

**SUBMITTAL TO THE FLOOD CONTROL AND
WATER CONSERVATION DISTRICT BOARD OF SUPERVISORS 107B
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: General Manager-Chief Engineer

SUBMITTAL DATE:
June 2, 2015

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

RECOMMENDED MOTION: That the Board of Supervisors:

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

BACKGROUND:
continued to Page 2

JR:bjp
P8/170007

WARREN D. WILLIAMS
General Manager-Chief Engineer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.00	\$ 609,453	\$ 5,323,578	\$ 0.00	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET DISTRICT COST	\$ 0.00	\$ 609,453	\$ 5,323,578	\$ 0.00	

SOURCE OF FUNDS: 100% District Zone 4 Special Revenue Fund (25140 947480)	Budget Adjustment: No
	For Fiscal Year: 15/16 thru 23/24

C.E.O. RECOMMENDATION:

APPROVE

BY: **Steven C. Horn**

County Executive Office Signature

MINUTES OF THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT

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

Ayes: Jeffries, Tavaglione and Benoit
Nays: None
Absent: None
Disqualify: Washington and Ashley
Date: June 2, 2015
xc: Flood, Auditor, Treasurer

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

Prev. Agn. Ref.: | District: 1, 3, 5 | Agenda Number:

11-7

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

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

A-30 Positions Added
4/5 Vote Change Order

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

170007

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

DATE: June 2, 2015

PAGE: Page 2 of 3

BACKGROUND:

Summary (continued)

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

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

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

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

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

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

Impact on Residents and Businesses

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

SUPPLEMENTAL:

Additional Fiscal Information

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

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

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

170007

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

DATE: June 2, 2015

PAGE: Page 3 of 3

ATTACHMENTS (if needed, in this order):

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

1 BOARD OF SUPERVISORS

RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

2
3 RESOLUTION NO. F2015-29

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

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

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

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

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

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

FORM APPROVED BY COUNTY COUNSEL
BY DALE A. GARDNER DATE 5/20/15

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 Whenever any Note or Notes shall be surrendered for transfer, the designated District
23 officials shall execute (as provided in Section 5) and the Fiscal Agent shall authenticate and
24 deliver a new Note or Notes of the same maturity, for a like aggregate principal amount. The
25 Fiscal Agent shall require the payment by any Owner of such Note or Notes requesting any such
26 transfer of any tax or other governmental charge required to be paid with respect to such transfer.
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1 No transfer of Notes shall be required to be made by the Fiscal Agent during the period
2 from the fifteenth day of the month next preceding each interest payment date to and including
3 such interest payment date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28

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

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

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

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

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

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

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

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

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

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

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

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

26 (ii) by depositing, in trust, at or before maturity, money or non-callable
27 Federal Securities in the necessary amount to pay all of the outstanding Notes when due; or
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1 (iii) by delivering to the Fiscal Agent, for cancellation by it, all of the
2 outstanding Notes.

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

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

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

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

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

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

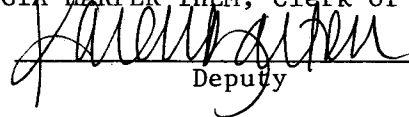
20 **ADOPTED** this 2nd day of June, 2015.

21 ROLL CALL:

22 Ayes: Jeffries, Tavaglione and Benoit
23 Nays: None
24 Absent: None
25 Disqualify: Washington and Ashley

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

28 KECIA HARPER-IHEM, Clerk of said Board

By 
Deputy

1 EXHIBIT A

2 [FORM OF NOTE]

3 Number Amount

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

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

10 Interest Rate Maturity Date Dated as of CUSIP No.

11 Registered Owner:

12 Principal Sum: DOLLARS

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

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

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

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

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

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

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

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

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

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

Chairman of the Board of Supervisors

Treasurer of the District

Clerk of the Board of Supervisors

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

5 **NOTE PURCHASE AGREEMENT**

6 June __, 2015

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

10 Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (e) If the information contained in the Official Statement is amended or
27 supplemented pursuant to the immediately preceding subparagraph, at the time of each
28 supplement or amendment thereto and (unless subsequently again supplemented or amended
pursuant to such subparagraph) at all times subsequent thereto up to and including the end of the
Delivery Period, the portions of the Official Statement so supplemented or amended (except for
the information included therein relating to DTC and the book-entry system) will not contain
any untrue statement of a material fact or omit to state a material fact required to be stated
therein or necessary to make the statements therein, in light of the circumstances under which
they were made, not misleading;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (2) there shall exist any event that, in the Underwriter's reasonable judgment,
23 either (A) makes untrue or incorrect in any material respect any statement or information
24 in the Official Statement or (B) is not reflected in the Official Statement but should be
reflected therein in order to make the statements and information therein not misleading
in any material respect;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (10) A certified copy of the Resolution;

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

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

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

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

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

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

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

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

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

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

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

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

1 11. Governing Law; Counterparts. This Agreement shall be governed by the laws of
2 the State applicable to contracts made and performed in the State. This Agreement may be
3 executed by the parties hereto in separate counterparts, each of which when so executed and
4 delivered shall be an original, but all such counterparts shall together constitute but one and the
5 same instrument.

6 12. Parties in Interest. This Agreement is made solely for the benefit of the
7 signatories hereto (including the respective successors or assigns of the Underwriter) and no
8 other person shall acquire or have any right hereunder or by virtue hereof. All representations,
9 warranties and agreements in this Agreement shall remain operative and in full force and effect,
10 regardless of (a) delivery of and payment for any of the Notes and (b) any termination of this
11 Agreement.

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

15 **STIFEL, NICOLAUS & COMPANY,
16 INCORPORATED**

17 By: _____
18 Authorized Representative

19 **RIVERSIDE COUNTY FLOOD CONTROL
20 AND WATER CONSERVATION DISTRICT**

21 By: _____
22 WARREN D. WILLIAMS
23 General Manager-Chief Engineer

24 Date of Execution: _____

25 Time of Execution: _____

SCHEDULE I

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

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

^c _____
Priced to the optional redemption date on September 1, 202_ at [par].

EXHIBIT A

FORM OF SUPPLEMENTAL OPINION OF SPECIAL COUNSEL

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT B

FORM OF OPINION OF COUNSEL TO THE DISTRICT

[Closing Date]

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

Ladies and Gentlemen:

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

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

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

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

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

(ii) The Note Purchase Agreement and the Continuing Disclosure Certificate (the "Financing Documents") have been duly authorized, executed and delivered by the District and constitute the valid, legal and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought.

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

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

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

(vi) With respect to the Official Statement, without having undertaken to determine independently the accuracy, completeness or fairness of such discussion, nothing has come to our attention which would lead us to believe that the statements contained in the Official Statement (excluding therefrom the financial and statistical data and forecasts included therein, and information included therein relating to The Depository Trust Company and the book-entry system, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE-FULL BOOK-ENTRY

RATINGS: _____
 Standard & Poor's: "____"
 (See "RATINGS" herein)

In the opinion of Best Best & Krieger LLP, Riverside, California, Special Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

**\$21,000,000
 RIVERSIDE COUNTY FLOOD CONTROL AND
 WATER CONSERVATION DISTRICT
 Zone 4 2015 Negotiable Promissory Notes**

Dated: _____, 2015

Due: As shown below

The Notes are issued only as fully registered Notes in the denomination of \$5,000 or any integral multiple thereof. The Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Notes will be made in book-entry form only. Purchasers of beneficial interests will not receive certificates representing their interests in the Notes. So long as Cede & Co. is the owner of the Notes, as nominee of DTC, references herein to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. Payments of principal, redemption price and interest will be made directly by the Fiscal Agent to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered Owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as defined and more fully described herein. See "THE NOTES — Book-Entry-Only System" herein.

Interest on the Notes is payable on September 1, 2015 and semiannually thereafter on March 1 and September 1 of each year (each, an "Interest Payment Date"). Principal of the Notes will be payable at maturity upon presentation by the registered owner or his or her duly authorized representative, at the corporate trust office in Los Angeles, California, of U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). Interest on the Notes is payable by check or draft mailed to the registered owners thereof as of the fifteenth day of the month preceding the Interest Payment Date (a "Record Date") or upon the written request delivered to the Fiscal Agent by the applicable Record Date of an owner of Notes (an "Owner") of at least \$1,000,000 in aggregate principal amount of Notes by wire transfer in immediately available funds to an account in the continental United States designated by such Owner.

The Notes will mature on September 1 of each of the years and in the amounts, and will bear interest at the rates, as set forth in the following schedule:

MATURITY SCHEDULE
 \$ _____
 Serial Notes
 (Base CUSIP: _____)

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
----------------------------------------------	-------------------------	----------------------	--------------	--------------	--------------------------

[The Notes are not subject to optional redemption prior to maturity. See "THE NOTES – Redemption" herein.]

The Notes, in accordance with California law, are general obligations of Zone 4 ("Zone 4") of the Riverside County Flood Control and Water Conservation District (the "District") but are not secured by any specific revenues or income of Zone 4 or the District. The interest on and principal of the Notes are payable from the revenues or taxes relating to Zone 4 ("Zone 4 Revenues") unless paid from other available funds of the District. The District estimates that the current level of Zone 4 Revenues will be sufficient to meet payments on the Notes. The District will provide for the levy and collection of Zone 4 Revenues in accordance with the District Act (as defined herein). The Notes are not secured by a specific pledge of the Zone 4 Revenues and the District has no power to levy additional ad valorem property taxes to make payments on the Notes.

The Notes will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Best Best & Krieger LLP, Riverside, California, Special Counsel. Certain other legal matters will be passed upon for the District by the Office of County Counsel, County of Riverside, California. Best Best & Krieger LLP will act as Disclosure Counsel. Jones Hall, A Professional Law Corporation, will act as Underwriter's Counsel. The Notes, in definitive form will be available for delivery to DTC in New York, New York on or about _____, 2015.



Dated: _____, 2015.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The District and the Underwriter do not take any responsibility for the accuracy of the CUSIP® numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations in connection with the offer or sale of the Notes other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the District. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking" statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the District in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The District disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the District with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Resolution (as defined herein) and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Note and the District.

The issuance and sale of the Notes have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
Riverside County, California

DISTRICT BOARD

Kevin Jeffries, District 1
John F. Tavaglione, District 2
Chuck Washington, District 3
John J. Benoit, District 4
Marion Ashley, District 5

DISTRICT OFFICIALS

Warren D. "Dusty" Williams
General Manager-Chief Engineer

Jason Uhley
Assistant Chief Engineer

Jeanine Rey
Finance

Mark Wills
Planning

Robert Cullen
Design & Construction

Zully Smith
Operations & Maintenance

Jim McNeil
Survey & Mapping

Stuart McKibbin
Regulatory

Leticia Villela
Information & Technology

DISTRICT COUNSEL

Office of County Counsel
County of Riverside

SPECIAL COUNSEL

Best Best & Krieger LLP
Riverside, California

FINANCIAL ADVISOR TO THE DISTRICT

Fieldman, Rolapp & Associates
Irvine, California

FISCAL AGENT

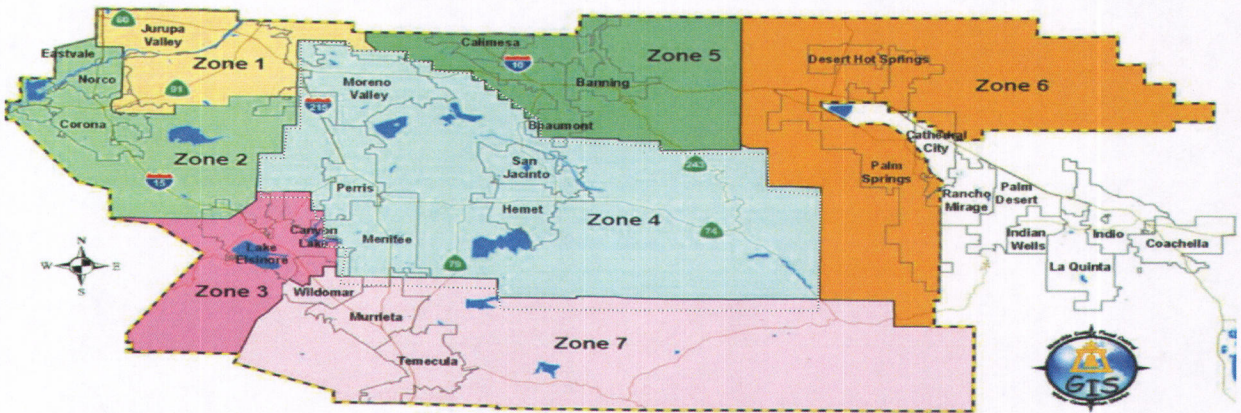
U.S. Bank National Association
Los Angeles, California

VICINITY MAP

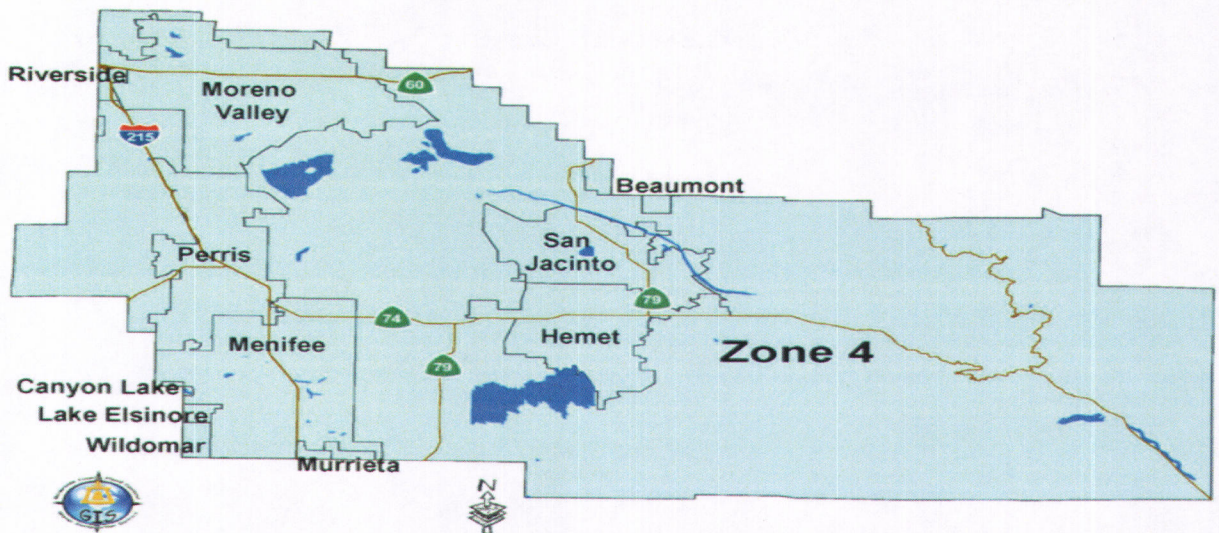
Location of Riverside County within the State of California



Riverside County Flood Control and Water Conservation District Zone Boundaries within Riverside County



Zone 4



COUNTY OF RIVERSIDE POOLED INVESTMENT FUND

The County Treasurer maintains one Pooled Investment Fund (the “PIF”) for all local jurisdictions having funds on deposit in the County Treasury. As of March 31, 2015, the portfolio assets comprising the PIF had a market value of \$5,730,402,540.40.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2014, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of “mandatory” vs. “discretionary” depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 76.92% of the funds on deposit in the County Treasury, while approximately 23.08% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County’s PIF, the desire of the County Treasurer is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer’s 2014 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Treasurer’s Pooled Investment Fund as of March 31, 2015 were as follows:

U.S. Treasury Securities	435,092,578.15	7.59%
Federal Agency Securities	3,737,191,015.40	65.24%
Cash Equivalent & Money Market Funds	649,000,000.00	11.33%
Commercial Paper	641,203,252.57	11.19%
Medium Term Notes		
Municipal Notes	165,718,328.62	2.89%
Certificates of Deposit		
Repurchase Agreements	100,000,000.00	1.75%
Local Agency Obligations(1)	<u>395,000.00</u>	<u>0.01%</u>
	<u>\$5,728,600,174.74</u>	<u>100%</u>
Book Yield	0.46%	
Weighted Average Maturity (years)	126	

(1) Represents County Obligations issued by the Riverside District Court Financing Corporation.

As of March 31, 2015, the market value of the PIF was 100.03% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an “Investment Oversight Committee” in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the

**CORPORATE AND MUNICIPAL SECURITIES
SCHEDULE VI**

Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	Corp. Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. Muni. Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
2	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	Corp. Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. Muni. Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity.
3	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	Corp. Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. Muni. Maximum of 5% per issuer. No more than 13 month final maturity.
4	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	Corp. No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity. Muni. State of California Debt only. Maximum of 3% with no more than 2% greater than 1 year final maturity.

Rating Agency Comparison Table

Short-Term Scale

S&P	A-1+, A-1
Moody's	P-1
Fitch	F-1+, F-1

Long-Term Scale

S&P	AAA, AA+, AA, AA-, A+, A
Moody's	Aaa, Aa1, Aa2, Aa3, A1, A2
Fitch	AAA, AA+, AA, AA-, A+, A

**POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V**

Shares of beneficial interest issued by diversified management companies, also known as mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s and the fund must maintain daily, a principal per share value of \$1.00 per share.
2. The fund’s prospectus cannot allow hedging strategies, options or futures.
3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.

POLICY CRITERIA

SCHEDULE IV

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."
2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County.
3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.
4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.
5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.
6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.
7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).
8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.
9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.
10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.

**POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III**

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.
2. The County Treasurer's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.
3. The firm must specify the types of securities it specializes in and will be made available for our account.
4. It is important that the firm provide related services that will enhance the account relationship which could include:
 - (a) An active secondary market for its securities.
 - (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
 - (c) Be willing to trade securities for our portfolio.
 - (d) Be capable of providing market analysis, economic projections, and newsletters.
 - (e) Provide market education on new investment products, security spread relationships, graphs, etc.
5. The firm must be willing to provide us annual financial statements.
6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.
7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.
8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS

**AUTHORIZED BROKER/DEALERS
SCHEDULE II**

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

Union Bank
Wells Fargo Bank
Piper Jaffray & Co.
SunTrust Bank
Stifel Nicolaus
FTN Financial
InCapital
Wells Fargo Securities

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker's acceptance issuers, negotiable CD issuers, or savings and loan are authorized.
3. Incidental purchases of less than \$10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.

SCHEDULE I

AUTHORIZED INVESTMENTS	DIVERSIFICATION (I)	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	100%	N/A	Maximum 5 years	N/A
Notes, participations, or obligations issued by the agencies of the federal government	100%	N/A	Maximum 5 years	N/A
Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)	15% maximum	See Schedule VI	Maximum 3 years	Long term "AA-, Aa3, AA-" or better
Local Agency Investment Fund (LAIF)	\$50 million	Maximum \$50 million per LAIF	Daily Liquidity	N/A
Commercial Paper (CP)	40% maximum	See Schedule VI	Maximum 270 days	Short term "A-1,P-1,F-1" or better
Local Agency Obligations (LAO)	2.5% maximum	Board of Supervisors approval required. Issued by pool depositories only	Maximum 3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
CalTRUST Short Term Fund (CLTR)	1% maximum	Board of Supervisors approval required	Daily liquidity	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635
Negotiable CD's (NCD'S) issued by national or state chartered banks or a licensed branch of a foreign bank	25% maximum	See Schedule VI	Maximum 1 year	Short term "A-1,P-1,F-1" or better
Collateralized Time Deposits (TCD)	2% maximum	See Schedule IV	Maximum 1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA's	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	Maximum 45 days	Short Term "A-1, P-1, F-1" or better If "A-2, P-2, F2" then overnight only
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	10% maximum	For temporary cash flow needs only.	Max 60 days with prior approval of Board of Supervisors	N/A
Medium Term Notes (MTNO) or Corporate Notes	20% maximum	See Schedule VI	Maximum 3 years	"AA, Aa2, AA" minimum if under 1 year
Union Bank Government Managed Rate Account (GMRA)	10%	N/A	Daily Liquidity	Fully collateralized
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	20% maximum	Registered with SEC No NAV adjustments No front end loads See Schedule V	Daily Liquidity	Long Term "AAA" (2 of 3 nationally recognized rating services)

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.

December 2, 2014

Don Kent
County of Riverside
Treasurer-Tax Collector

TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer's ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer's consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer. The Treasurer's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, , Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer's website:

<http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx>

SPECIFIC INVESTMENTS

Specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy, upon written request of the responsible agency, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION

Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE

In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS

Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: retail banking services, wire transfers, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's office engaged in the administration, investment, auditing, cashing, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

LIQUIDITY

The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING

The Treasurer may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cashflow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date.

PORTFOLIO REPORTS/AUDITING

Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors. The Treasurer shall also prepare and file with the Board of Supervisors, the County Executive Officer, County Auditor-Controller, Superintendent of Schools and the Investment Oversight Committee, the Monthly Treasurer's Pooled Investment Fund reports, including at a minimum, all information required by law. Monthly Treasurer's Pooled Investment Fund reports are to be filed with the County Investment Oversight Committee as required by Code Section 27133. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

STAFF AUTHORIZED TO MAKE INVESTMENTS

Only the Treasurer-Tax Collector, Don Kent, Assistant Treasurer-Tax Collector, Jon Christensen, Investment Manager, Giovane Pizano, and Assistant Investment Manager, Isela Licea, are authorized to make investments (except in the case of an emergency) and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS

Securities transactions are limited solely to those noted on Schedule II of this policy.

DAILY ACCOUNTABILITY AND CONTROL

Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector's office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer's internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

SECURITY CUSTODY & DELIVERIES

All securities except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over the securities held by the custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are NOT to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer's vault. The security holdings shall be reconciled daily and audited monthly by the Treasurer's Internal Audits staff.

COMPETITIVE PRICING

Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601.

APPENDIX F

COUNTY OF RIVERSIDE TREASURER'S INVESTMENT POLICY AND INVESTMENT REPORTS

COUNTY OF RIVERSIDE OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Treasurer's Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (the Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE

The Treasurer's Statement of Investment Policy is limited in scope to only those County, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY

Section 27000.3 of the Code declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

PORTFOLIO OBJECTIVES

The first and primary objective of the Treasurer's investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cashflow requirements; and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY

Statutory authority for the Treasurer's investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer's authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on December 2, 2014 by County Ordinance No.767.18. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

THE DISTRICT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE NOTES PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE DISTRICT AND THE UNDERWRITER ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE NOTES OR AN ERROR OR DELAY RELATING THERETO.

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

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Notes will be printed and delivered as described in the Resolution and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Notes may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTES FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the District. The District, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Notes. The District undertakes no obligation to investigate matters that would enable the District to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Resolution will apply.

APPENDIX E

DTC AND THE BOOK ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Notes, payment of principal of, premium, if any, and interest on the Notes to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the District believes to be reliable, but the District does not take responsibility for the completeness or accuracy thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Notes or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Notes, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing District" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

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

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

1. The District is a public entity duly organized and validly existing under the laws of the State of California, with power to approve the Resolution, to perform the agreements on its part contained therein and to issue the Notes;

2. The Notes constitute the valid and legally binding special obligations of the District enforceable in accordance with their terms and payable solely from the sources provided therefor in the Resolution;

3. The Resolution has been duly approved by the District and constitutes the valid and legally binding obligation of the District enforceable against the District in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases;

4. [The Resolution establishes a first lien on and pledge of the Zone 4 Revenues (as such term is defined in the Resolution) and other funds pledged thereby for the security of the Notes, in accordance with the terms of the Resolution;] [THERE IS NO PLEDGE, RIGHT?]

5. Interest on the Notes is exempt from California personal income taxation; and

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Notes is excluded from gross income for purposes of federal income taxation. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Notes is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Notes, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Respectfully submitted,

APPENDIX D

**FORM OF OPINION OF SPECIAL COUNSEL
(Closing Date)**

Riverside County Flood Control
and Water Conservation District
1995 Market Street
Riverside, California 92502

Re: \$ _____ Riverside County Flood Control and Water Conservation District, Zone 4 2015
Negotiable Promissory Notes

Members of the District Board of Supervisors:

We have acted as special counsel in connection with the issuance of Riverside County Flood Control and Water Conservation District (the "District") \$ _____ aggregate principal amount Riverside County Flood Control and Conservation District, Zone 4 2015 Negotiable Promissory Notes (the "Notes"). Notes are issued pursuant to Appendix Section 48-1 *et seq.* of the California Water Code (the "District Act") and Resolution No. __ adopted by the District Supervisors on June 2, 2015 (the "Resolution"). We have examined the Act, the Resolution and such certified proceedings and other papers as necessary to render this opinion.

In such connection, we have reviewed the Resolution, the tax certificate of the District for the Notes dated the date hereof (the "Tax Certificate"), certificates of the District and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Notes and express no opinion with respect thereto.

CONTINUING DISCLOSURE EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: RIVERSIDE COUNTY FLOOD CONTROL AND WATER
CONSERVATION DISTRICT

Name of Note Issue: ZONE 4 2015 NEGOTIABLE PROMISSORY NOTES

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Notes as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

RIVERSIDE COUNTY FLOOD CONTROL AND WATER
CONSERVATION DISTRICT

By _____ [to be signed only if filed] _____

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: _____, 2015.

RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT

By _____
General Manager – Chief Engineer

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

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

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Riverside or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law, in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other material events affecting the tax status of the Notes;
2. Modifications to rights of Noteholders;
3. Optional, unscheduled or contingent Note calls;
4. Release, substitution, or sale of property securing repayment of the Notes;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Issuer determines would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Notes pursuant to the Resolution.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Notes by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A or such other form as prescribed or acceptable to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year either as a separate audit of the District or as a combined statement with the County's comprehensive audited financial report, prepared in accordance with generally accepted accounting principles and the laws of the state of California, including all statements and information prescribed for inclusion therein by the Governmental Accounting Standards Board. If the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

(b) Principal amount of Notes outstanding.

(c) Information regarding total assessed valuation of taxable properties within the Zone 4, as set forth in Table __ of the Official Statement of the District, dated _____, 2015 (the "Official Statement"), if and to the extent provided to the District by the County of Riverside (the "County").

(d) Information on the total amount of Zone 4 Revenues allocated to the District and the annual maximum amount of taxes which may be received by the District.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Riverside County Flood Control and Water Conservation District (the "District") in connection with the issuance of \$ _____ aggregate principal amount of Zone 4 2015 Negotiable Promissory Notes (the "Notes"). The Notes are being issued pursuant to a Resolution (the "Resolution"), adopted _____, 2015. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including persons holding Notes through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Note shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"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>.

"Participating Underwriter" shall mean the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than January 15 of each year commencing with the report for the 2014-15 fiscal year (which shall be January 15, 2016), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in a filing

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE
RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT**

The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California, which has been exacerbated due to the recent drought. The governor and the state legislature have been engaged in discussions to develop a comprehensive, state-wide water supply, storage and conveyance solution. However, no assurance can be made that a sustainable solution will be achieved within a reasonably timeframe.

In January 2014, California's governor proclaimed a state of emergency due to the ongoing drought, and directed State officials to take all necessary actions to prepare for drought conditions. On July 15, 2014, the State Water Resources Control Board ("SWRCB") adopted drought regulations that give local agencies the authority to fine those who waste water up to \$500 a day. The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California, which has been exacerbated due to the current drought. The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the drought. However, as a result of low rainfall and snowfall during the 2014-15 winter season, low water supply throughout the State remains an issue.

On April 1, 2015, California's governor issued the fourth in a series of executive orders extending the measures necessary to address California's severe drought conditions. The executive order adopted the following additional orders, among others: (i) SWRCB is directed to impose restrictions to reduce potable urban water usage, including usage by commercial, industrial and institutional properties and golf courses, by 25% through February 28, 2016; portions of a water supplier's service area with higher per capita use must achieve proportionally greater reductions than areas with lower per capita use; (ii) the State of California Department of Water Resources ("DWR") is directed to fund a statewide initiative, in partnership with local agencies, to collectively replace 50 million square feet of lawns with drought tolerant landscaping; (iii) the California Energy Commission is directed to implement a rebate program for replacement of inefficient appliances; (iv) urban water suppliers are required to provide monthly water usage, conservation and enforcement information; (v) service providers are required to monitor groundwater basin levels in accordance with the California Water Code § 10933; (vi) permitting agencies are required to prioritize approval of water infrastructure and supply projects; and (vii) DWR is required to install emergency drought salinity barriers. The 25% conservation standard mandated by the executive order is projected to result in water savings amounting to approximately 1.3 million acre-feet of water over the next nine months. There are currently pending associated regulations on the means and methods to achieve such conservation before the SWRCB and such projections assume approval anticipated to take effect in May 2015.

The Board of Supervisors adopted Ordinance 859 — Water Efficient Landscaping Ordinance ("Ordinance 859") in December 2006, which conforms to State Assembly Bill 1881. Ordinance 859 was subsequently amended in October 2009 with the adoption of Ordinance 859.2 ("Ordinance 859.2") because State Assembly Bill 1881 required the implementation of water efficient landscape practices for new developments and Ordinance 859 has more strict requirements than those required under Assembly Bill 1881. Additionally, the Board of Supervisors amended Policy H-25 requiring the retrofit of public buildings to conform to the requirements of Ordinance 859.2. The governor's April 1, 2015 Executive Order notes that the California Building Commission will develop revised outdoor irrigation standards for new development, and that once promulgated, the County will be required to comply with such standards. However, the County is in the process of researching and evaluating Ordinance 859.2 for proposed revisions and anticipates that any potential revisions to Ordinance 859.2 may be more stringent than the proposed State standards. A workshop before the Board of Supervisors to discuss potential revisions to Ordinance 859.2 is expected to occur in May 2015.

Flood Control. Primary responsibility for planning and construction of flood control and drainage systems within the County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District, Storm Water Unit.

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal.

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

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit District to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit District provides local bus service throughout the Coachella Valley, service the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit District provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by Los Angeles World Airports, a proprietary department of the City of Los Angeles. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona, and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside -- the University of California, Riverside, La Sierra University and California Baptist University.

Environmental Control Services

Water Supply. The County obtains a large part of its water supply from groundwater sources, with certain areas of the County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand and the County's water supply is supplemented by imported water. At the present time, imported water is provided by Metropolitan Water District from the Colorado River via the Colorado River Aqueduct and the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, 80% of the water supply is imported.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Gorgonio Pass Water District, Desert Water District, Palo Verde Irrigation District and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The following table sets forth a comparison of home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years indicated.

**COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2008	35,366	32,443	23,601	125,117
2009	29,943	25,309	19,560	100,106
2010	26,827	20,598	16,757	86,853
2011	25,597	17,383	14,181	77,105
2012	15,271	10,657	9,262	47,347
2013	6,469	4,191	4,088	19,470

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, bell peppers, dates, lemons and avocados.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

The value of agricultural production in the County for 2009 through 2013 is presented in the following table:

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Citrus Fruits	\$ 101,652,000	\$ 140,501,000	\$ 119,942,513	\$ 125,684,390	\$ 142,404,000
Trees and Vines	191,682,600	164,994,000	232,649,262	217,073,170	232,536,000
Vegetables, Melons, Misc.	221,286,700	292,002,200	278,628,295	286,172,478	340,407,000
Field and Seed Crops	69,699,800	81,328,300	149,198,052	147,185,665	154,582,000
Nursery	206,499,900	169,341,300	200,154,964	190,878,100	191,215,000
Apiculture	5,017,600	4,631,700	4,844,400	4,983,400	4,715,000
Aquaculture Products	5,243,900	4,921,700	4,808,250	4,204,750	2,262,000
Total Crop Valuation	\$ 801,082,500	\$ 857,720,200	\$ 990,225,736	\$ 976,181,953	\$1,068,121,000
Livestock and Poultry Valuation	214,672,800	235,926,300	292,030,380	276,548,118	259,683,000
Grand Total	<u>\$1,015,755,300</u>	<u>\$1,093,646,500</u>	<u>\$1,282,256,116</u>	<u>\$1,252,730,071</u>	<u>\$1,327,804,000</u>

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 2009.

COUNTY OF RIVERSIDE BUILDING PERMIT VALUATIONS⁽¹⁾ (In Thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
RESIDENTIAL					
New Single-Family	\$ 891,825	\$ 914,058	\$ 651,747	\$ 854,814	\$1,134,158
New Multi-Family	76,717	71,152	115,064	99,578	136,501
Alterations and Adjustments	<u>85,148</u>	<u>94,429</u>	<u>119,684</u>	<u>84,517</u>	<u>94,422</u>
Total Residential	\$1,053,690	\$1,079,639	\$ 886,495	\$1,038,963	\$1,365,081
NON-RESIDENTIAL					
New Commercial	\$ 94,653	\$ 191,324	\$ 152,160	\$ 346,865	\$ 80,510
New Industry	12,278	6,686	10,000	3,767	140,972
New Other ⁽¹⁾	107,334	98,105	99,898	78,602	184,500
Alterations & Adjustments	<u>162,557</u>	<u>243,265</u>	<u>297,357</u>	<u>154,325</u>	<u>364,616</u>
Total Nonresidential	\$ 376,822	\$ 539,380	\$ 559,415	\$ 583,559	\$ 770,598
TOTAL ALL BUILDING	<u>\$1,430,512</u>	<u>\$1,619,019</u>	<u>\$1,445,910</u>	<u>\$1,602,522</u>	<u>\$2,135,679</u>

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings, photovoltaic systems and other non-residential buildings and structures.

Source: Construction Industry Research Board for 2009 through 2011, California Homebuilding Foundation for 2012 through 2013

COUNTY OF RIVERSIDE NUMBER OF NEW DWELLING UNITS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Single Family	3,424	4,031	2,676	3,455	4,671
Multi-Family	<u>784</u>	<u>526</u>	<u>1,073</u>	<u>829</u>	<u>1,415</u>
TOTAL	<u>4,208</u>	<u>4,557</u>	<u>3,749</u>	<u>4,284</u>	<u>6,086</u>

Source: Construction Industry Research Board for 2009 through 2011, California Homebuilding Foundation for 2012 through 2013.

The following table sets forth a comparison of annual median housing prices for Los Angeles County, Riverside County and Southern California for the years indicated.

COUNTY OF RIVERSIDE COMPARISON OF MEDIAN HOUSING PRICES

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2008	\$400,000	\$260,000	\$225,000	\$340,000
2009	320,000	190,000	150,000	270,000
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000
2013	412,000	259,000	205,000	370,000

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

Unemployment statistics for the County, the State and the United States are set forth in the following table:

**COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>March 2015</u>
County ⁽¹⁾	14.5%	13.7%	2.1%	10.3%	8.2%%	6.6%
California ⁽¹⁾	12.4	11.8	10.4	8.9	7.5	6.7
United States ⁽²⁾	9.6	8.9	8.1	7.4	6.2	5.5

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The following table sets forth taxable transactions in the County for the years 2009 through 2013, the most recent year for which data is currently available:

**COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(In Thousands)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Motor Vehicles and Parts Dealers	\$ 2,449,747	\$ 2,620,568	\$ 3,010,487	\$ 3,493,098	\$ 3,965,201
Furniture and Home Furnishings	381,643	412,325	436,482	441,649	486,061
Electronics and Appliances Stores	476,455	470,784	478,406	488,419	510,423
Building Materials, Garden Equipment and Supplies	1,237,518	1,232,145	1,303,073	1,365,513	1,535,178
Food and Beverage Stores	1,251,220	1,267,758	1,304,731	1,356,148	1,421,590
Health and Personal Care Stores	389,620	400,207	454,268	490,238	523,724
Gasoline Stations	2,300,247	2,685,840	3,300,785	3,516,040	3,456,322
Clothing and Clothing Accessories Stores	1,293,271	1,391,174	1,505,821	1,672,482	1,771,603
Sporting Goods, Hobby, Book and Music Stores	411,301	428,121	454,971	467,536	499,366
General Merchandise Stores	2,855,733	2,947,905	3,051,709	3,174,022	3,298,920
Miscellaneous Store Retailers	641,954	652,273	700,338	742,118	758,664
Nonstore Retailers	101,925	92,916	101,876	142,081	243,334
Food Services and Drinking Places	<u>2,266,853</u>	<u>2,317,486</u>	<u>2,473,339</u>	<u>2,668,324</u>	<u>2,836,388</u>
Total Retail and Food Services	<u>\$16,057,488</u>	<u>\$16,919,500</u>	<u>\$18,576,285</u>	<u>\$20,016,668</u>	<u>\$21,306,774</u>
All Other Outlets	<u>6,170,390</u>	<u>6,233,280</u>	<u>7,065,212</u>	<u>8,079,341</u>	<u>8,758,693</u>
Total All Outlets	<u>\$22,227,877</u>	<u>\$23,152,780</u>	<u>\$25,641,497</u>	<u>\$28,096,009</u>	<u>\$30,065,467</u>

⁽¹⁾ Data for 2008 is not necessarily directly comparable to 2009-2012 due to changes in classifications and groupings in the "Taxable Sales In California" report beginning in 2009.

Source: California State Board of Equalization, Research and Statistics Division.

Industry And Employment

The County is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area (“PMSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment, as reflected in the following table.

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY⁽¹⁾ (In Thousands)

<u>INDUSTRY</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Agriculture	15.0	14.9	15.0	14.6	14.3
Construction	59.7	59.1	62.6	69.3	77.0
Finance Activities	41.0	39.9	40.8	42.0	42.7
Government	234.3	227.5	224.6	225.0	228.8
Manufacturing:	85.1	85.1	86.7	86.8	90.2
Nondurables	29.8	29.3	29.8	29.8	30.4
Durables	55.3	55.8	56.8	57.0	59.8
Natural Resources and Mining	1.0	1.0	1.2	1.2	1.3
Retail Trade	155.5	158.5	162.3	164.8	168.7
Professional, Educational and other Services	438.5	446.3	463.6	491.4	518.9
Transportation, Warehousing and Utilities	66.6	68.8	73.8	78.6	87.3
Wholesale Trade	48.6	49.0	52.1	56.0	59.0
Information, Publishing and Telecommunications	14.0	12.1	11.5	11.3	11.2
Total, All Industries	<u>1,159.3</u>	<u>1,162.2</u>	<u>1,194.2</u>	<u>1,241.0</u>	<u>1,229.5</u>

⁽¹⁾ The employment figures by industry which are shown above are not directly comparable to the “Total, All Industries” employment figures due to rounded data.

Source: State Employment Development Department, Labor Market Information Division.

The following table sets forth the major employers located in the County as of 2014:

COUNTY OF RIVERSIDE CERTAIN MAJOR EMPLOYERS⁽¹⁾ (2014)

<u>Company Name</u>	<u>Product/Service</u>	<u>No. of Local Employees⁽²⁾</u>
County of Riverside	Government	21,198
March Air Reserve Base	Military Reserve Base	8,500
Stater Brothers Market	Supermarket	6,900
Walmart	Retail Store	6,550
University of California, Riverside	University	5,768
Kaiser Permanente Riverside Medical Center	Hospital	5,300
Corona-Norco Unified School District	School District	4,932
Pechanga Resort & Casino	Resort Casino	4,000
Riverside Unified School District	School District	3,871
Hemet Unified School District	School District	3,400

⁽¹⁾ Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development District.

⁽²⁾ Includes employees within the County; excludes, under certain circumstances, temporary, seasonal and per diem employees.

Source: County Economic Development District

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments fines, fees, penalties, etc.) and personal contributions to social security insurance and federal retirement payroll deductions. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County and the State for the period 2011 through 2015:

RIVERSIDE COUNTY AND CALIFORNIA TOTAL EFFECTIVE BUYING INCOME, MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND PERCENT OF HOUSEHOLDS WITH INCOMES OVER \$50,000⁽¹⁾

	Total Effective Buying Income ⁽²⁾	Median Household Effective Buying Income	Percent of Households with Income over \$50,000
2011			
Riverside County	\$ 38,492,225	\$44,253	43.07%
California	\$801,393,028	\$47,117	46.78%
2012			
Riverside County	\$ 39,981,683	\$44,116	42.91%
California	\$814,578,458	\$47,062	46.65%
2013			
Riverside County	\$ 40,157,310	\$43,860	42.39%
California	\$864,088,828	\$47,307	46.90%
2014			
Riverside County	\$ 40,293,518	\$44,784	43.84%
California	\$858,676,636	\$48,340	48.17%
2015			
Riverside County	\$ 41,199,300	\$45,576	44.79%
California	\$901,189,699	\$50,072	50.05%

⁽¹⁾ Estimated, as of January 1 of each year.

⁽²⁾ Dollars in thousands.

Source: Nielsen Solution Center.

APPENDIX A

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

Set forth below is certain information with respect to the County. Such information was prepared by the County of Riverside (the "County") except as otherwise indicated.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,308,441 as of January 1, 2015, representing an approximately 1.24% increase over the County's population as estimated for the prior year. For the ten year period of January 1, 2005 to January 1, 2015, the County's population grew by approximately 21.8%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, with a total population of 279,051 as of January 1, 2015. Currently, the growth in the County has tempered due to the economy and in recent years the County's population has grown at a rate close to the statewide average.

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

**COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)**

<u>CITY</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Banning	29,723	30,051	30,177	30,325	30,491
Beaumont	38,966	38,851	39,787	40,876	42,481
Blythe	20,063	20,440	19,609	18,992	18,909
Calimesa	7,910	8,022	8,096	8,231	8,353
Canyon Lake	10,606	10,721	10,771	10,826	10,901
Cathedral City	51,400	52,108	52,350	52,595	52,903
Coachella	41,339	42,030	42,795	43,633	43,917
Corona	153,047	154,985	156,864	159,132	160,287
Desert Hot Springs	27,277	27,721	27,835	28,001	28,134
Eastvale	54,090	55,770	57,266	59,185	60,633
Hemet	79,309	80,329	80,899	81,537	82,253
Indian Wells	4,990	5,050	5,083	5,137	5,194
Indio	76,817	78,298	81,415	82,398	84,201
Jurupa Valley	-	96,745	97,272	97,774	98,885
Lake Elsinore	52,294	53,183	55,444	56,718	58,426
La Quinta	37,688	38,190	38,412	39,032	39,694
Menifee	79,139	80,831	82,314	83,716	85,385
Moreno Valley	194,451	197,086	198,183	199,258	200,670
Murrieta	104,051	105,300	105,860	106,425	107,279
Norco	26,968	27,123	26,632	26,582	25,891
Palm Desert	48,920	49,619	49,962	50,417	51,053
Palm Springs	44,829	45,414	45,724	46,135	46,611
Perris	69,506	70,391	70,983	72,103	72,908
Rancho Mirage	17,399	17,556	17,643	17,745	17,889
Riverside	306,069	309,407	312,035	314,034	317,307
San Jacinto	44,421	44,937	45,229	45,563	45,895
Temecula	101,255	103,403	104,907	106,289	108,920
Wildomar	32,414	32,818	33,182	33,718	34,148
TOTALS					
Incorporated	1,754,009	1,876,494	1,896,729	1,916,377	1,939,618
Unincorporated	451,722	357,699	358,924	363,590	368,823
County-Wide	<u>2,205,731</u>	<u>2,234,193</u>	<u>2,255,653</u>	<u>2,279,967</u>	<u>2,308,441</u>
California	37,510,766	37,668,804	37,984,138	38,340,074	38,714,725

Source: State Department of Finance, Demographic Research Unit.

NO LITIGATION

There is no litigation pending or, to the District's knowledge, threatened to restrain or enjoin the issuance, execution or delivery of the Notes, to contest the validity of the Notes, the Resolution, or any proceedings of the District with respect thereto. In the opinion of the District and its counsel, except as otherwise described herein, there are no lawsuits or claims pending against the District which will materially affect the District's finances as to impair the ability to pay principal of and interest on the Notes when due.

LEGAL MATTERS

Best Best & Krieger LLP, Riverside, California, will render its opinion with respect to the validity of the Notes in substantially the form set forth in Appendix D hereto. Copies of the approving opinion will be available at the time of delivery of the Notes.

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the District and to the Underwriter a letter in customary form concerning the information set forth in this Official Statement.

CONTINUING DISCLOSURE

The District will undertake all responsibilities for continuing disclosure to Owners of the Notes as described below, and will act as Dissemination Agent, as described in the Continuing Disclosure Certificate. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance and execution and delivery of certain of the District's outstanding debt obligations. The District does not currently have any Continuing Disclosure obligations and has not had any such obligation for the last five years.

MISCELLANEOUS

All of the preceding summaries of the Resolution, the District Act, other applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Copies of the Resolution are available upon request from the District at 1995 Market Street, Riverside, California 92501-1719.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the owners of any of the Notes.

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

**RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT**

By: _____
General Manager - Chief Engineer

Special Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes. Special Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Notes, and Special Counsel expresses no opinion with respect thereto.

The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Notes will be selected for audit by the IRS. It is also possible that the market value of the Notes might be affected as a result of such an audit (or by an audit of similar bonds).

Although Special Counsel has rendered an opinion that interest on the Notes is excluded from gross income for federal income tax purposes provided the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Notes may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Special Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Notes.

A copy of the proposed form of opinion of Special Counsel is attached hereto as Appendix D.

FINANCIAL ADVISOR

The District has retained Fieldman, Rolapp & Associates as Financial Advisor in connection with the issuance, sale and delivery of the Notes. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

FINANCIAL INTERESTS

The fees being paid to the Financial Advisor, the Underwriter, Underwriter's Counsel and Special Counsel are contingent upon the issuance and delivery of the Notes. From time to time, Special Counsel represents the Underwriter on matters unrelated to the Notes.

RATINGS

The Notes are expected to receive the rating of "___" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P"). The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that such rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Notes.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed to purchase the Notes at a price of \$_____ (being the principal amount of the Notes, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____) under a Notes Purchase Agreement between the District and the Underwriter.

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

The District cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. The County administration fee amounts to approximately 2% of the tax increment revenues from Zone 4. The calculations of Zone 4 Revenues take such administrative costs into account.

Future Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues or the District's ability to expend revenues.

TAX MATTERS

In the opinion of Best Best & Krieger LLP, Riverside, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Notes is excluded from gross income for federal income tax purposes. In the further opinion of Special Counsel, interest on the Notes is exempt from State of California personal income tax. Special Counsel notes that interest on the Notes is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Special Counsel further notes, however, that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

Special Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Notes is based upon certain representations of fact and certifications made by the District, the Underwriter and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes to assure that interest on the Notes will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The District has covenanted to comply with all such requirements.

Should the interest on the Notes become includable in gross income for federal income tax purposes, the Notes are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Resolution.

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

Article XIIC removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Zone 4 Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainty the outcome of such determination, the District does not believe that Proposition 218 will materially affect its ability to pay principal of or interest on the Notes.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each local District's allocation in the following year. The District is not able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

Article XIII A of the California Constitution. Section 1(a) of Article XIII A of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIII A.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Bankruptcy

The rights of the Owners of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Special Counsel as to the enforceability of the obligation to make payments on the Notes will be qualified as to bankruptcy and such other legal events. See "APPENDIX D – Form of Opinion of Special Counsel."

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes as the result of a failure of the District to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, such Notes are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Resolution.

Zone 4. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within Zone 4 be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Direct and Overlapping Indebtedness

The ability of land owners within the respective project area to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of Zone 4 could, without consent of the District, and in certain cases without the consent of the owners of the land within Zone 4, impose additional taxes or assessment liens on the property to finance public improvements.

Future Legislation and Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the District or the District's ability to expend revenues.

Economic Risks

The District's ability to make payments on the Notes will be partially dependent upon the economic strength of Zone 4. If there is a decline in the general economy of Zone 4, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax revenues. In the event of decreased values, Zone 4 Revenues may decline even if property owners make timely payment of taxes.

Investment Risk

Funds held under the Resolution are required to be invested in Permitted Investments as provided under the Resolution. See APPENDIX F attached hereto for discussion of the County of Riverside Investment Pool. The funds and accounts of the District, into which a portion of the proceeds of the Notes will be deposited and into which Zone 4 Revenues are deposited, may be invested by the District in any investment authorized by law. The District keeps its funds with the County Investment Pool, however the Construction Fund will be held by the Fiscal Agent and invested as authorized under California law, provided that such investment shall not be for a term longer than the date in which such funds are needed. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the District cannot predict the effects on the receipt of Zone 4 Revenues if the County were to suffer significant losses in its portfolio of investments or if the County was to become insolvent or declare bankruptcy. See "OWNERS' RISKS - Bankruptcy."

Secondary Market

There can be no guarantee that there will be a secondary market for the Notes, or, if a secondary market exists, that the Notes can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see “LIMITATIONS ON TAX REVENUES”), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate for fiscal year 2015-16 is 1.998%. The District is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIII A or will be in an amount less than 2%.

Bankruptcy of Landowners

The bankruptcy of a major assessee in Zone 4 could delay and/or impair the collection of property taxes by the County with respect to properties in the bankruptcy estate. Although the District is not aware of any major property owners in Zone 4 that are in bankruptcy or threatening to declare bankruptcy, the District cannot predict the effects on the collections of Zone 4 Revenues if such an event were to occur.

Earthquake

The District and Zone 4 may be subject to unpredictable seismic activity. There is no evidence that a ground surface rupture will occur in the event of an earthquake, but there is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event. The District is located in a high impact seismic zone. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in Zone 4. As a result, the value of taxable land in Zone 4 could be diminished in the aftermath of such an earthquake, through appeals, thereby reducing the amount of Zone 4 Revenues.

Levy and Collection of Taxes

The District has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Zone 4 Revenues and, accordingly, could have an adverse impact on the ability of the District to make debt service payments on the Notes. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the District’s ability to make timely debt service payments on the Notes. The County currently allocates 100% of the Zone 4 Revenues collected on the secured property tax roll to the District, regardless of the actual amount of payments made by taxpayers (see “THE DISTRICT – Teeter Plan”). The County has implemented a Teeter Plan with respect to the collection and distribution of taxes as further described herein.

Estimated Revenues

In estimating that Zone 4 Revenues will be sufficient to pay debt service on the Notes, the District has made certain assumptions with regard to present and future assessed valuation in Zone 4, future tax rates and percentage of taxes collected. The District believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Zone 4 Revenues available to pay debt service on the Notes will be less than those projected and such reduced Zone 4 Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Notes.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within

OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Notes and the credit quality of the Notes. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Notes. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Zone 4 Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" of this Official Statement.

The Notes

General. The ability of the District to pay the principal and interest on the Notes depends upon the receipt by the Fiscal Agent of sufficient Zone 4 Revenues and interest earnings on amounts in the funds and accounts for the Notes established by the Resolution. A number of risks that could adversely impact the security or payment of the Notes are outlined below.

Limited Special Obligations

The Notes will be special obligations of the District, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Resolution. Neither the State nor any public district (other than the District) is obligated to pay the principal of or redemption premium, if any, or interest on the Notes, and neither the faith and credit nor the taxing power of the State or any public district thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the Notes. The payment of the principal of or redemption premium, if any, or interest on the Notes does not constitute a debt, liability or obligation of the State or any public district (other than the District).

Reduction in Taxable Value

Zone 4 Revenues allocated to the District are determined by the amount of taxable value in Zone 4 and the current rate or rates at which property in Zone 4 is taxed. The reduction of taxable values of property caused by economic factors beyond the District's control, such as a relocation out of Zone 4 by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within Zone 4 by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within Zone 4 (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Earthquake," below), flood or other natural disaster, could cause a reduction in the Zone 4 Revenues securing the Notes. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions.

[Discuss re Soboba Tribal Lands]

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the Notes will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of Zone 4, the supply of or demand for competitive properties in such zone, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Largest Taxpayers.

The twenty largest 2014-15 Local Secured property taxpayers in Zone 4 are as follows:

TABLE 8
RIVERSIDE COUNTY FLOOD CONTROL DISTRICT, ZONE 4
SUMMARY OF LARGEST ZONE 4 2014-15 LOCAL SECURED PROPERTY TAXPAYERS

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Ross Dress for Less Inc.	Industrial	\$ 263,865,112	0.70%
2.	Walgreen Co.	Industrial	149,268,480	0.39
3.	Wal Mart Real Estate Business Trust	Industrial/Commercial Stores	132,692,925	0.35
4.	DB Rreef Perris CA Inc.	Industrial	132,642,622	0.35
5.	HF Logistics SKX T1	Industrial	128,078,847	0.34
6.	Lowes HIW Inc.	Industrial	127,479,741	0.34
7.	IIT Inland Empire Logistics Center	Industrial	118,635,616	0.31
8.	Sysco Riverside Inc.	Industrial	109,874,316	0.29
9.	First Industrial	Industrial	89,832,604	0.24
10.	IIT Inland Empire 3700 Indian Ave.	Industrial	83,609,871	0.22
11.	Stonegate 552	Apartments	82,989,303	0.22
12.	Knox Logistics	Industrial	78,598,621	0.21
13.	PHH Real Estate	Medical Offices	72,717,371	0.19
14.	2250 Town Circle Holdings	Shopping Center	72,688,330	0.19
15.	Kaiser Foundation Hospitals	Medical Offices	70,998,983	0.19
16.	Canyon Springs Marketplace Corp.	Shopping Center	70,277,815	0.19
17.	Canyon Crossing Dunhill	Shopping Center	62,936,662	0.17
18.	HD California DFDC Landlord	Commercial	60,511,717	0.16
19.	Target Corp.	Commercial	59,369,419	0.16
20.	FR Cal Indian Avenue	Industrial	50,583,234	0.13
	Total		\$2,017,651,589	5.32%

⁽¹⁾ 2014-15 Local Secured Assessed Valuation: \$37,933,829,127
Source: California Municipal Statistics.

Estimated Direct and Overlapping Bonded Debt.

The following tabulation estimates the direct and overlapping bonded debt of Zone 4 as of April 1, 2015.

**TABLE 7
RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT
ZONE 4 2015 NEGOTIABLE PROMISSORY NOTES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of April 1, 2015**

2014-15 Assessed Valuation: \$39,384,273,608

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/15⁽²⁾</u>
Metropolitan Water District	1.640%	\$ 1,810,888
Riverside City Community College District	20.076	45,592,059
Hemet Unified School District	87.970	138,196,472
Val Verde Unified School District	92.443	101,254,193
Other Unified School Districts	Various	77,005,563
Perris Union High School District	91.795	71,585,260
Elementary School Districts	Various	68,544,201
City of Riverside	3.671	491,730
Eastern Municipal Water District Improvement Districts	88.933-100.	27,354,372
Riverside County Flood Control District, Zone 3-B Benefit Assessment District	0.244	3,233
San Geronimo Memorial Hospital District	0.337	384,214
Eastern Municipal Water District Community Facilities Districts	100.	67,760,000
City Community Facilities Districts	Various	217,467,016
County Community Facilities Districts	Various	25,652,453
School District Community Facilities Districts	Various	365,790,815
1915 Act Bonds (Estimated)	Various	15,269,796
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,224,162,265
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	17.378%	\$114,198,974
Riverside County Pension Obligation Bonds	17.378	55,691,277
Riverside County Board of Education Obligations	17.378	318,886
Mt. San Jacinto Community College District Certificates of Participation	31.179	3,551,288
Hemet Unified School District Certificates of Participation	87.970	49,566,697
San Jacinto Unified School District Certificates of Participation	99.632	40,121,806
Val Verde Unified School District Certificates of Participation	92.443	66,045,901
Other School District General Fund Obligations	Various	31,790,303
City of Moreno Valley General Fund Obligations	98.661	62,929,439
City of Riverside Certificates of Participation and Pension Obligation Bonds	3.671	12,906,011
Other City General Fund Obligations	Various	2,485,207
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$439,605,789
Less: Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)		<u>1,466,400</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$438,139,389
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		\$272,586,185
GROSS COMBINED TOTAL DEBT		\$1,936,354,239⁽¹⁾
NET COMBINED TOTAL DEBT		\$1,934,887,839

⁽¹⁾ Excludes issue to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Overlapping Tax and Assessment Debt.....	3.11%
Gross Combined Total Debt.....	4.92%
Net Combined Total Debt.....	4.92%

Ratios to Successor Agency Redevelopment Incremental Valuation (\$7,226,696,015):

Total Overlapping Tax Increment Debt.....	3.77%
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Source: California Municipal Statistics.

TABLE 6
RIVERSIDE COUNTY FLOOD
CONTROL DISTRICT, ZONE 4
HISTORICAL REVENUES AND
EXPENDITURES ANALYSIS
(IN THOUSANDS)

	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual as of March 31</u>
REVENUES					
Property Taxes	\$ 10,580	\$ 10,338	\$ 10,404	\$ 11,194	\$ 6,980
Redevelopment Pass-thru	745	1,297	2,191	1,685	842
Special Assessments	8	1	1	1	-
Intergovernmental	163	163	159	161	79
Charges for Services	1,023	161	1,168	11	9
Area Drainage Fees	420	281	149	758	872
Investment Earnings (Loss)	363		(54)	387	108
Use of Assets	-	-	8	9	16
Total Revenues	<u>\$ 13,310</u>	<u>\$ 12,609</u>	<u>\$ 14,026</u>	<u>\$ 14,206</u>	<u>\$ 8,906</u>
EXPENDITURES					
Public Ways and Facilities	\$ 9,114	\$ 8,233	\$ 13,252	\$ 10,276	\$ 20,257
Capital Outlay	663	-	1,401	2,078	494
Total Expenditures	<u>\$ 9,777</u>	<u>\$ 8,233</u>	<u>\$ 14,653</u>	<u>\$ 12,354</u>	<u>\$ 20,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,533	4,376	(627)	1,852	(11,845)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	5,042	892	142
Transfers Out	(422)	(352)	(5,095)	(339)	(96)
Total Other Financing Sources (Uses)	<u>(422)</u>	<u>(352)</u>	<u>(53)</u>	<u>553</u>	<u>46</u>
Net Change in Fund Balance	<u>\$ 3,111</u>	<u>\$ 4,024</u>	<u>\$ (680)</u>	<u>\$ 2,405</u>	<u>\$(11,799)</u>
Fund Balance, Beginning of Year	\$ 64,572	\$ 67,683	\$ 71,707	\$ 71,027	\$ 73,335
Prior Period Adjustment	-	-	-	(136)	-
Fund Balance, Beginning of Year Restated	-	-	-	<u>70,891</u>	73,335
Fund Balance, End of Year	<u>\$ 67,683</u>	<u>\$ 71,707</u>	<u>\$ 71,027</u>	<u>\$ 73,296</u>	<u>\$ 61,536</u>

(1) Through March 31, 2015.

Source: Riverside County Flood Control and Water Conservation District.

Zone 4 reported a fund balance of \$73,296,000 as of June 30, 2014. The net increase in fund balance during Fiscal Year 2013-14 was \$2,269,000. Property tax and redevelopment revenues account for approximately 90 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 454 percent (\$3,085,000). Overall revenues increased (\$180,000) due primarily to increases in property tax revenue (\$790,000), intergovernmental revenue (\$2,000), area drainage fees (\$609,000), investment earnings (\$441,000) and use of assets from the sale or lease of property (\$1,000). These increases were offset by decreases in redevelopment revenue (\$506,000) and charges for services (\$1,157,000) primarily as a result of the completion of the Homeland/ Romoland development project in the prior fiscal year. Additionally, expenditures decreased (\$2,299,000) due largely in part to decreases in contributions to other governmental agencies.

2014-15 Zone 4 Revenues Compared to Debt Service

Projected gross Zone 4 Revenues for the 2014-15 fiscal year (\$15,335,223 _____) are estimated to be 534 _____%* of the maximum annual debt service on the Notes (\$2,869,950* _____).

* Preliminary, subject to change.

ZONE 4

General

Zone 4 is centrally located within the District boundaries (see the Vicinity Map on page ii hereof) and encompasses approximately 733 square miles and a population of approximately 571,868. Population centers in Zone 4 are concentrated in the cities of Hemet, Menifee, Moreno Valley, Perris and San Jacinto, and a portion of the cities of Beaumont, Canyon Lake, Lake Elsinore, Murrieta, Riverside and Wildomar in Zone 4. For a description of the County of Riverside and the cities located within the boundaries of Zone 4, see Appendix A hereto.

Zone 4 is a separate legal taxing entity of the District and moneys raised within Zone 4 are required to be spent within Zone 4 and cannot be transferred to another zone within the District. Revenues received by the District can be contributed to Zone 4 and the other zones within the District for capital projects and services that benefit the respective zones and the District as a whole.

Assessed Valuations.

The following table shows a ten-year history of assessed valuations for Zone 4. All assessed valuations include homeowner exemptions.

TABLE 5
RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT
ZONE 4 ASSESSED VALUATION HISTORY

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005-06	\$28,182,474,414	\$ 4,820,859	\$ 658,544,556	\$28,845,839,829
2006-07	36,376,103,005	11,385,559	800,348,963	37,187,837,527
2007-08	43,423,639,142	249,280,386	941,242,288	44,614,161,816
2008-09	43,093,209,567	461,880,386	1,057,947,803	44,613,037,756
2009-10	35,409,971,505	751,280,386	1,015,737,383	37,176,989,274
2010-11	33,222,469,908	711,967,386	978,396,688	34,912,833,982
2011-12	33,179,821,971	813,967,386	1,043,089,814	35,036,879,171
2012-13	32,851,969,734	578,206,181	1,150,085,645	34,580,261,560
2013-14	34,354,361,427	440,906,181	1,138,920,296	35,934,187,904
2014-15	37,933,829,127	347,306,181	1,103,138,300	39,384,273,608

Source: California Municipal Statistics

Not adjusted from amounts received from redevelopment agencies with respect to pass-through agreements. See "ZONE 4 – Pass Through Agreements" herein. All assessed valuations include homeowners' exemptions.

Pass-Through Agreements

The District has entered into certain pass-through agreements with redevelopment agencies located within the District and Zone 4. These agreements generally provide moneys to the District that would not otherwise be received by the District. Although the District does not expect to receive significant revenues from these pass-through agreements, to the extent such revenues are received, such moneys will be included as Zone 4 Revenues.

Revenue Analysis

The following table sets forth the historical revenues and expenditures for Zone 4 for the years 2010-11 through 2013-14 and 2014-2015 actual as of March 31, 2015:

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Three-Year Trend Information
(in thousands)

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2012	\$ 15	467%	\$ (484)
June 30, 2013	\$ 14	493%	\$ (539)
June 30, 2014	\$ 12	500%	\$ (577)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 was as follows:

	<u>2013</u>
Actuarial Accrued Liability (a)	\$ 546
Actuarial Value on Plan Assets (b)	407
Unfunded Actuarial Accrued Liability (Funding Excess) (a) - (b)	\$ 139
Funded Ratio (b) / (a)	74.5%
Covered Payroll (c)	\$ 15,688
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll $[(a) - (b)] / (c)$	0.89%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Valuation Date	07/01/2013
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percentage of Future Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	15-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.36%
Projected Salary Increases	3.00%
Healthcare Inflation Rate - Initial	10.00%
Healthcare Inflation Rate - Ultimate	5.00%
Inflation Rate	2.75%

eligible for CalPERS pension benefits) are eligible to participate. Former employees eligible for CalPERS pension benefits but who are not eligible for retirement at termination of employment are not eligible for retiree health benefits. Currently, 96 District employees meet the age eligibility requirements, 88 of which will be covered upon retirement while the remaining 8 will qualify upon reaching 5 years of service. Another 88 employees have sufficient time in service to qualify for these benefits upon retirement after age 50.

The District provides retirees access to the same medical coverage as active participants. Prior to age 65, the retiree premiums are the same as active premiums and are developed by blending active and retiree costs. This benefit ceased on January 1, 2011. Currently, all retirees who retire are required to pay "retiree only" (i.e. unblended) premium rates. Participants who retired prior to January 1, 2009 were eligible for this benefit. After age 65, retiree premiums are based exclusively on retiree costs.

The District has established a qualified Internal Revenue Code Section 115 trust with the California Employers' Retiree Trust (CERBT) to administer the assets of retiree medical plan benefits for District employees. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information related to the established trust. The report may be obtained from CalPERS Employer Services Division, P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy. The District contributes a portion of an eligible retiree's medical plan premium under a County sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree's lifetime. The current monthly amount paid by the District ranges from \$25.00 - \$256.00, depending on the retiree's bargaining unit at retirement. These amounts do not increase in future years to account for inflation.

Dental and vision benefits offered to the District retirees are not considered to vary by age or demographics. Therefore, because a retiree must pay the entire premium amount to receive dental and vision benefits, there is no liability to the District for providing these benefits.

In June 2004, the Government Accounting Standards Board (GASB) issued GASB Statement 45 (GASB 45). GASB 45 addresses accounting and financial reporting for post-employment benefits other than pensions, referred to as OPEB, and requires the District to report OPEB costs on an actuarial basis to account for the future costs of promised benefits. The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB 45. GASB requires the ARC to be developed each year based on the plan's assets and liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year would accumulate as a liability on the District's financial statements. Therefore the District opted to pay 100% of the ARC in fiscal year 2013-14.

The District's annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2014 were as follows (In Thousands):

Annual Required Contribution	\$ 18
Interest on Net OPEB Obligation (Asset)	(41)
Adjustments to Annual Required Contribution	<u>35</u>
Annual OPEB Cost	12
Contributions Made	(50)
OPEB Asset Amortization	<u>-</u>
Increase (Decrease) in Net OPEB Obligation (Asset)	(38)
Net OPEB Obligation (Asset) Beginning of Year	<u>(539)</u>
Net OPEB Obligation (Asset) End of Year	<u>\$ (577)</u>

Governmental Activities. The District's annual pension cost and net pension obligation (asset) for the current year were as follows (In Thousands):

Annual Required Contribution	\$ 2,803
Interest on Net Pension Obligation (Asset)	129
Adjustments to Annual Required Contribution	<u>(56)</u>
Annual Pension Cost	2,876
Contributions Made	(2,876)
Pension Asset Amortization	<u>139</u>
Increase (Decrease) in Net Pension Obligation (Asset)	139
Net Pension Obligation (Asset) Beginning of Year	<u>(1,667)</u>
Net Pension Obligation (Asset) End of Year	<u>\$ (1,528)</u>

Actuarial Assumptions. For 2014, the District's annual pension cost of \$2,876,000, including interest and adjustments, was equal to the District's required contributions. The District's actual contributions were \$2,876,000, which reflects the required contribution. The annual required contribution was determined as part of the June 30, 2011 actuarial valuation of the plan using the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year represents the normal cost.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

A summary of principal assumptions and methods used to determine the annual required contribution are as follows:

Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.30% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6.0 percent of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Postemployment Benefits Other Than Pensions

Plan Description. The District participates in the County's program that provides retiree medical benefits for eligible retirees enrolled in County-sponsored and administered retiree medical plans. Benefit provisions are established and amended through negotiations between the County and the respective unions. All employees who retire from active employment after age 50 with 5 years of District service (and are immediately

Self-Insurance Program

The District participates in the County’s self-insurance program. The County is self-insured for public liability, property damage, long-term and short-term disability, unemployment and workers’ compensation claims. The County records estimated liabilities for such claims filed or estimated to be filed for incidents that have occurred. The County supplements its self-insurance for long-term disability and workers’ compensation with insurance policies. The insurance carrier pays all long-term disability payments exceeding the first two years of coverage.

The maximum coverage under the workers’ compensation policy is \$500,000 per claim, and there is no deductible. The County allocates an annual premium to the District based on current payroll costs and an experience modification. The annual premium to the District in fiscal year 2014 was approximately \$181,000.

Retirement Plan

Plan Description. The District contributes to the California Public Employees Retirement System (CalPERS), a single-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees’ Retirement Law establish a menu of benefit provisions as well as other requirements. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. However, a report for the District’s plan within CalPERS is not available.

Funding Policy. Active plan members in the CalPERS SEIU bargaining unit are required to contribute 8 percent of their covered annual salary. Active plan members in the LIUNA bargaining unit hired on or after July 1, 2012, or members that have not completed 5 years of continuous service as of July 1, 2012, are required to contribute 8 percent of their annual covered salary. Members in the LIUNA bargaining unit that have completed 5 years of continuous service prior to July 1, 2012 are required to pay 6 percent of their annual covered salary. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2013-14, the employer contribution rate was 16.9 percent.

Funded Status and Funding Progress. As of the most recent valuation date, the plan was 83.3% funded. The actuarial accrued liability for benefits was \$125.5 million, and the actuarial value of assets was \$104.5 million, resulting in an unfunded actuarial liability (UAAL) of \$20.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.6 million, and the ratio of the UAAL to the covered payroll was 134.3%.

Annual Pension Cost and Net Pension Obligation (Asset)

<u>Fiscal Year Ended</u>	Three-Year Trend Information (Dollars In Thousands)		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset (NPA)</u>
June 30, 2012	\$2,710	100%	\$(1,806)
June 30, 2013	\$2,852	100%	\$(1,667)
June 30, 2014	\$2,876	100%	\$(1,528)

In June of 2005, the District made a lump sum payment to CalPERS. The lump sum payment of \$2,779,000 reported by CalPERS as the Assumption Change reduced the District’s employer contribution rate 1.9 percent for fiscal year 2005-06. The 1.9% employer contribution rate reduction will remain constant over a 20 year period. The negative net pension obligation (asset) is reported in the Government-wide Statement of Net Position as a Pension Asset. The annual increase or decrease in the net pension asset is reported in the Government-wide Statement of Activities and in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities -

Revenues and Expenditures

Table 4 below shows revenues and expenditures of the District for the last five fiscal years.

TABLE 4
RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL FUNDS
YEAR ENDED JUNE 30, 2014
(IN THOUSANDS)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Property taxes	\$ 43,534	\$ 40,814	\$ 39,726	\$ 40,225	\$ 42,729
Redevelopment pass-thru	6,229	5,173	7,885	9,811	7,733
Special assessments	3,155	3,002	3,022	3,048	3,073
Intergovernmental	795	711	627	619	2,330
Charges for services	4,631	4,029	3,716	7,586	1,303
Area drainage fees	662	524	299	408	1,266
Investment Earnings (Loss)	2,265	1,389	1,143	(216)	1,405
Contributions	2,415	-	-	-	-
Use of assets	179	123	264	211	114
Total revenues	\$ 63,865	\$ 55,765	\$ 56,682	\$ 61,692	\$ 59,953
Expenditures					
General government	\$ 4,638	\$ 4,931	\$ 3,734	\$ 3,527	\$ 4,450
Public ways and facilities	42,085	38,540	43,061	56,415	48,122
Capital outlay	3,835	3,125	4,952	2,975	6,473
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	\$50,558	\$ 46,596	\$ 51,747	\$ 62,917	\$ 59,045
Excess of revenues over (under) expenditures	\$13,307	\$ 9,169	\$ 4,935	\$ (1,225)	\$ 908
Other financing sources (uses)					
Transfers in	\$ 881	\$ 1,409	\$ 1,303	\$ 7,262	\$ 4,048
Transfers out	(991)	(1,485)	(1,309)	(7,262)	(1,262)
Sale of Capital Assets	-	-	-	-	-
Total other financing sources (uses)	(110)	(76)	(6)	-	2,786
Net change in fund balances	\$13,197	\$ 9,093	\$ 4,929	\$ (1,225)	\$ 3,694

Source: Riverside County Flood Control and Water Conservation District.

The District has established a Fund Balance Policy, to ensure a sufficient level of fund balance is maintained for unanticipated expenditures, delays in revenue receipt, or revenue shortfalls:

- Unrestricted Fund Balance - General Fund

The District shall achieve an unrestricted fund balance in its General Fund equal to a minimum of 66 percent of General Fund expenditures. The District will annually evaluate the minimum fund balance provisions and make adjustments according to an assessment of current events and circumstances as well as changing forecasts, projections and other related risks.

The District has established a contingency account and budgets the minimum assigned fund balance in the General Fund with the recommended budget submitted to the Board of Supervisors for approval each fiscal year. Should the minimum fund balance drop below the prescribed level, the District will develop a plan to replenish the minimum fund balance within two years and include the plan with the recommended budget submitted to the Board of Supervisors for approval in the following budget year.

the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. The County's tax losses reserve fund will be fully funded, in accordance with the County's election to be governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses. Accordingly, any additional penalties and interest that otherwise would be credited to the tax losses reserve fund are credited to the County's General Fund.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences July 1), the Board of Supervisors shall receive a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying District or assessment levying District in the County if the rate of secured tax delinquency in that District in any year exceeds three percent (3%) of the total of all taxes and assessments levied on the secured rolls for that District.

If the Teeter Plan is ever to be terminated, then the amount of the levy of secured *ad valorem* property taxes in the District would depend upon the collections of the secured *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of secured *ad valorem* property taxes will not be dependent upon actual collections of the secured *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan as to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds three percent (3%). While the District's current delinquency rate is 4.92%, which exceeds three percent (3%), the Board of Supervisors has not stated any current intention to terminate the Teeter Plan as to the District.

16 budget and will commence annual appropriation of funds to pay the required debt service accordingly. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by class within the individual fund. The Board of Supervisors has delegated authority for appropriation transfers between classes within an individual fund to the County Executive Office. All other budget adjustments require Board of Supervisors approval.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances are commitments related to contracts executed for goods or services. Encumbrances are recorded for budgetary control and accountability purposes in the General and Special Revenue funds. Any outstanding encumbrances at year-end represent the estimated amount of expenditures that may result if the contracts in progress at year-end are completed. If the District has recorded these outstanding contracts in the next fiscal year's budget then encumbrances are not recorded. The unencumbered balances (appropriations less expenditures and encumbrances) lapse at year-end.

Audit. The District Act requires a biennial audit by independent certified public accountants, however, the District has elected to have audits performed annually. The accounting firm of Teaman, Ramirez & Smith, Inc. completed the audit for fiscal year ending June 30, 2014. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial statements for the District attached hereto as Appendix B.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its component unit annual financial report for the fiscal year ended June 30, 2014. This is the twenty-fourth consecutive year the District has received this prestigious award.

Teeter Plan

The District participates in the County's Teeter Plan, described below. The Board of Supervisors of the County, in September 1993, adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, "to accomplish a simplification of the tax-levying and tax apportioning process and an increased flexibility in the use of available cash resources." This alternative method is used for distribution of the *ad valorem* revenues.

Pursuant to the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes and assessments credited to its fund in the same manner as if the amount credited had been collected. Under the Teeter Plan, the County establishes a tax losses reserve fund and a tax resources account.

The County will be responsible for determining the amount of the secured *ad valorem* tax levy on each parcel in the District, which will be entered onto the secured tax roll. Upon completion of the secured tax roll, the County auditor determines the total amount of secured taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the secured tax and assessment levies to that fund's credit. Such moneys may thereafter be drawn against by the taxing District in the same manner as if the amount credited had been collected.

When tax-defaulted property is sold, the proceeds of taxes and assessments which constitute the amount required to redeem the property are prorated between apportioned (Teeter) levies and un-apportioned (or non-Teeter) levies. The pro rata share for apportioned levies is prorated between tax levies and assessment levies and then distributed to the appropriate funds.

Pursuant to the Teeter Plan, the County is also required to establish a tax losses reserve fund to cover losses which may occur in the amount of tax liens as a result of special sales of tax defaulted property (i.e., if the sale price of the property is less than the amount owed). The amount required to be on deposit in the tax losses reserve fund is, at the election of the County, one of the following amounts: (1) an amount not less than 1% of

Hemet MDP Line D (Zone 4): An underground storm drain in Stetson Avenue from Meridian Street to Hemet Street. Currently in construction and funded to be paid in fiscal years 2013-14 and 2014-15.

Little Lake MDP Line B (Zone 4): An underground storm drain from just north of Berkeley Avenue, southerly in Meridian Street to just upstream of Florida Avenue. Currently in construction and funded to be paid in fiscal years 2013-14 and 2014-15.

Romoland MDP Line A (Zone 4): Open channel from interim outlet near San Jacinto River north of Ethanac Road westerly to the I-215 freeway. Currently in construction and funded to be paid in fiscal years 2014-15, 2015-16 and 2016-17.

Romoland MDP Line A (Zone 4): Line A - Concrete trapezoidal channel from I-215 to Palomar Rd. Reinforced concrete box from Palomar Rd to Menifee Rd. Concrete trapezoidal channel from Menifee Rd to Malaga Rd. Reinforced concrete pipe from Malaga Rd to Briggs Road Basin. Project also includes the construction of Briggs Road Basin, Line A-2 and Line A-3. Currently in construction and funded to be paid in fiscal years 2015-16 and 2016-17.

Future Projects

The CIP details revenues and expenditures anticipated for each project for the five-year period beginning FY 2015-16 through FY 2019-20, and are included herein for Zone 4. The capital infrastructure projects listed in the Design and Construction budget plus selected projects in the Operations and Maintenance budget for FY 2015-16 comprise the first year of the CIP.

The District plans to pursue aggressively the construction of needed infrastructure into the future. Listed below are some projects within Zone 4 that are planned for construction within the next several years:

Hemet MDP Line C (Zone 4): An underground storm drain in Whittier Boulevard extending from the existing storm drain at Palm Avenue east to Santa Fe Street. Design mapping performed in FY 2009-10. 2nd Quarter 2015.

Heacock Channel AKA Sunnymead MDP Line B STG 3 (Zone 4): From Perris Valley Channel Lateral A north along Heacock Street to Cactus Avenue. Project is no longer a Corps of Engineers project and will be moved forward as a locally funded project. Funded to be paid for in fiscal years 2015-16 and 2016-17.

Homeland Line 1 Stg 1 aka Romoland MDP Line A (Zone 4): Project includes the construction of Line 1 and Juniper Flats Basin. Funded to be paid for in fiscal years 2015-16 and 2016-17.

Financial Management

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Control. In accordance with the provisions of the State of California, County Budget Act, Government Code Sections 29000-29144 and Section 30200, the District prepares and adopts a budget under the supervision and control of the Riverside County, Board of Supervisors on or before August 30 for each fiscal year. The District maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the General fund, Special Revenue funds, Proprietary funds and Debt Service funds are included in the annual appropriated budget. The District will establish a Zone 4 Debt Service fund beginning with its fiscal year 2015-

Pollutant Discharge Elimination System programs and water conservation programs for the past 15 years. Prior to assuming his current position in 2014, Jason served as the Chief of Watershed Protection.

The District currently employs a staff of approximately 230 persons working in 8 divisions: Planning, Design and Construction, Surveying and Mapping, Operations, Information Technology, Regulatory, Watershed Protection and Finance. The vast majority of the District's 60 engineers work in the Planning and Design divisions preparing the hydrologic, hydraulic, and structural design of a variety of drainage facilities. The planning and design functions of the District are supported at every juncture by the other 6 divisions which provide such services as mapping, surveying, construction inspection, environmental regulatory services and administrative functions including accounting, purchasing and information technology. Professional registration as a Civil Engineer in the State of California is only required for supervisory engineers. However, over [90%] of the District's engineers have obtained registration.

The District's philosophy regarding project assignments is that of entire project engineering rather than compartmentalized engineering. Such that, an engineer works on all parts of a project rather than having a different engineer responsible for each aspect. This gives the individual "pride of authorship" as well as experience in a variety of areas, ultimately affording the District with the versatility of a very broad-based staff.

County officials provide the broad variety of legal, personnel, tax collection and other functions in ex officio capacities.

Zones

The District is divided into seven geographic zones. Each zone is a separate legal taxing entity and moneys raised in one zone must be spent in that zone and cannot be transferred to another. The citizens of each zone are represented by three Zone Commissioners who are appointed by the Board of Supervisors. The Zone Commissioners act as an advisory body to the Board and make annual recommendations on the need for and priority of new flood control projects. The Board has final authority over the funding of projects and operation of the District.

Projects

Projects include underground storm drains, detention basins, dams, levees, and open channels with construction contract costs to the District ranging from as little as \$5,060 to more than \$9,396,680. Engineers are also involved in the development of watershed specific Master Drainage Plans, the determination, modification and management of Federally mapped flood plains, the writing of flood hazard reports for proposed land developments throughout the District and in the maintenance of a water quantity and quality data base.

The following District administered flood control project contracts across all zones were completed during, or were under construction at the end of fiscal year 2013-14:

<u>Facilities</u>	<u>Construction Cost</u>
Sunnymead MDP Line P-6, Stage 2 (Zone 4)	249,000
San Jacinto MDP Line C, Stage 2, Lines C-4, C-5 & B (Zone 4)	7.0 Million
Romoland MDP Line A, Stage 3 (Zone 4)	5.6 Million

Below is a brief description of some of the District's major construction projects within Zone 4. See "ZONE 4" for a description thereof:

San Jacinto MDP Lines C, B & C-5 (Zone 4): From Esplanade Avenue south to Midway Street then along Midway Street to San Jacinto Street, and Lateral B south in San Jacinto Street to Menlo Avenue. Also Lateral C-5 east to Santa Fe Street. Currently in Construction and funded to be paid in fiscal years 2013-14 and 2014-15 budgets.

environmental and regulatory communities early in the planning and design process to avoid the time loss and expense of a major redesign. The District also contracts with private sector firms for design services as required to minimize peaks and valleys in the flow of projects to the construction phase. Timely project development is further facilitated by the District's five-year Capital Improvement Plan (CIP) which provides a long range plan for funding of designated flood control and drainage infrastructure projects. At the close of FY 2013-14, the total book value of the District's flood control and drainage infrastructure, including land, facilities, and the Riverside headquarters complex was \$849.1 million, an increase of \$23.8 million over the prior year.

General Information

Listed below are certain general statistics about the District:

Land Area in the District	2,677 sq. mi.
Population served by the District	Over 1.84 million
Annual Budget	Approx. \$182.7 million
Construction Contract Cost range of District Projects	-Low \$5,060 -High \$9,396,680
Existing Facilities	-Open Channel — 302 miles -Storm Drains — 364 miles -Levees and Rivers — 33 miles -Debris, Dams and Detention Basins — 61
Staff	231 employees -Engineers—60

The District's primary function is the construction and maintenance of flood control facilities which include channels, storm drains, basins and dams to protect the county and its inhabitants in case of floods. The services provided include the planning, design, survey, acquisition, construction and maintenance of these facilities. All these services are provided by the employees of the District. As discussed below, the District believes in the training of engineers in all aspects of a project. To accomplish this training, the District periodically rotates its engineers to learn the different aspects of flood control, however, engineers on the management team, do not rotate.

Staff

Engineering and administrative functions for the District and zones are performed by a staff headed by the General Manager-Chief Engineer and the Assistant Chief Engineer. Warren D. Williams has served in the capacity of General Manager – Chief Engineer since 2003 and has been with the District since 1975. Mr. Williams has a B.S. in Civil Engineering from Cal Poly, Pomona where he also teaches part time. He is a licensed Civil Engineer in California and is a member of the American Society of Civil Engineers and the American Public Works Association. Currently he serves on the National Committee for Levee Safety and is the Immediate Past President of the National Association of Flood and Stormwater Management Agencies. Mr. Williams initially served as an Intern, Junior Engineer, Associate Civil Engineer and Senior Civil Engineer since beginning his employment with the District in 1975. He has an extensive background in both hydrologic and hydraulic design and has worked in the Planning, Design, and Subdivision Review Sections during his 38 years with the District. Prior to assuming his current position in 2003, he served as the District's Design Chief, Chief of Planning and Assistant Chief Engineer.

Jason Uhley, Assistant Chief Engineer, has served in this capacity since 2014 and has been with the District since 1996. Jason is a registered civil engineer with 20 years of experience in stormwater management including flood risk management, stormwater quality management and stormwater conservation. Jason has a Bachelors of Science in Civil Engineering and a Masters in Public Administration with an emphasis in Water Agency Management. Jason has also served on the Board of the California Stormwater Quality Association as its Treasurer. Mr. Uhley initially served as an Intern, Junior Engineer, Associate Civil Engineer and Senior Civil Engineer since beginning his employment with the District in 1996 and running the District's National

THE DISTRICT

Background

In 1938 large areas of the County were devastated by uncontrolled storm water runoff. This catastrophic event as well as subsequent flooding and population growth resulted in the recognition of the need for flood control, drainage and water conservation facilities. Thus, in 1945, the State Legislature created the District.

The District extends from the western boundaries of the County eastward to include the mountainous watershed areas of the Whitewater River and the City of Palm Springs and westward to the City of Riverside, covering an estimated area of 2,700 square miles and includes approximately twelve acres of San Bernardino County and approximately three acres of Orange County. Due to vast differences in topography, climate and population within the District, there is great variation in the scope and magnitude of the problems encountered. Because of these differences and to assess taxes fairly, the District is divided into seven geographic zones. Each zone is a legal taxing entity and moneys raised in one zone must be spent in that zone and cannot be transferred to another. See “– Zones” below.

In California, cities and counties have joint responsibilities for flood control activities. It has been the practice in Riverside County that the District construct, operate and maintain all major flood control channels and large underground drains within the District’s geographical boundaries. In some cases, cities construct minor storm drains to service localized problems.

Organization

The District is a special district created by the State Legislature in 1945. The five-member Board of Supervisors of Riverside County serves *ex officio* as the governing board of the District (the “Board”). The Board appoints three commissioners for each of the District’s seven zones, and, collectively, these commissioners, under the District Act, serve in an advisory capacity to the Board and General Manager-Chief Engineer in formulating District policies and programs.

District boundaries extend eastward from the western boundaries of the County to include the mountainous watershed areas of the Whitewater River and City of Palm Springs. The District itself encompasses more than 2,700 square miles or roughly the western 40% of the County. The topography of the District ranges from fertile valleys in the western portion of the County surrounded by the San Gabriel, San Bernardino and Santa Ana Coastal Mountain ranges, to the San Jacinto Mountains which separate the arid desert, Coachella Valley, from the semi-arid San Jacinto Valley. The western portion of Riverside County has rapidly urbanized.

The District’s primary mission is to plan, design, construct and maintain flood control and drainage facilities and to protect and improve the quantity and quality of the groundwater in the western portion of Riverside County. The District’s principal functions have been the construction, operation and maintenance of flood control facilities, and in some zones, the conservation of water by constructing and maintaining spreading basins. The District has earned a reputation as a highly responsible and respected technical organization and constantly strives to improve efficiency in stormwater management through:

- Expansion of the District's strong technological base
- Development of strong community and interagency relationships
- Implementation of economical and environmentally sensitive projects
- Optimization of District financial resources through project partnering

Scheduling projections for construction projects are difficult to make because factors outside the District's control can significantly influence the timing of a particular project such as environmental and regulatory permitting issues which often cause unforeseen delays. The District attempts to include the

THE PROJECT

General

The Project entails almost eight miles of flood control facilities beginning at the upstream terminus of the Romoland Line A, Stage 3 project near the I-215 and ending at Juniper Flats Road. The Project consists of concrete lined open channels, Reinforced Concrete Boxes (RCBs), Reinforced Concrete Pipes (RCPs), and two detention basins. This system will serve as a backbone drainage system that would convey storm runoff from Juniper Flats, Homeland and Romoland areas. The project runs through the unincorporated parts of Riverside County, the City of Menifee and the City of Perris. The Project will be constructed in three (3) phases. Each construction phase will take about 18 months to construct and there is some overlap. Construction phases are tentatively planned as follows:

Phase I: Includes constructing Romoland MDP Line A Stages 4, 5 and 6 from upstream of I-215 to Briggs Road Basin, all of Romoland MDP Line A-2 Stage 1, Romoland MDP Line A-3 from Line A to the railroad line at Mathews Road and Briggs Road Basin. Construction began in March 2015 and is scheduled to be completed in late 2016. The construction cost of Phase I includes cost to relocate conflicting EMWD lines.

Phase II: Includes constructing Homeland MDP Line 1 from Briggs Road Basin up to Homeland MDP Juniper Flats Basin and the construction of Juniper Flats Basin. Construction is tentatively scheduled to begin in late 2015 and be completed in mid-2017.

Phase III: Includes constructing the remainder of Romoland MDP Line A-3 from Mathews Road to the end point near Valera Lane and Malone Avenue. Construction is tentatively scheduled to begin in mid-2016 and be completed in late 2017.

Project Funding

The estimated cost of the Project, which includes construction, administration and contingencies, is approximately \$60,653,777. Funding for the Project will come from the proceeds of the Notes, from Zone 4 Revenues and from Zone 4 funds on hand. The following table sets forth the expected project funding:

TABLE 3
RIVERSIDE COUNTY FLOOD CONTROL DISTRICT, ZONE 4,
HOMELAND MDP LINE A FUNDING ESTIMATE

EXPENDITURES:

Construction Costs (includes administration and contingencies)	
Phase I	\$29,412,777
Phase II	\$22,641,000
Phase III	\$ 8,600,000
Total Expenditures:	\$60,653,777

The District has set aside approximately \$40,000,000 for the construction of the Project. The proceeds of the Notes will fund the remaining costs.

(b) by depositing, in trust, at or before maturity, money or noncallable federal securities in the necessary amount to pay all of the outstanding Notes when due; or

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

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

ESTIMATED SOURCES AND USES OF FUNDS

Table 2 shows a summary of the estimated sources and uses of the proceeds to be received from the sale of the Notes. All of these costs are based upon estimates and the amounts shown below may differ from actual expenditures.

TABLE 2 *
RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT
ZONE 4 2015 NEGOTIABLE PROMISSORY NOTES
ESTIMATED SOURCES AND USES OF FUNDS

* Preliminary, subject to change.

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

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

The Fiscal Agent

U.S. Bank National Association, at its corporate trust office in Los Angeles, California, has been appointed Fiscal Agent for the Notes. The Fiscal Agent will perform such duties as are specifically set forth in the Resolution.

Amendment of the Resolution

For any one or more of the following purposes and at any time or from time to time, the District may modify or amend the Resolution without the requirement of consent of the owners of the Notes:

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

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

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

(d) To cure any ambiguity, supply and omission, or cure or correct any defect or inconsistent provision in the Resolution, provided that the modification or amendment does not materially adversely affect the interests of the Owners of the Notes.

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

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

Defeasance

Notes may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable by the District pursuant to the Resolution:

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

Covenants of the District

Purchase and Payment of Notes. The District will punctually pay, or cause to be paid, the principal of and interest on the Notes, in strict conformity with the terms of the Notes and the Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Resolution.

Completion of Project. The District will diligently pursue to completion the design, construction and acquisition of the Project and will continue to completion, with all practicable dispatch, the Project and the Project will be accomplished and completed in a sound and economical manner and in conformity with relevant law.

No Change of Note Term. To prevent any accumulation of claims for interest after maturity, the District will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Notes and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner.

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

Protect Security of Notes. The District will preserve and protect the security of the Notes and the rights of the Note owners and will warrant and defend their rights against all claims and demands of all person. From and after the sale and delivery of any of the Notes by the District, the Notes shall be incontestable by the District.

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

The District covenants that the principal amount of the Notes issued pursuant to Section 48-14.2 of the Water Code Appendix, together with any other notes of Zone 4, does not exceed the lesser of \$21,000,000 or 2% of the amount of the assessed valuation of the taxable property within the District as shown on the last assessment roll.

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

Tax Covenants. (i) The District shall not take, nor permit nor suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the Notes which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Notes would have caused the Notes to be "arbitrage Notes" within the meaning of Section 148(a) of the Internal Revenue Code of 1986 and the regulations promulgated thereunder (the "Tax Code").

(ii) The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

Permitted Investments

The District shall invest moneys deposited in the funds and accounts established under the Resolution, as investments permitted under Section 53601 of the California Government Code. Such Permitted Investments shall not mature later than the date such funds are needed. Any income therefrom or interest or gain thereon shall accrue to and be deposited in the fund or account from which such moneys were invested. In addition, the District generally deposits its money in the Riverside County Pooled Investment Fund. The County of Riverside Treasurer’s Statement of Investment Policy, dated December 2, 2014, the Office of the Treasurer-Tax Collector of the County of Riverside Monthly Disclosure Report on Investment Portfolio, dated March 31, 2015, and County of Riverside Investment Holdings Position Reports as of February 2015 are attached hereto as Appendix F.

Payment of the Notes

The District has established a special fund, the “Zone 4 2015 Negotiable Promissory Notes Debt Service Fund” (the “Debt Service Fund”), for the payment of the principal of the Notes and the interest thereon. No fewer than five business days prior to each Interest Payment Date, the District shall deposit into the Debt Service Fund, from any authorized source, an amount which, together with the amounts then on deposit in the Debt Service Fund, at least equals the aggregate amount of principal of and interest on the Notes coming due and payable on the next Interest Payment Date. All moneys in the Debt Service Fund may only be used and withdrawn by the District for the purpose of paying the principal of, premium, if any, and interest on the Notes as they shall become due and payable.

The Resolution does not permit the issuance of additional debt in Zone 4.

Debt Service Schedule

Table 1 represents the annual debt service requirements for the \$21,000,000 principal amount of the Notes.

**TABLE 1
RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT
ZONE 4 2015 NEGOTIABLE PROMISSORY NOTES
ANNUAL DEBT SERVICE**

<u>Payment Date (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
----------------------------------------------	-------------------------	------------------------	---------------------

Transfer or Exchange

Any Note, in accordance with its terms, may be transferred, upon the registration books required to be kept pursuant to the provisions of the Resolution, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation at the corporate trust office of the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent. The Fiscal Agent shall require the payment by the owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Note or Notes shall be surrendered for transfer, the District shall execute, and the Fiscal Agent shall authenticate and deliver, a new Note or Notes, for like aggregate principal amount and interest rate. Notes may be exchanged at the corporate trust office of the Fiscal Agent for a like aggregate principal amount of Notes of authorized denominations and of the same maturity and interest rate. The Fiscal Agent 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.

No transfer or exchange of Notes shall be required to be made by the Fiscal Agent during the period from a Record Date next preceding Interest Payment Date to and including such Interest Payment Date.

Mutilated, Lost, Destroyed or Stolen Notes

If any Note is mutilated, lost, destroyed, or stolen, the District may execute, and the Fiscal Agent may authenticate and deliver, a new Note in replacement thereof in the same aggregate principal amount and of the same maturity. Mutilated Notes must be surrendered to the Fiscal Agent. In the case of a lost, destroyed or stolen note, the District and the Fiscal Agent may require satisfactory evidence of the loss, theft or destruction of the Notes and indemnification prior to authenticating and delivery of a new Note. The District and Fiscal Agent may charge the owners of mutilated, lost destroyed or stolen Notes for their reasonable fees and expenses in connection with the replacing of such Notes.

Redemption

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

Security for Payment of Notes

Principal and interest on the Notes shall be payable from revenues and taxes relating to Zone 4 of the District (the "Zone 4 Revenues"), unless paid from other funds of the District, and provision shall be made for the levy and collection of such Zone 4 Revenues in the manner provided by Section 48-9(11) and Sections 48-14, 48-14.1 and 48-14.2 of the District Act and all other applicable law and for payment out of the Debt Service Fund of the District. The District grants a prior lien on and pledge of Zone 4 Revenues to secure the Notes as such Zone 4 Revenues are received, provided, however, that any Zone 4 Revenues not needed for debt service on the Notes in each fiscal year shall be available by the District for any lawful purpose. THE DISTRICT HAS NO POWER TO LEVY ADDITIONAL AD VALOREM PROPERTY TAXES TO MAKE PAYMENTS ON THE NOTES.

The Riverside County Auditor-Controller, on behalf of the District, has levied annually separate *ad valorem* taxes on all taxable property in Zone 4 to pay costs and expenses of the District in Zone 4 and to carry out the purposes of the District Act. The District participates in the County's Teeter Plan which is more completely described herein under, "THE DISTRICT – Teeter Plan."

In fiscal year 2013-14, the District received \$11,057,153 of basic *ad valorem* real property taxes, from taxable property in Zone 4, net of delinquencies (see "THE DISTRICT - Teeter Plan" herein). For the fiscal year 2014-15, the District is projecting to receive \$11,720,582 of basic *ad valorem* real property taxes, from taxable property in Zone 4, net of delinquencies; and for the fiscal budget year 2015-16, the District is projecting to receive \$12,423,817 of basic *ad valorem* real property taxes, from taxable property in Zone 4, net of delinquencies.

THE NOTES

Authorization of Notes

The Notes in the aggregate principal amount of twenty-one million dollars (\$21,000,000) are authorized to be issued by the District under and subject to the terms of the District Act and Resolution No. F2015-29 adopted by the Board on June 2, 2015 (the "Resolution"). The Resolution constitutes a continuing agreement with the owners of all of the Notes to secure the full and final payment of principal and interest on all Notes, subject to the covenants, agreements, provisions and conditions of the Resolution.

The Notes are designated the "Riverside County Flood Control and Water Conservation District, Zone 4 2015 Negotiable Promissory Notes."

Term of Notes

The Notes are to be issued as fully registered Notes, without coupons, in book-entry only form as described below under "Book-Entry-Only System," in the denomination of \$5,000 or any integral multiple thereof; provided that no Note shall have principal maturing on more than one maturity date. The Notes shall be lettered and numbered as the Fiscal Agent shall prescribe.

The Notes shall be dated _____, 2015, and shall mature in the years and in the amounts specified on the cover of this Official Statement.

Maturities and Interest

The Notes shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates specified on the cover of this Official Statement.

Interest on the Notes is payable semiannually on each March 1 and September 1, commencing September 1, 2015 (each an "Interest Payment Date").

Each Note shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 15th day of the month next preceding any Interest Payment Date (the "Record Date") to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before August 15, 2015, in which event it shall bear interest from _____, 2015; provided, however, that if, at the time of authentication of any Note, interest is in default on outstanding Notes, such Note shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Notes.

Interest on the Notes (including the final interest payment upon maturity) is payable by check or draft of the Fiscal Agent mailed to the owner thereof at such owner's address as it appears on the registration books maintained by the Fiscal Agent on the Record Date or upon the written request delivered to the Fiscal Agent by the applicable Record Date of an Owner of at least \$1,000,000 in aggregate principal amount of Notes by wire transfer in immediately available funds to an account in the continental United States designated by such Owner. Principal of the Notes is payable in lawful money of the United States of America upon presentation and surrender of the Notes at the corporate trust office of the Fiscal Agent in Los Angeles, California.

Notwithstanding the foregoing, while the Notes are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Notes, for subsequent disbursement to Participants and beneficial owners. See "APPENDIX E – DTC AND THE BOOK-ENTRY SYSTEM."

Other Information

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

estimated 2,700 square miles and includes approximately twelve acres of San Bernardino County and approximately three acres of Orange County. Zone 4 of the District ("Zone 4") is an irregularly shaped zone centrally located within the District boundaries and includes the cities of Hemet, Menifee, Moreno Valley, Perris and San Jacinto, and a portion of the cities of Beaumont, Canyon Lake, Lake Elsinore, Murrieta, Riverside and Wildomar, and the unincorporated area of the County. Zone 4 has an estimated population of 571,868 and an assessed valuation of taxable property of \$39,384,273,608.00 as of June 30, 2015. Excluding the Notes, Zone 4 has no outstanding direct debt and the ratio of total gross overlapping debt to assessed valuation is 3.11% for Zone 4. For a more detailed description of the District and Zone 4, see the caption "THE DISTRICT" herein. See "VICINITY MAP" herein.

Professionals Involved in the Offering

U.S. Bank National Association, will act as Fiscal Agent with respect to the Notes.

Fieldman, Rolapp & Associates, Irvine, California is providing financial advisory services to the District.

All proceedings in connection with the issuance of the Notes are subject to the approval of Best Best & Krieger LLP, Riverside, California, Special Counsel and Disclosure Counsel. Certain legal matters will be passed on for the District by the Office of the County Counsel, County of Riverside. Jones Hall, A Professional Law Corporation will pass upon certain matters for the Underwriter. The fees and expenses of the Financial Advisor, Special Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Notes.

Best Best & Krieger LLP, Jones Hall, A Professional Law Corporation, and Fieldman, Rolapp & Associates will receive compensation contingent upon issuance of the Notes. Best Best & Krieger LLP represents the Underwriter in connection with financings unrelated to the Notes.

Summaries of Documents

There follows in this Official Statement descriptions of the Notes, the Resolution, the District, Zone 4, the Water Code and various agreements. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms not defined herein shall have the meanings set forth in the Resolution. Copies of the Resolution are available for inspection during business hours at the corporate trust office of the District in Riverside, California.

Continuing Disclosure

With respect to continuing disclosure, the District will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and notices of enumerated events and all other remaining annual information required under the Continuing Disclosure Certificate. The District will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). See the caption "CONTINUING DISCLOSURE" and "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

In 1992, the District issued the Zone 3 Elsinore Valley Benefit District Bonds for the construction of flood control facilities identified within the Benefit District of Zone 3. The debt will be fully paid in September 2017, and is not subject to the Municipal Securities Rulemaking Board (MSRB) Continuing Disclosure requirements since the Bonds were issued prior to July 1995.

OFFICIAL STATEMENT

\$21,000,000
RIVERSIDE COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT
Zone 4 2015 Negotiable Promissory Notes

INTRODUCTION

This Introduction does not purport to describe in detail all pertinent matters relating to the Notes, the Project, the District or Zone 4. The offering of the Notes to potential investors is made only by means of the entire Official Statement including the cover page and Appendices. Capitalized terms used and not defined in this Introduction shall have meanings assigned to them elsewhere in this Official Statement.

General

The purpose of this Official Statement which includes the cover page hereof and the Appendices hereto (the "Official Statement") is to provide certain information concerning the issuance and sale of \$21,000,000 aggregate principal amount of Zone 4 2015 Negotiable Promissory Notes (the "Notes") to be issued by the Riverside County Flood Control and Water Conservation District (the "District"). The District was established by an act of the California legislature in 1945 and operates under provisions of the Riverside County Flood Control and Water Conservation Act, Appendix Section 48-1 *et seq.* of the Water Code of the State of California (the "District Act"). The Board of Supervisors of Riverside County serves *ex officio* as the governing board of the District (the "Board").

Purpose

Proceeds of the Notes are to be used to fund certain flood control facilities to be located in Zone 4 of the District, including but not limited to construction of the Romoland MDP Line A, Stage 4 for Zone 4 and certain expenses incidental thereto (the "Project"), as more fully described under the caption "THE PROJECT" herein and certain expenses incidental thereto.

The Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Notes will be made in book-entry form only. Purchasers of beneficial interests will not receive certificates representing their interests in the Notes. So long as Cede & Co. is the owner of the Notes, as nominee of DTC, references herein to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Notes. Payments of principal, redemption price and interest will be made directly by the Fiscal Agent to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as defined and more fully described herein. See "THE NOTES – Book-Entry-Only System" herein.

Security

The principal of, premium, if any, and interest on the Notes are payable from the revenues of Zone 4 ("Zone 4 Revenues"). The District estimates that the current level of Zone 4 Revenues will be sufficient to meet payments on the Notes.

The District and Zone 4

The District extends from the western boundaries of Riverside County (the "County") eastward to include the mountainous watershed areas of the Whitewater River and the City of Palm Springs and westward to the City of Riverside, the County seat, and surrounding unincorporated metropolitan area. The District covers an

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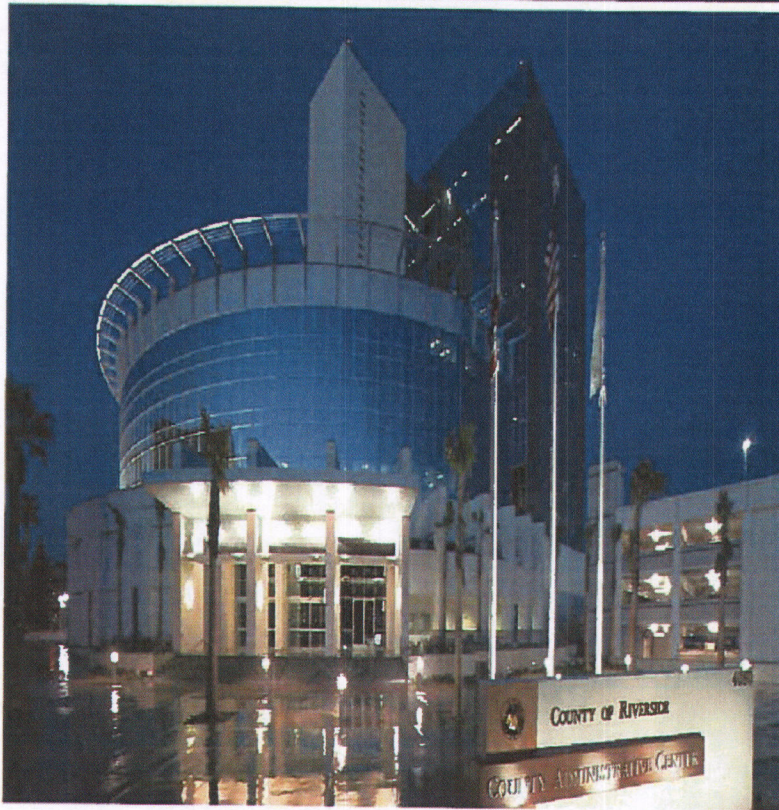
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County of Riverside

February 2015

Treasurer's Pooled Investment Fund



Capital Markets Team

- Don Kent**
Treasurer-Tax Collector
- Jon Christensen**
Asst. Treasurer-Tax Collector
- Giovane Pizano**
Investment Manager
- Isela Licea**
Asst. Investment Manager

Investment Objectives

The primary objective of the treasurer shall be to safeguard the principal of the funds under the treasurer's control, meet the liquidity needs of the depositor, and achieve a return on the funds under his or her control.

COUNTY OF RIVERSIDE TREASURER'S POOLED INVESTMENT FUND IS CURRENTLY RATED: Aaa-bf BY MOODY'S INVESTOR'S SERVICE AND AAA/V1 BY FITCH RATINGS

	Month End Market Value (\$)	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	Yrs to Maturity	Modified Duration
February	5,517,030,770.65	5,517,608,884.48	(578,113.83)	(0.01)	0.48	1.35	1.32
January	5,536,152,467.50	5,532,205,553.13	3,946,914.37	0.07	0.44	1.26	1.23
December	5,895,845,894.96	5,899,853,397.68	(4,007,502.72)	(0.07)	0.43	1.24	1.21
November	4,813,034,831.17	4,811,717,725.40	1,317,105.77	0.03	0.46	1.42	1.39
October	4,619,489,691.81	4,619,977,432.54	(487,740.73)	(0.01)	0.44	1.35	1.32
September	4,685,137,882.96	4,689,709,358.81	(4,571,475.85)	(0.10)	0.44	1.33	1.30

The Treasurer's Pooled Investment Fund is comprised of the County, Schools, Special Districts, and other Discretionary Depositors.

County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "AAA-bf" from Moody's Investors Service and "AAA/V1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Current Market Data

Economic Indicators

Release Date	Indicator	Consensus	Actual
02/06/2015	Non-Farm Payrolls M/M change: Counts the number of paid employees working part-time or full-time in the nation's business and government establishments.	230,000	257,000
02/06/2015	Employment Situation: Measures the number of unemployed as a percentage of the labor force.	5.6%	5.7%
02/26/2015	Durable Goods Orders - M/M change: Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	2.0%	2.8%
02/27/2015	Real Gross Domestic Product - Q/Q change: The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard.	2.1%	2.2%
02/24/2015	Consumer Confidence: Measures consumer attitudes on present economic conditions and expectations of future conditions.	99.1	96.4
02/03/2015	Factory Orders M/M change: Represents the dollar level of new orders for both durable and nondurable goods.	-2.2%	-3.4%
02/26/2015	Consumer Price Index - M/M change: The Consumer Price Index is a measure of the average price level of a fixed basket of goods and services purchased by consumers.	-0.6%	-0.7%

Fed Funds Target Rate

Current Fed Funds Rate: 0-0.25%		
Fed Move	Probability for FOMC Dates:	
	03/18/2015	04/29/2015
Decrease to 0.00%	50.0%	48.0%
Increase to 0.25%	50.0%	50.0%
Increase to 0.50%	0.0%	2.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

Stock Indices

	Value	Change
Dow Jones (DJIA)	\$ 18,132.70	\$ 967.75
S&P 500 Index	\$ 2,104.50	\$ 109.51
NASDAQ (NDX)	\$ 4,440.67	\$ 292.24

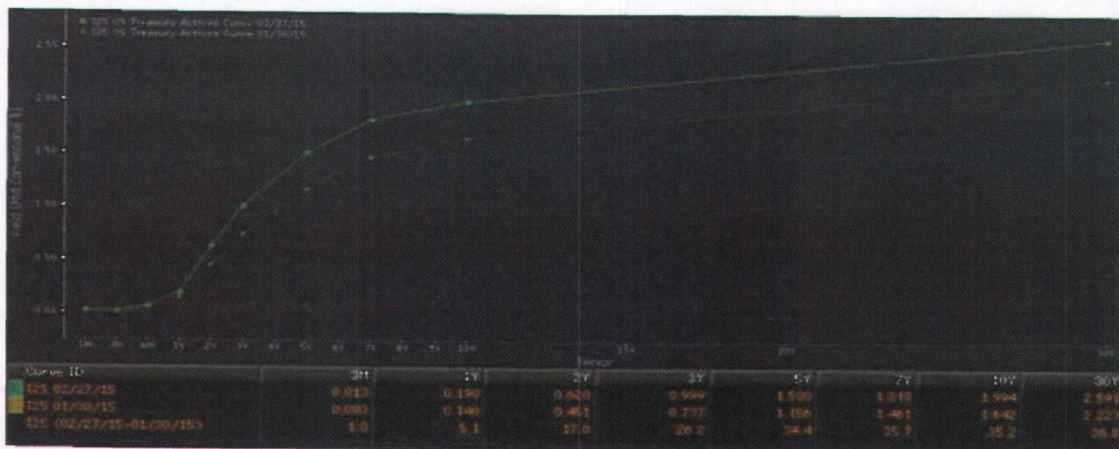
Commodities

	Value	Change
Nymex Crude	\$ 49.76	\$ 1.52
Gold (USD/OZ)	\$ 1,213.22	\$ (70.55)

FOMC Meeting Schedule

Release	%	Risk Assessment
28-Jan	0-.25%	Growth

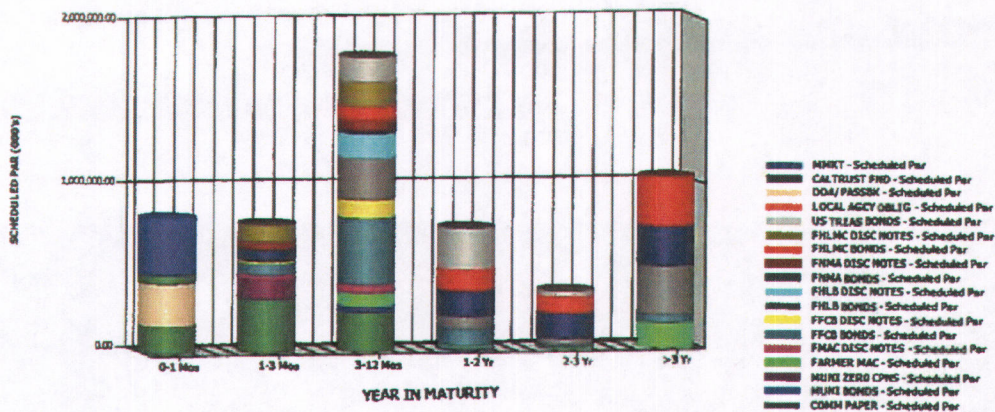
US Treasury Curve (M/M)



COUNTY OF RIVERSIDE TREASURER-TAX COLLECTOR

Maturity Distribution

Scheduled Par (000's)	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yr	2-3 Yr	>3 Yr	Totals (000's)
MMKT	340,000.00	-	-	-	-	-	340,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
DDA/PASSBK	260,000.00	-	-	-	-	-	260,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	395.00	395.00
US TREAS BONDS	-	-	150,000.00	250,000.00	35,000.00	-	435,000.00
FHLMC DISC NOTES	-	100,000.00	153,571.00	-	-	-	253,571.00
FHLMC BONDS	-	-	80,000.00	129,625.00	100,705.00	302,518.00	612,848.00
FNMA DISC NOTES	-	50,000.00	66,000.00	-	-	-	116,000.00
FNMA BONDS	-	65,000.00	15,000.00	156,887.00	154,452.00	237,335.00	628,674.00
FHLB DISC NOTES	-	-	150,000.00	-	-	-	150,000.00
FHLB BONDS	-	5,000.00	255,000.00	74,685.71	40,000.00	295,625.00	670,310.71
FFCB DISC NOTES	-	15,000.00	115,061.00	-	-	-	130,061.00
FFCB BONDS	-	68,150.00	399,320.00	102,296.00	15,000.00	50,000.00	634,766.00
FMAC DISC NOTES	-	25,000.00	50,000.00	-	-	-	75,000.00
FARMER MAC	-	-	85,000.00	15,000.00	8,850.00	150,000.00	258,850.00
MUNI ZERO CPNS	-	120,930.00	-	-	-	-	120,930.00
MUNI BONDS	-	-	32,785.00	12,070.00	-	-	44,855.00
COMM PAPER	167,000.00	326,000.00	240,500.00	-	-	-	733,500.00
Totals (000's):	821,000.00	775,080.00	1,792,237.00	740,563.71	354,007.00	1,035,873.00	5,518,760.71
%	14.88%	14.04%	32.48%	13.42%	18.77%	6.41%	
Cumulative %	14.88%	28.92%	61.40%	74.82%	93.59%	100.00%	



Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	4,032,695.71	4,032,129.71	4,031,234.54	99.98%	0.55%
Aa	5,000.00	4,998.50	4,997.75	99.98%	1.01%
Aa1	8,335.00	8,327.92	8,327.92	100.00%	0.23%
Aa2	546,295.00	546,050.34	546,091.82	100.01%	0.15%
Aa3	362,190.00	362,016.93	362,091.00	100.02%	0.15%
NR	539,245.00	539,126.10	539,313.24	100.03%	0.51%
NA	25,000.00	245,959.38	24,974.50	100.06%	0.20%
Totals (000's):	5,518,760.71	5,517,608.88	5,517,030.77	99.99%	0.48%

MOODY'S

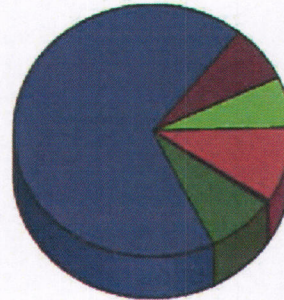
BOOK %



■ Aaa - 73%
 ■ Aa1 - 0%
 ■ Aa3 - 7%
 ■ NA - 0%
■ Aa - 0%
 ■ Aa2 - 10%
 ■ NR - 10%

S & P

BOOK %



■ AAA - 8%
 ■ AA - 7%
 ■ NR - 10%
■ AA+ - 58%
 ■ AA- - 7%
 ■ NA - 0%

S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	441,465.00	441,446.06	441,499.90	100.01%	0.15%
AA+	3,750,860.71	3,750,240.26	3,749,301.03	99.97%	0.58%
AA	400,000.00	399,820.15	399,851.10	100.01%	0.15%
AA-	362,190.00	362,016.93	362,091.00	100.02%	0.15%
NR	539,245.00	539,126.10	539,313.24	100.03%	0.51%
NA	25,000.00	24,959.38	24,974.50	100.06%	0.20%
Totals (000's):	5,518,760.71	5,517,608.88	5,517,030.77	99.99%	0.48%

COUNTY OF RIVERSIDE TREASURER-TAX COLLECTOR

Month End Portfolio Holdings

Table with columns: CUSIP, Description, Maturity Date, Amount, Yield To Maturity, Par Value, Book Value, Market Price, Market Value, Unrealized Gain/Loss, Modified Duration, Years to Maturity. Rows include various bond holdings such as FHLLB 3.5YrNCM3MoB, FHLLB 3.5YrNCM3MoA, etc.

COUNTY OF RIVERSIDE TREASURER-TAX COLLECTOR

Full Compliance

The Treasurer's Pooled Investment Fund was in **FULL COMPLIANCE** with the Treasurer's Statement of Investment Policy. The County's Investment Policy is more restrictive than the California Government Code. This policy is reviewed annually by the County's Investment Oversight Committee and approved by the County Board of Supervisors.



Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual %
	Maximum Maturity	Authorized % Limit	S&P/ Moody's	Maximum Maturity	Authorized % Limit	S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA-/Aa3/AA-	3.00%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	7.89%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	63.96%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	13.29%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	0.00%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	A1/P1/F1	0.00%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO)	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/AA	0.00%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.0%	NA	0.98%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	6.16%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.00%

¹ Mutual Funds maturity may be interpreted as weighted average maturity not exceeding 60 days.

² Or must have an investment advisor with not less than 5 years experience and with assets under management of \$500,000,000.



THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646



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