the Authority, as sublessor, as originally executed and as it may be amended from time to time.

Financial Newspaper

The term "Financial Newspaper" means The Wall Street Journal or The Bond Buyer or, if neither such newspaper is being regularly published, any other newspaper or journal publishing financial news and selected by the County that is printed in the English language, is customarily published on each Business Day and is circulated in Los Angeles, California and New York, New York.

Fitch

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the County by notice in writing to the Authority and the Trustee.

Hazardous Substances

The term "Hazardous Substances" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Leased Property or to persons on or about the Leased Property or (ii) cause the Leased Property to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65);

and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Leased Property or the owners and/or occupants of property adjacent to or surrounding the Leased Property, or any other person coming upon the Leased Property or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

Indenture

The term "Indenture" means this Indenture by and among the Trustee, the County and the Authority, dated as of [DATED DATE], as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Insurance Proceeds and Condemnation Awards Fund

The term "Insurance Proceeds and Condemnation Awards Fund" means the fund by that name established in accordance with Section 5.03 hereof.

Insurer

The term "Insurer" means the issuer or issuers of a policy or policies of municipal bond insurance obtained by the County to insure the payment of principal of and interest on a Series of Bonds issued under the Indenture, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. All consents, approvals or actions required by the Insurer shall mean the unanimous action of all Insurers if there is more than a single Insurer. [There is no Insurer with respect to the Series 2014 Bonds.]

Interest Fund

The term "Interest Fund" means the fund by that name established in accordance with Section 5.02(a) hereof.

Interest Payment Date

[The term "Interest Payment Date" means May 1, 2015 and each May 1, and November 1, thereafter.]

Interest Period

The term "Interest Period" means each period from and including one Interest Payment Date to but excluding the next following Interest Payment Date, except that the initial Interest Period will be the period from and including the date of the initial delivery of the Series 2014 Bonds to but excluding _____ 1, 2015.

Joint Powers Agreement

“Joint Powers Agreement” means that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999, by and between the County and the Redevelopment Agency of the County.

Leased Property

The term “Leased Property” means the real property and all the improvements thereon or to be located thereon described in Exhibit A-1 attached hereto, and Exhibit A in the Site Lease and in the Facility Lease (as the same may be changed from time to time by Removal or Substitution, as defined in the Facility Lease).

Mandatory Sinking Account Payment

The term “Mandatory Sinking Account Payment” means the principal amount of any Bond required to be paid on each Mandatory Sinking Account Payment Date pursuant to the terms of this Indenture or any Supplemental Indenture.

Mandatory Sinking Account Payment Date

[The term “Mandatory Sinking Account Payment Date,” if applicable, means May 1 of each year set forth in Section 4.01(c) and in any Supplemental Indenture.]

Maximum Annual Debt Service

The term “Maximum Annual Debt Service” means an amount equal to the largest Annual Debt Service for all future Bond Years beginning in the Bond Year in which the calculation is made.

Moody’s

“Moody’s” means Moody’s Investors Service, Inc. a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the County by notice in writing to the Authority and the Trustee.

MSRB

The term “MSRB” shall mean 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>.

Opinion of Counsel

The term "Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County.

Outstanding

The term "Outstanding" when used as of any particular time with reference to Bonds, means all Bonds, including, but not limited to, the Bonds as described in Section 10.01(d) hereof, except:

- (1) Bonds previously canceled by the Trustee or delivered to the Trustee for cancellation;
- (2) Bonds which pursuant to Section 9.02 hereof are not deemed outstanding;
- (3) Bonds paid or deemed to have been paid within the meaning of Section 10.01 hereof; and
- (4) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered by the Trustee pursuant to Section 2.10 hereof.

Owner

The term "Owner" means any person who shall be the registered owner of any Outstanding Bond as indicated in the registration books of the Trustee.

Permitted Investments

The term "Permitted Investments" means any of the following to the extent then permitted by applicable laws and any investment policies of the County:

- (1) Defeasance Securities;
- (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; and
 - 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; and
 - Senior debt obligations of other Government Sponsored Agencies approved by the Insurer.
- (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.
- (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 clause (2) of the definition of "Defeasance Securities" contained in this Indenture, 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 in the top two rating categories or higher by both Moody's and S&P.
- (9) Investment Agreements rated in the top two rating categories or higher by Moody's or S&P (supported, as may be required, by appropriate opinions of counsel);
- (10) Any investment authorized by California Government Code Section 53601;
- (11) The Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to this Indenture;
- (12) The Riverside County Treasury Pool; and
- (13) Other forms of investments rated in the top two rating categories or higher by Moody's or S&P (supported, as may be required, by appropriate opinions of counsel).

Any references to long-term rating categories in this definition of "Permitted Investments" shall not take into account any plus or minus sign or numerical modifiers.

Principal Fund

The term "Principal Fund" means the fund by that name established in accordance with Section 5.02(b) hereof.

Principal Payment

The term "Principal Payment" means the principal amount of Bonds required to be paid on each Principal Payment Date.

Principal Payment Date

[The term "Principal Payment Date" means May 1 of each year, commencing May 1, 201_].

Project; Additional Project

The term "Project" means the public facilities described in Exhibit A-2-1 hereof.

The term "Additional Project" means, to the extent identified by the County as such, the public facilities to be acquired and constructed with the proceeds of Additional Bonds.

Rebate Requirement

The term "Rebate Requirement" means the Rebate Requirement as defined in the Tax Certificate.

Record Date

The term "Record Date" means the close of business on the 15th day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

Redemption Fund

The term "Redemption Fund" means the fund by that name established in accordance with Section 5.02(c) hereof.

Rental Payments

The term "Rental Payments" means, collectively, the Base Rental Payments and the Additional Payments.

Representation Letter

The term "Representation Letter" means the Letter of Representations from the County and the Trustee to DTC, or any successor securities depository for the Bonds, in which the County and the Trustee make certain representations with respect to the Bonds, the payment with respect thereto and delivery of notices with respect thereto.

Reserve Fund

The term "Reserve Fund" means the fund by that name established in accordance with Section 3.04(a) hereof.

Reserve Fund Credit Facility

The term "Reserve Fund Credit Facility" shall mean a letter of credit, line of credit, surety bond, insurance policy or similar facility deposited in the Reserve Fund in lieu of or in partial substitution for cash or securities on deposit therein.

Reserve Fund Requirement

The term "Reserve Fund Requirement" means with respect to all Outstanding Bonds an amount equal to the lesser of (i) the maximum annual debt service attributable to the Outstanding Bonds or (ii) 125% of average annual debt service attributable to the Outstanding Bonds; provided however, that the Reserve Fund Requirement with respect to any Series of Bonds shall be the least of (i) or (ii) above, or an amount equal to, or derived by the addition of, 10% of the proceeds from the sale of such Series of Bonds to the Reserve Fund.

Revenue Fund

The term "Revenue Fund" shall have the meaning given to such term in Section 5.01(a).

Revenues

The term "Revenues" means all Base Rental Payments pursuant to the Facility Lease, and all other benefits, charges, income, proceeds, profits, receipts, rents and revenues derived by the Authority from the operation or use of the Leased Property, including interest or profits from the investment of money in any account or fund (other than the Rebate Fund) pursuant to Section 12.09.

S&P

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the County by notice in writing to the Authority and the Trustee.

Series

The term "Series", when used with reference to the Bonds, means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Indenture or a Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

Site Lease

The term "Site Lease" means that certain Site Lease, dated as of [DATED DATE], with respect to the Leased Property, by and between the County, as lessor, and the Authority, as lessee, as originally executed and as it may be amended from time to time.

Supplemental Indenture

The term "Supplemental Indenture" means an agreement amending or supplementing the terms hereof entered into pursuant to the terms hereof.

Surplus Subaccount

The term "Surplus Subaccount" means the account by that name established in accordance with Section 3.03 hereof.

Tax Certificate

The term "Tax Certificate" means that Tax Certificate and Agreement, by and between the County and the Authority, executed at the time of execution and delivery of a Series of Bonds relating to the requirements of Section 148 of the Code, as such Tax Certificate and Agreement may be amended or supplemented.

Trustee

The term "Trustee" means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having a designated corporate trust office located at Los Angeles, California, or any other bank or trust company which may at any time be substituted in its place as provided in Section 8.02 hereof.

Underwriter

The term "Underwriter" means collectively Merrill Lynch, Pierce, Fenner & Smith Incorporated and Stifel, Nicolaus & Company, Incorporated, as co-senior underwriters and Citigroup Global Markets Inc. and Raymond James, as co-managers.

Section 1.02 Interpretation. (a) In this Indenture, unless the context otherwise requires:

(ii) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Indenture;

(iii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(iv) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(v) Any headings preceding the text of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(b) Whenever in this Indenture the County, the Authority or the Trustee is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the County, the Authority or the Trustee contained in this Indenture shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the County or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Indenture.

(c) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the County, the Authority, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof. All of the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the County shall be for the sole benefit of the County, the Authority, the Trustee (including its agents) and the Owners.

Section 1.03 Equal Security. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the principal of, premium, if any, and interest on the Bonds which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners 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 execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

TERMS AND CONDITIONS OF SERIES 2014 BONDS

Section 2.01 Authorization of Series 2014 Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series 2014 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2014 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized to issue the Series 2014 Bonds in the form and manner provided herein for the purpose of providing funds to finance the Project, and that the Series 2014 Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

Section 2.02 Terms of Series 2014 Bonds. The Series 2014 Bonds shall be designated "Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014," shall be executed and delivered in the form of fully registered Series 2014 Bonds, without coupons, in Authorized Denominations and shall be payable in lawful money of the United States of America.

The Series 2014 Bonds shall be dated their date of delivery. Each Series 2014 Bond shall bear interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of authentication, unless such date of authentication shall be (i) prior to the close of business on the first Record Date, in which case such Series 2014 Bond shall bear interest from its date of delivery, (ii) subsequent to a Record Date but before the related Interest Payment Date, in which case such Series 2014 Bond shall bear interest from such Interest Payment Date, or (iii) an Interest Payment Date to which interest has been paid in full or duly provided for, in which case such Series 2014 Bond shall bear interest from such date of authentication; *provided, however*, that if, as shown by the records of the Trustee, interest shall be in default, each Series 2014 Bond shall bear interest from the last Interest Payment Date to which such interest has been paid in full or duly provided for.

Section 2.03 Payment Dates of Series 2014 Bonds; Interest.

(a) **Method and Place of Payment.** The principal of the Series 2014 Bonds shall be payable, subject to prior redemption, on each Principal Payment Date, as the case may be, in each of the years and in the amounts and with the rate of interest components set forth in the following table:

<u>Payment Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Rate of</u> <u>Interest</u>
---------------------------------------	-----------------------------------	-----------------------------------

20__*

* Final Maturity

Except as otherwise provided in the Representation Letter, the interest on the Series 2014 Bonds shall be payable on each Interest Payment Date by check sent by first class mail by the Trustee to the respective Owners of the Series 2014 Bonds as of the Record Date for

such Interest Payment Date at their addresses shown on the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof. Payments of defaulted interest on any Series 2014 Bond shall be paid by check to the Owner as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Owner of the Series 2014 Bond not less than ten days prior thereto. The principal and premium, if any, of the Series 2014 Bonds shall be payable upon presentation and surrender thereof on maturity or on redemption prior thereto at the Designated Corporate Trust Office of the Trustee.

The Owner of \$1,000,000 or more in aggregate principal amount of the Series 2014 Bonds may request in writing that the Trustee pay the interest on the Series 2014 Bonds by wire transfer to an account in the United States of America and the Trustee shall comply with such request for all Interest Payment Dates following the 15th day after receipt of such request.

(b) **Principal and Interest Payments.** The principal of the Series 2014 Bonds shall be payable on the Principal Payment Dates indicated in the preceding table and the interest on the Series 2014 Bonds shall be payable on each Interest Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 2.04 Form of Series 2014 Bonds. The Series 2014 Bonds and the assignment to appear thereon shall be in substantially the forms, respectively, of Exhibit B hereto, with necessary or appropriate insertions, omissions and variations as permitted or required hereby.

Section 2.05 Execution of Bonds. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority or the manual signature of any Authorized Signatory, and attested by the manual or facsimile signature of the Secretary of the Authority or the Assistant to the Secretary of the Authority or the manual signature of any Authorized Signatory. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer of the Authority or Authorized Signatory who shall have signed or attested any of the Bonds shall cease to be such officer or Authorized Signatory before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority or Authorized Signatory, and also any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bond shall be the proper officers of the Authority or Authorized Signatory although at the nominal date of such Bond any such person shall not have been such officers of the Authority or Authorized Signatory.

Only those Bonds bearing thereon a certificate of authentication and registration in substantially the form set forth in Exhibit B hereto, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated and registered have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.06 Transfer and Payment of Bonds; Exchange of Bonds. All Bonds may be presented for transfer by the Owner thereof, in person or by his attorney duly authorized in writing, at the Designated Corporate Trust Office of the Trustee, on the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof, upon surrender of such Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. The Trustee may treat the Owner of any Bond as the absolute owner of such Bond for all purposes, whether or not such Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the principal of, premium, if any, and interest on such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability of by such Bond to the extent of the sum or sums so paid.

Whenever any Bond or Bonds shall be surrendered for transfer, the Trustee shall execute and deliver a new Bond or Bonds in the same principal amount in Authorized Denominations. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Bonds may be presented for exchange at the Designated Corporate Trust Office of the Trustee, for a like aggregate principal amount of Bonds 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 Trustee shall not be required to transfer or exchange any Bond during the period in which the Trustee is selecting Bonds for redemption, nor shall the Trustee be required to transfer or exchange any Bond or portion thereof selected for redemption from and after the date of mailing the notice of redemption thereof.

Section 2.07 Book-Entry Bonds. Notwithstanding any provision of this Indenture to the contrary, the transfer provisions of Section 2.06 hereof do not apply if the ownership of the Bonds is in book-entry form.

(a) Except as provided in subparagraph (d) of this Section 2.07, the registered Owner of all of the Bonds shall be DTC, and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding anything to the contrary contained in this Indenture, payment of interest with respect to any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date or special record date for Cede & Co. in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof or as otherwise provided in the Representation Letter.

(b) The Bonds shall be initially executed and delivered in the form of separate single fully registered Bonds in the amount of each separate stated maturity of the Bonds. Upon initial execution and delivery, the ownership of such Bonds shall be registered in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof in the name of Cede & Co., as nominee of DTC. The Trustee and the County shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the

purposes of payment of the principal, premium, if any, or interest with respect to the Bonds, selecting the Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any person claiming a beneficial ownership interest in the Bonds under or through DTC, or any other person which is not shown on the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof as being an Owner, with respect to (i) the accuracy of any records maintained by DTC; (ii) the payment by DTC of any amount of the principal, premium, if any, or interest on the Bonds; (iii) any notice which is permitted or required to be given to Owners under this Indenture or the selection by DTC of any person to receive payment in the event of a partial redemption of the Bonds; or (iv) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal, premium, if any, and interest on the Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions of (d) below, no person other than DTC shall receive an executed Bond representing the right to receive principal, premium, if any and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In order to qualify the Bonds for DTC's book-entry system, the County and the Trustee will execute, countersign and deliver to DTC the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 2.07 or in any other way impose upon the Trustee, the County or the Authority any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof.

(d) In the event (i) DTC, including any successor as securities depository for the Bonds, determines not to continue to act as securities depository for the Bonds, or (ii) the County determines that the incumbent securities depository shall no longer so act and delivers a written certificate to the Trustee to that effect, then the County will discontinue the book-entry system with the incumbent securities depository for the Bonds. If the County determines to replace the incumbent securities depository for the Bonds with another qualified securities depository, the County shall prepare or direct the preparation of a new single, separate fully registered Bond for the aggregate outstanding principal amount of Bonds of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the County, the Trustee and the successor securities depository for the Bonds as are not inconsistent with the terms of this Indenture. If the County fails to identify another qualified successor securities depository for the Bonds to replace the incumbent securities depository, then the Bonds shall no longer be restricted to being registered in the Bond registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent

securities depository for the Bonds, or its nominee, shall designate. In such event the Trustee shall execute and deliver a sufficient quantity of Bonds as to carry out the transfers and exchanges provided in this Section and Sections 2.06 and 2.10 hereof. All such Bonds shall be in fully registered form in denominations authorized by this Indenture.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest on such Bond and all notices with respect to such Bonds shall be made and given, respectively, as provided in the Representation Letter.

(f) 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 Owner, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.08 Bond Registration Books. The Trustee will keep sufficient books for the registration and transfer of the Bonds, which books shall be available for inspection by the Authority and the County at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds on such books as hereinabove provided. The Trustee will, upon written request, make copies of the foregoing available to any Owner of at least five percent in aggregate principal amount of Outstanding Bonds or his agent duly authorized in writing.

Section 2.09 Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, it will authenticate definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered at the Principal Corporate Trust Office of the Trustee, in exchange for such definitive Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds executed and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Trustee, at the expense of the Owner thereof, shall authenticate and deliver a new Bond of like tenor, interest rate and payment date 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. 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 is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall authenticate and deliver a new Bond of like tenor, numbered as the Trustee shall determine, in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee shall require payment of a sum not exceeding the

actual cost of preparing each new Bond authenticated and delivered by it under this Section and of the expenses which may be incurred by it under this Section. Any Bond authenticated and delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby, and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the amount of Bonds which may be executed and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of authenticating and delivering a new Bond for a Bond which has been lost, destroyed or stolen and which has matured or will mature within 30 days after the Trustee has received all required indemnity and payments on account of a lost, destroyed or stolen Bond, the Trustee may make payment of such Bond to the Owner thereof on or after the maturity date.

Section 2.11 Execution and Delivery of Additional Bonds. The County, the Authority and the Trustee may, by execution of a Supplemental Indenture without the consent of the Owners, provide for the execution and delivery of Additional Bonds payable from additional Revenues. The Trustee may authenticate and deliver to or upon the request of the County such Additional Bonds, and the proceeds of such Additional Bonds may be applied to any lawful purposes of the County or the Authority, but such Additional Bonds may only be authenticated and delivered upon compliance by the County with the provisions of Section 2.12 hereof and subject to the following specific conditions, which are hereby made conditions precedent to the execution and delivery of any such Additional Bonds:

(a) Neither of the County nor the Authority shall be in default under the Indenture or any Supplemental Indenture or under the Facility Lease or the Site Lease;

(b) Said Supplemental Indenture shall provide that from such proceeds or other sources an amount shall be deposited in the Reserve Fund so that following such deposit there shall be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement;

(c) The dated date and the maturity dates of, and the Mandatory Sinking Account Payment dates, if any, for such Additional Bonds; *provided* that (i) each maturity date shall fall upon May 1, (ii) the final maturity date shall not exceed the remaining useful life of the Leased Property, (iii) all such Additional Bonds of like maturity shall be identical in all respects, except as to number and denomination and (iv) serial maturities for Serial Bonds or sinking fund payments for Term Bonds, or any combination thereof, shall be established to provide for the retirement of such Additional Bonds on or before their respective maturity dates;

(d) The interest payment dates for such Additional Bonds, which shall be Interest Payment Dates;

(e) The aggregate principal amount of Bonds authenticated and delivered and at any time Outstanding hereunder or under any Supplemental Indenture shall not exceed any limit imposed by law, by this Indenture or by any Supplemental Indenture;

(f) The Site Lease and the Facility Lease shall have been amended, to the extent necessary, so as to increase the Base Rental Payments payable by the County thereunder by an aggregate amount at least sufficient to pay the principal of and interest on such Additional Bonds as the same become due *provided, however*, that no such amendment shall be made such that Base Rental Payments, including any such amendment, in any year shall be in excess of the annual fair rental value of the Leased Property, and evidence of the satisfaction of this condition shall be made by a Certificate of the County, as required by Section 2.12(b) hereof; and

Any Additional Bonds shall be on a parity with the Bonds and each Owner thereof shall have the same rights upon an Event of Default as the Owner of any other Bonds executed and delivered under this Indenture, except as otherwise provided in the Supplemental Indenture under which Additional Bonds are executed and delivered.

The County shall cause to be given to each rating agency rating the Bonds, and the Insurer, notice of any execution and delivery of Additional Bonds.

Section 2.12 Proceedings for Authorization of Additional Bonds. Whenever the County and the Authority shall determine to authorize the execution and delivery of any Additional Bonds pursuant to Section 2.11 hereof, the County, the Authority and the Trustee shall enter into a Supplemental Indenture without the consent of the Owners of any Bonds, providing for the execution and delivery of such Additional Bonds, specifying the maximum principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds.

Such Supplemental Indenture shall prescribe the form or forms of such Additional Bonds and, subject to the provisions of Section 2.11 hereof, shall provide for the distinctive designation, denominations, method of numbering, dates, Principal Payment Dates, interest rates, Interest Payment Dates, provisions for redemption (if desired) and places of payment of principal and interest.

Before such Additional Bonds shall be executed and delivered, the County and the Authority shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel (which may rely upon the Certificate of the County required by Section 2.12(b) and such other opinions and certificates as may be appropriate) to the effect that (1) that such Counsel has examined the Supplemental Indenture and the amendment, if any, to the Site Lease and the Facility Lease required by Section 2.11(f) hereof; (2) that the execution and delivery of the Additional Bonds have been sufficiently and duly authorized by the County and the Authority; (3) that said amendments to the Site Lease and the Facility Lease and the Supplemental Indenture, when duly executed by the County and the Authority, will be valid and binding obligations of the County and the Authority; (4) that said amendments to the Site Lease and the Facility Lease have been duly authorized, executed and delivered; and (5) that the amendments to the Site Lease and the Facility Lease do not adversely affect the tax-exempt status of interest on by Outstanding Bonds;

(b) A Certificate of the County that the requirements of Section 2.11 hereof have been met, including a Certificate of the County as to the annual fair rental value of the

Leased Property; which Certificate may assume the timely construction and completion of any Additional Project to be financed with the proceeds of Additional Bonds so long as the proceeds of Additional Bonds or other funds of the County have been deposited with the Trustee (i) in the Construction Fund, in an amount reasonably expected to be sufficient to provide for the Construction Costs of such Additional Project, and (ii) in the Capitalized Interest Account, in an amount sufficient to pay interest on the Additional Bonds for the period of time from their date of issuance until 6 months following the expected delivery date of the Certificate of Completion with respect to such Additional Project;

(c) Certified copies of the resolutions of the County and the Authority, authorizing the execution of the amendments to the Site Lease and Facility Lease required by Section 2.11 hereof;

(d) An executed counterpart or duly authenticated copy of the amendments to the Site Lease and Facility Lease required by Section 2.11(f) hereof;

(e) Certified copies of the policies of insurance required by Article VI of the Facility Lease or certificates thereof, which shall evidence that the amounts of the insurance required under Section 6.03(1), (2) and (3) of the Facility Lease have been increased, if necessary, to cover the amount of such Additional Bonds; and

(f) A CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type and with the endorsements described in Section 6.05 of the Facility Lease.

Upon the delivery to the Trustee of the foregoing instruments so as to permit the execution and delivery of the Additional Bonds in accordance with the Supplemental Indenture then delivered to the Trustee, the Trustee shall authenticate and deliver said Additional Bonds, in the aggregate principal amount specified in such Supplemental Indenture, to, or upon the request of, the County.

ARTICLE III

PROCEEDS OF BONDS

Section 3.01 Delivery of Series 2014 Bonds. The Trustee is hereby authorized to execute and deliver the Series 2014 Bonds to the Underwriter pursuant to the Bond Purchase Agreement upon receipt of a Written Request of the Authority and upon receipt of the proceeds of sale thereof.

Section 3.02 Deposit of Proceeds of Series 2014 Bonds and Other Moneys. The proceeds received from the sale of the Series 2014 Bonds in the amount of \$_____ (consisting of the par amount of the Series 2014 Bonds of \$XXX,000,000, [plus original issue premium of \$_____, less an Underwriter's discount of \$_____]) shall be transferred for deposit by the Trustee to the following respective funds: