

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



ITEM
3.3
(ID # 6996)

MEETING DATE:

Tuesday, May 22, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Fiscal Year 2018-2019 Tax and Revenue Anticipation Notes, Adopt Resolution No. 2018-096 Authorizing and Approving the Borrowing of Funds for FY 2018-2019; All Districts. [\$350,000 - Note Proceeds 100%]
(VOTE ON SEPARATELY)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2018-096 Authorizing And Approving The Borrowing Of Funds For Fiscal Year 2018-2019; The Issuance And Sale Of The Fiscal Year 2018-2019 Tax And Revenue Anticipation Notes And The Execution And Delivery Of Related Documents.

ACTION: Policy

Ivan Chand, Deputy County Executive Officer 5/14/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: May 22, 2018
xc: EO

Kecia Harper-Ithem

Clerk of the Board

By:
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$350,000	\$350,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Note Proceeds			Budget Adjustment No	
			For Fiscal Year: 2018-19	

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

The County annually issues Tax and Revenue Anticipation Notes (TRANS) to provide needed cash to cover the projected cash flow deficits of the County General Fund during the fiscal year. The deficit occurs because the timing of tax collections does not match the County's on-going expenditure requirements.

As a cost savings measure the County evaluates annually the option of prepaying its pension obligation. Board Policy B-25 (Pension Management Policy) directs the Pension Advisory Review Committee (PARC) to review and make a recommendation regarding the prepayment of the annual CalPERS contribution.

PARC recommended the prepayment of the CALPERS contribution for the last 11 years and recommends the prepayment of the FY18-19 payment. Staff will continue to evaluate the cash flow benefit of the prepayment up to the pricing of the TRANS. If, at the time of the pricing, there is insufficient savings, the prepayment will be removed from the TRANS.

The County's issuance cost for the TRANS will be approximately \$350,000 assuming a \$340 million issuance. It is anticipated that interest rates for the tax-exempt notes will be approximately 1.85% for a 12-month note.

This year's recommendation is to offer a single 12-month note. This will allow for greater investment potential. The need to combine internal borrowing (borrowing from reserves) with external borrowing (TRANS Note) will continue to be evaluated until the day of issuance of the TRANS, and will be dictated by a detailed cost/benefit analysis.

The FY 2018-19 resolution authorizes the issuance of tax and revenue anticipation notes in an amount not-to-exceed \$340,000,000, though the actual amount should be less. The large authorization provides the flexibility to issue an additional series of notes in the event the County and State budgets change substantially. The resolution also appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Kutak Rock LLP as disclosure counsel for the notes, Fieldman, Rolapp & Associates as financial advisor, and Stifel, Nicolaus & Company, Inc., as senior managing underwriter, together with J.P. Morgan Securities, LLC,

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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as co-manager.

The Debt Advisory Committee has recommended the FY 2018-19 TRANs for approval.

Impact on Residents and Businesses

The borrowing will allow the County to run its daily business until tax revenues are received. This allows the County to provide continued services to the citizens and businesses.

ATTACHMENTS:

- A. Resolution No. 2018-096 for authorizing and approving the borrowing of funds for fiscal year 2018-2019
- B. 2018 TRANs Paying Agent Agreement
- C. 2018 TRANs Purchase Agreement
- D. Preliminary Official Statement
- E. Appendix A



Gregory V. Prietas, Director County Counsel 5/14/2018

2
3 RESOLUTION NO. 2018-096

4
5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
6 AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2018-
7 2019; THE ISSUANCE AND SALE OF A 2018-2109 TAX AND REVENUE ANTICIPATION NOTE;
8 AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

9
10 **WHEREAS**, the County of Riverside (the "County") is authorized by Section 53850 to
11 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6,
12 Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of
13 temporary notes;

14 **WHEREAS**, the Board of Supervisors of the County (the "Board") has determined that a
15 sum (the "Principal Amount") not to exceed a maximum principal amount of \$340,000,000, is needed for
16 the requirements of the County, to satisfy obligations of the County, and that it is necessary that said
17 Principal Amount be borrowed for such purpose at this time by the issuance of a note or notes therefore in
18 anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received or
19 accrued by the County for the general fund of the County, and provided for or attributable to its fiscal year
20 ending June 30, 2019 ("Repayment Fiscal Year");

21 **WHEREAS**, the County hereby determines to borrow, for the purposes set forth above, the
22 Principal Amount by the issuance of the Note, as hereinafter defined;

23 **WHEREAS**, it appears, and this Board hereby finds and determines, that the Principal
24 Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the
25 estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the
26 state and federal governments), cash receipts and other moneys of the County provided for or attributable
27 to the Repayment Fiscal Year, and available for the payment of the principal of the Note and the interest
28 thereon;

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]*
DATE: 05-14-18
SYNTHIA M. GUNZEL

1 **WHEREAS**, no money has heretofore been borrowed by or on behalf of the County through
2 the issuance of tax and revenue anticipation notes or temporary notes in anticipation of the receipt of, or
3 payable from or secured by, taxes, income, revenue, cash receipts or other moneys for the Repayment Fiscal
4 Year (other than amounts heretofore pledged by the County for the payment of its Teeter Plan obligations
5 pursuant to Resolution No. 97-203, as such resolution may be amended or supplemented from time to time);

6 **WHEREAS**, pursuant to Section 53856 of the Act, certain moneys which will be received
7 or accrued by the County and provided for or attributable to the Repayment Fiscal Year can be pledged for
8 the payment of the principal of the Note and the interest thereon (as hereinafter provided);

9 **WHEREAS**, The Bank of New York Mellon Trust Company, N.A. has agreed to act as
10 paying agent (the "Paying Agent") with respect to the Note;

11 **WHEREAS**, the Underwriter appointed in Section 21 hereof, intends to submit an offer to
12 purchase the Note and has submitted a form of Note Purchase Agreement (the "Purchase Agreement") to
13 the Board;

14 **WHEREAS**, a form of the Preliminary Official Statement describing the Note will be
15 distributed to potential purchasers of the Note by the Underwriter;

16 **WHEREAS**, this Board has been presented with the form of each document hereinafter
17 referred to relating to the Note, and the Board has examined and approved each document and desires to
18 authorize and direct the execution of such documents and the issuance of the Note;

19 **WHEREAS**, the County has determined that it may be desirable to provide for the
20 issuance of an additional parity note (the "Parity Note") during the Repayment Fiscal Year, the principal
21 and interest on which are secured by Pledged Revenues, hereinafter defined, on a parity with the Note;
22 and

23 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the
24 Board of Supervisors of the County of Riverside ("Board"), assembled in regular session, assembled on
25 May 22, 2018, in the Chambers of the Board of Supervisors, 4080 Lemon Street, 5th Floor, Riverside,
26 California 92501, that this Board finds, determines, declares and resolves as follows:

27
28 **Section 1. Recitals.** All the above recitals are true and correct.

1 **Section 2. Authorization of Issuance.** This Board hereby determines to borrow solely for
2 the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received or accrued
3 by the County for the general fund of the County and provided for or attributable to the Repayment Fiscal
4 Year, by the issuance of a note or notes, pursuant to the provisions of the Act, designated the County's
5 "2018 Tax and Revenue Anticipation Note," with an appropriate series designation if more than one note
6 is issued (collectively, the "Note"), to be issued in the form of a fully registered note or notes, in
7 denominations of \$5,000 or integral multiples thereof, in a combined amount not to exceed the Principal
8 Amount, to be dated the date of delivery to the initial purchaser thereof, to mature on a date or dates, if
9 more than one note is issued, with or without option of prior redemption at the election of the County, not
10 more than 15 months thereafter on a date indicated on the face thereof and determined in the Purchase
11 Agreement (each such date, a "Maturity Date"), and to bear interest, payable on its Maturity Date (and if
12 the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment
13 date set forth in the Purchase Agreement) and computed upon the basis of a 360-day year consisting of
14 twelve 30-day months, or a 365- or 366-day year, as the case may be, and actual days elapsed, at a rate or
15 rates, if more than one Note is issued, not to exceed 12% per annum as determined in the Purchase
16 Agreement and indicated on the face of the Note (the "Note Rate"). If the Note is not fully paid at maturity,
17 the unpaid portion thereof shall be deemed outstanding and shall continue to bear interest thereafter until
18 paid. In each case set forth in the preceding two sentences, the obligation of the County with respect to
19 such unpaid Note shall not be a debt or liability of the County prohibited by Article XVI, Section 18 of the
20 California Constitution, and the County shall not be liable thereon except to the extent of any available
21 revenues provided for or attributable to the Repayment Fiscal Year, as provided in Section 7 hereof. Both
22 the principal of and interest on the Note shall be payable in lawful money of the United States of America.

23 **Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons
24 and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by
25 reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures as
26 determined at closing.

27 **Section 4. Sale of Note; Purchase Agreement; Continuing Disclosure.** The form of the
28 Purchase Agreement presented to this meeting is hereby approved. The County Executive Officer, or in

1 the absence of such officer, his or her assistant, the County Treasurer-Tax Collector, or in the absence of
2 such officer, his or her assistant, and the Auditor-Controller, or in the absence of such officer, his or her
3 assistant (each a "County Officer") are each hereby individually authorized and directed to execute and
4 deliver such Purchase Agreement in substantially said form, with such changes thereto as such County
5 Officer shall approve, such approval to be conclusively evidenced by his or her execution and delivery
6 thereof; *provided, however*, that the interest rate on the Note shall not exceed 12% per annum, and that the
7 Underwriter's discount on the Note shall not exceed 0.05% of the Principal Amount actually issued.
8 Delivery of an executed copy of the Purchase Agreement by fax or telecopy shall be deemed effective upon
9 execution and delivery for all purposes.

10 The form of instrument, entitled "Continuing Disclosure Certificate," to be dated as of its
11 date of execution, in substantially the form presented to this meeting, is hereby approved. Any County
12 Officer is authorized and directed to execute and deliver on behalf of the County an instrument in
13 substantially said form, with such changes therein as such officer executing such instrument may require or
14 approve, such approval to be conclusively evidenced by the execution and delivery thereof.

15 **Section 5. Official Statement.** The proposed form of preliminary official statement (the
16 "Preliminary Official Statement") relating to the Note, in substantially the form presented to this meeting,
17 is hereby approved with such changes, additions, completion and corrections as any County Officer may
18 approve, and the Underwriter is hereby authorized and directed to cause to be distributed to prospective
19 purchasers the Preliminary Official Statement in connection with the offering and sale of the Note. Such
20 Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by
21 the County for purposes of Rule 15c2-12, promulgated by the Securities and Exchange Commission (the
22 "Rule"), unless otherwise exempt, but is subject to revision, amendment and completion in a final official
23 statement (the "Official Statement"). The Official Statement in substantially said form is hereby authorized
24 and approved, with such changes therein as any County Officer may approve. The County Officer is hereby
25 authorized and directed, at or after the time of the sale of the Note, for and in the name and on behalf of the
26 County, to deem the Preliminary Official Statement final on behalf of the County, to execute a final Official
27 Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with
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1 such additions thereto or changes therein as the County Officer may approve, such approval to be
2 conclusively evidenced by the execution and delivery thereof.

3 Any one of the County Officers is hereby authorized and directed to provide disclosure
4 counsel with such information relating to the County as they shall reasonably request for inclusion in the
5 Preliminary Official Statement and Official Statement of the County. Upon inclusion of the information
6 relating to the County therein, the Preliminary Official Statement is, except for certain omissions permitted
7 by the Rule, hereby deemed final within the meaning of the Rule. If, at any time prior to the end of the
8 underwriting period, as defined in the Rule, any event occurs as a result of which the information contained
9 in the Preliminary Official Statement might include an untrue statement of a material fact or omit to state
10 any material fact necessary to make the statements therein, in light of the circumstances under which they
11 were made, not misleading, the County shall promptly notify the Underwriter and the Municipal Advisor.

12 **Section 6. Disposition of Proceeds of Note; Investment.** The moneys received from the
13 sale of the Note shall be deposited in the County's "2018 Note Proceeds Account" (herein called the
14 "Proceeds Account") which Proceeds Account is hereby established and maintained with the County
15 Treasurer-Tax Collector. The moneys received from the sale of the Note deposited in the County's Proceeds
16 Account may be used and expended by the County for any purpose for which it is authorized to expend
17 funds.

18 All moneys in the Proceeds Account shall be invested in Permitted Investments (as
19 hereinafter defined), and the proceeds of such investments shall be retained in the Proceeds Account.

20 "Permitted Investments" means any of the following to the extent then permitted by law:

- 21 1. (a) Direct obligations (other than an obligation
22 subject to variation in principal repayment) of the United States of
23 America ("United States Treasury Obligations"), (b) obligations
24 fully and unconditionally guaranteed as to timely payment of
25 principal and interest by the United States of America,
26 (c) obligations fully and unconditionally guaranteed as to timely
27 payment of principal and interest by any agency or instrumentality
28 of the United States of America when such obligations are backed

1 by the full faith and credit of the United States of America, or (d)
2 evidences of ownership of proportionate interests in future interest
3 and principal payments on obligations described above held by a
4 bank or trust company as custodian, under which the owner of the
5 investment is the real party in interest and has the right to proceed
6 directly and individually against the obligor and the underlying
7 government obligations are not available to any person claiming
8 through the custodian or to whom the custodian may be obligated.

9 2. Obligations of instrumentalities or agencies of the United States of America. These
10 are specifically limited to:

11 -- Federal Home Loan Mortgage Corporation (FHLMC)

12 Participation certificates (excluded are stripped mortgage securities which
13 are purchased at prices exceeding their principal amounts)

14 Debt Obligations

15 -- Federal Home Loan Banks (FHL Banks)

16 Consolidated debt obligation

17 -- Federal National Mortgage Association (FNMA)

18 Debt obligations

19 Mortgage backed securities (Excluded are stripped mortgage
20 securities-which are purchased at prices exceeding their principal amounts).

21 Book entry securities listed in 1 and 2 above must be held in a trust account with the Federal
22 Reserve Bank or with a clearing corporation or chain of clearing corporations which has an
23 account with the Federal Reserve Bank.

24 3. Federal Housing Administration debentures.

25 4. Commercial paper, payable in the United States of America, having original
26 maturities of not more than 92 days and which are rated SP-1 by S&P and MIG-1 by
27 Moody's.
28

- 1 5. Interest bearing demand or time deposits issued by state banks or trust companies,
2 savings and loan associations, federal savings banks or any national banking
3 associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or
4 the Savings Association Insurance Fund of the Federal Deposit Insurance
5 Corporation (SAIF) or any successors thereto. These deposits: (a) must be
6 continuously and fully insured by BIF or SAIF, or (b) must have maturities of less
7 than 366 days and be deposited with banks the short term obligations of which are
8 rated SP-1 by S&P and MIG-1 by Moody's.
- 9 6. Money market mutual funds or portfolios investing in short-term US Treasury
10 securities rated AAAM or AAAM-G by S&P and Aaa by Moody's.
- 11 7. Investment agreements, funding agreements or guaranteed investment contracts
12 approved by the County Treasurer-Tax Collector with a financial institution rated in
13 one of the two highest rating categories by both Moody's and S&P without regard to
14 plus, minus or numerical notation. Such agreement or contract must contain
15 downgrade covenants providing that in the event of a rating downgrade of the
16 provider below Aa3 by Moody's or AA- by S&P, the agreement or contract shall
17 require the provider to notify the County Treasurer-Tax Collector in writing of such
18 downgrade within five (5) business days of such downgrade event; thereafter, at the
19 provider's option, the provider shall either (a) assign the agreement or contract and
20 all of its obligations thereunder to a then qualified financial institution acceptable to
21 the County Treasurer-Tax Collector, or (b) collateralize the agreement or contract
22 with U.S. Treasury or Government Agency securities at 105% of principal and
23 interest, marked-to-market weekly with a three (3) business day cure period for
24 deficiencies. Such collateral must be held by an independent third party acting for
25 the benefit of the County of Riverside and must be free and clear of any liens. A
26 downgrade below A3 by Moody's or A- by S&P of the provider or any substituted
27 provider pursuant to an assignment, shall allow for the immediate withdrawal of all
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1 monies then invested in the agreement or contract at no premium or penalty to the
2 County.

3 8. Repurchase agreements with financial institutions or banks insured by the FDIC or
4 FSLIC, or any broker dealer with "retail customers" which falls under the jurisdiction
5 of the Securities Investors Protection Corporation (SIPC), or any other financial
6 institutions, provided that: (a) the repurchase agreement is over-collateralization at
7 one hundred two percent (102%), computed weekly, consisting of securities as
8 described in clauses (1) and (2) above; (b) a third party custodian, the Trustee or the
9 Federal Reserve Bank shall have possession of such obligations; (c) the Trustee shall
10 have perfected a first priority security interest in such obligations; and (d) failure to
11 maintain the requisite collateral percentage will require the Trustee to liquidate the
12 collateral;

13 9. The Local Agency Investment Fund administered by the State of California.

14 10. Investment Trust of California, doing business as CalTRUST.

15 11. The Pooled Investment Fund maintained by the County Treasurer-Tax Collector.

16 **Section 7. Source of Payment; Parity Note.** The principal amount of the Note, together
17 with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to,
18 revenue from the state and federal governments), cash receipts and other moneys which are accrued,
19 received or held by the County for the general fund of the County and are provided for or attributable to the
20 Repayment Fiscal Year and which are available for payment of current expenses and other obligations of
21 the County ("Unrestricted Revenues"). As security for the payment of the principal of and interest on the
22 Note, the County hereby pledges all Unrestricted Revenues (the "Pledged Revenues"), and the principal of
23 the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from
24 the moneys received by the County from such Pledged Revenues and, to the extent not so paid, shall be
25 paid from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully available
26 therefor (all as provided for in Sections 53856 and 53857 of the Act). Anything herein to the contrary
27 notwithstanding, Unrestricted Revenues pledged to the payment of the Note as Pledged Revenues shall not
28 include any amounts heretofore pledged by the County to the payment of County of Riverside Teeter Plan

1 obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and
2 supplemented from time to time. The County may incur indebtedness secured by a pledge of its Pledged
3 Revenues subordinate to the pledge of Pledged Revenues hereunder and may issue subordinate tax and
4 revenue anticipation notes.

5 In order to effect the pledge referenced in the preceding paragraph, the County hereby agrees
6 to the establishment and maintenance of a "2018 Note Payment Account" (herein called the "Payment
7 Account") by the Paying Agent as the responsible agent to maintain such an account until the payment of
8 the principal of the Note and the interest thereon, and the County further agrees to cause to be deposited in
9 the Payment Account from amounts received in the months specified in the Purchase Agreement as
10 Repayment Months (each individual month a "Repayment Month" and collectively "Repayment Months")
11 (and any amounts received thereafter provided for or attributable to the Repayment Fiscal Year) until the
12 amount on deposit in the Payment Account, is equal in the respective Repayment Months identified in the
13 Purchase Agreement to the percentage of the principal of and interest due on the Note specified in the
14 Purchase Agreement. Any such deposit may take into consideration anticipated investment earnings on
15 amounts deposited in an Investment Agreement that is a Permitted Investment through the Maturity Date.

16 Any County Officer is hereby authorized to approve the determination of the Repayment
17 Months and percentages of the principal of and interest due on the Note required to be on deposit in the
18 Payment Account in each Repayment Month, all as specified in the Purchase Agreement, by executing and
19 delivering the Purchase Agreement, such execution and delivery to be conclusive evidence of approval by
20 this Board and such County Officer. In the event on the day in each such Repayment Month that a deposit
21 to the Payment Account is required to be made, the County has not received sufficient Unrestricted
22 Revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be
23 deposited in the Payment Account from said Unrestricted Revenues in said month, then the amount of any
24 deficiency shall be satisfied and made up from any other moneys of the County lawfully available for the
25 payment of the principal of the Note and the interest thereon, as and when such other moneys are received
26 or are otherwise legally available.

27 Any moneys placed in the Payment Account shall be for the benefit of the holders of the
28 Note. The moneys in the Payment Account shall be applied only for the purposes for which the Payment

1 Account is created until the principal of the Note and all interest thereon are paid or until provision has been
2 made for such payment.

3 In the event that moneys in the Payment Account are insufficient to pay the principal of and
4 interest on the Note in full when due, such moneys shall be applied in the following priority: first, to pay
5 interest on the Note; and second, to pay principal of the Note. Any moneys remaining in or accruing to the
6 Payment Account after the principal of the Note and the interest thereon have been paid, or provision for
7 such payment has been made, shall be transferred to the general fund of the County.

8 Moneys in the Payment Account shall be invested in Permitted Investments and any such
9 investment shall be for the account and risk of the County. The County shall not be deemed to be relieved
10 of any of its obligations with respect to the Note by reason of such investment of the moneys in its Payment
11 Account.

12 Anything herein to the contrary notwithstanding, the County may at any time during the
13 Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on Pledged Revenues on a
14 parity with the Note; provided that (i) the issuance of any such Parity Note shall not, in and of itself, reduce
15 or impair the rating on the Note, (ii) the maturity date of any such Parity Note shall be later than the
16 outstanding Note and (iii) the Note and Parity Note shall have the same paying agent. In the event that the
17 County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with
18 respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the
19 holders of the Parity Note.

20 **Section 8. Execution of Note.** Any one of the County Officers or any other officer
21 designated by the Board shall be authorized to execute the Note by manual or facsimile signature, and the
22 Clerk of the Board of the County or any duly appointed deputy or assistant thereto shall be authorized to
23 countersign the Note by manual or facsimile signature. Said officers of the County are hereby authorized
24 to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Purchase
25 Agreement. In case any officer whose signature shall appear on any Note shall cease to be such officer
26 before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes,
27 the same as if such officer had remained in office until delivery. The Note need not bear the seal of the
28 County, if any.

1 **Section 9. Use of Depository; Registration, Exchange and Transfer.**

2 (A) The Depository Trust Company, New York, New York ("DTC"), is hereby appointed
3 depository for the Note. DTC shall perform such function pursuant to the Blanket Issuer Letter of
4 Representations on file with DTC (the "Letter of Representation"). The Note shall be initially issued and
5 registered in the name of "Cede & Co.," as nominee of DTC and shall be evidenced by a single Note for
6 each series. Registered ownership of each Note, or any portion thereof, may not thereafter be transferred
7 except as set forth in Section 9(B).

8 (B) The Note shall be initially issued and registered as provided in Section 9(A) hereof.
9 Registered ownership of the Note, or any portions thereof, may not thereafter be transferred except:

10 (i) to any successor of Cede & Co., as nominee of DTC, or its nominee,
11 or of any substitute depository designated pursuant to clause (ii) of this subsection (B)
12 ("Substitute Depository"); provided, that, any successor of Cede & Co., as nominee of DTC
13 or Substitute Depository, shall be qualified under any applicable laws to provide the service
14 proposed to be provided by it;

15 (ii) to any Substitute Depository not objected to by the County Officer,
16 upon (1) the resignation of DTC or its successor (or any Substitute Depository or its
17 successor) from its functions as depository, or (2) a determination by the County Officer to
18 substitute another depository for DTC (or its successor) because DTC (or its successor) is
19 no longer able to carry out its functions as depository; provided, that, any such Substitute
20 Depository shall be qualified under any applicable laws to provide the services proposed to
21 be provided by it; or

22 (iii) to any person as provided below, upon (1) the resignation of DTC or
23 its successor (or any Substitute Depository or its successor) from its functions as depository,
24 or (2) a determination by the County Officer to discontinue using DTC or a depository.

25 (C) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (B) of this
26 Section 9, upon receipt of the outstanding Note of each series by the Paying Agent (together with a written
27 request of the County Officer to the Paying Agent designating the Substitute Depository), a single new Note
28 of each series, which the County shall prepare or cause to be prepared, shall be executed and delivered,

1 authenticated by the Paying Agent, and registered in the name of any such successor to Cede & Co. or such
2 Substitute Depository, or their respective nominees, as the case may be, all as specified in the written request
3 of the County Officer. In the case of any transfer pursuant to clause (iii) of Subsection (B) of this Section
4 9 upon receipt of the outstanding Note of a series by the Paying Agent (together with a written request of
5 the County Officer to such Paying Agent), a new Note, which the County shall prepare or cause to be
6 prepared, shall be executed by the County and authenticated by the Paying Agent and delivered in such
7 denominations and registered in the names of such persons as specified by the County Officer in such
8 written request, subject to the limitations of this Section 9, provided, that, the Paying Agent shall deliver
9 such new Note as soon as practicable.

10 (D) The County and the Paying Agent shall be entitled to treat the person in whose name
11 any Note is registered as the owner thereof for all purposes of this Resolution and for purposes of payment
12 of principal of and interest on such Note, notwithstanding any notice to the contrary received by the Paying
13 Agent or the County; and the County and the Paying Agent shall not have responsibility for transmitting
14 payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note
15 while DTC or its successor is the registered owner. Neither the County nor the Paying Agent shall have
16 any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party,
17 including DTC or its successor (or Substitute Depository or its successor), except to the registered owner
18 of any Note, and the Paying Agent may rely conclusively on its records as to the identity of the owners of
19 the Note.

20 (E) Notwithstanding any other provision of this Resolution and so long as the outstanding
21 Note is registered in the name of Cede & Co. or its registered assigns, the County and the Paying Agent
22 shall cooperate with Cede & Co. or its registered assigns, as sole registered owner, in effecting payment of
23 the principal of and interest on the Note by arranging for payment in such manner that funds for such
24 payments are properly identified and are made available on the date they are due all in accordance with the
25 Letter of Representation, the provisions of which the Paying Agent may rely upon to implement the
26 foregoing procedures notwithstanding any inconsistent provisions herein.

27 (F) In the case of any transfer pursuant to clause (iii) of subsection (B) of this Section, any
28 Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount

1 in authorized denominations, upon the books required to be kept by the Paying Agent pursuant to the
2 provisions hereof, by the person in whose name it is registered, in person or by his duly authorized attorney,
3 upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a
4 written instrument of transfer, duly executed and in form approved by the Paying Agent.

5 Whenever any Note shall be surrendered for transfer or exchange, the County shall execute
6 and the Paying Agent shall authenticate and deliver a new Note of authorized denominations of the same
7 series, for a like aggregate principal amount of the same interest rate. The Paying Agent shall require the
8 owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid
9 with respect to such transfer or exchange.

10 (G) The Paying Agent will keep or cause to be kept sufficient books for the registration and
11 transfer of the Note of each series, which shall at all times be open to inspection by the County. Upon
12 presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe,
13 register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

14 (H) If any Note shall become mutilated, the County, at the expense of the owner of such
15 Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Note of like series,
16 tenor, interest rate and number in exchange and substitution for the Note so mutilated, but only upon
17 surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying
18 Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any Note shall be lost,
19 destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County and the
20 Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given,
21 the County, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate,
22 if required, and deliver a new Note of like series, interest rate, tenor and number in lieu of and in substitution
23 for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature,
24 instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The
25 Paying Agent may require payment by the registered owner of a Note of a sum not exceeding the actual
26 cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be
27 incurred by the County and the Paying Agent. Any Note issued under these provisions in lieu of any Note
28 alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the

1 part of the County whether or not the Note so alleged to be lost, destroyed or stolen be at any time
2 enforceable by anyone, and shall be entitled to the benefits of this Resolution with the Note of any other
3 series secured by this.

4 The Note of any series surrendered for payment or registration of transfer, if surrendered to
5 any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly
6 cancelled by it. The County may at any time deliver to the Paying Agent for cancellation any Note
7 previously authenticated and delivered hereunder which the County may have acquired in any manner
8 whatsoever, and any Note so delivered shall promptly be cancelled by the Paying Agent. No Note shall be
9 authenticated in lieu of or in exchange for any Note cancelled as provided herein, except as expressly
10 permitted hereunder. The cancelled Note of any series held by the Paying Agent shall be disposed of as
11 directed by the County.

12 **Section 10. Representations and Covenants of the County.** The County makes the
13 following representations and covenants for the benefit of the holders of the Note:

14 (A) The County is duly organized and existing under and by virtue of the laws of the
15 State of California and has all necessary power and authority (i) to adopt this Resolution and perform its
16 obligations thereunder, (ii) to enter into and perform its obligations under the Purchase Agreement, and (iii)
17 to issue the Note and perform its obligations thereunder.

18 (B) Upon the issuance of the Note, the County shall have taken all action required to be
19 taken by it to authorize the issuance and delivery of the Note and the performance of its obligations
20 thereunder, and the County has full legal right, power and authority to issue and deliver the Note.

21 (C) The issuance of the Note, the adoption of the Resolution and the execution and
22 delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict
23 with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other
24 agreement to which the County is subject or by which it is bound.

25 (D) Except as may be required under blue sky or other securities laws of any state or
26 Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of,
27 or filing with, or certification by, any regulatory authority having jurisdiction over the County required for
28 the issuance and sale of the Note or the consummation by the County of the other transactions contemplated

1 by this Resolution, except those the County shall obtain or perform prior to or upon the issuance of the
2 Note.

3 (E) Prior to the issuance of the Note, the County has duly, regularly and properly adopted
4 a preliminary budget for the Repayment Fiscal Year setting forth expected revenues and expenditures and
5 has complied with all statutory and regulatory requirements with respect to the adoption of such budget.
6 The County hereby covenants that it shall (i) duly, regularly and properly prepare and adopt its final budget
7 for the Repayment Fiscal Year, (ii) provide to the Municipal Advisor and the Underwriter, promptly upon
8 adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto
9 and (iii) comply with all applicable laws pertaining to its budget.

10 (F) The County (i) has not defaulted within the past twenty (20) years, and is not
11 currently in default, on any debt obligation and (ii), to the best knowledge of the County, has never defaulted
12 on any debt obligation.

13 (G) The County's most recent audited financial statements present fairly the financial
14 condition of the County as of the date thereof and the results of operation for the period covered thereby.
15 Except as has been disclosed to the Municipal Advisor and the Underwriter and in the Preliminary Official
16 Statement and to be set forth in the final Official Statement, there has been no change in the financial
17 condition of the County since the date of such audited financial statements that will in the reasonable
18 opinion of the County materially impair its ability to perform its obligations under this Resolution and the
19 Note. The County agrees to furnish to the Municipal Advisor and the Underwriter promptly, from time to
20 time, such information regarding the operations, financial condition and property of the County as such
21 party may reasonably request.

22 (H) There is no action, suit, proceeding, inquiry or investigation, at law or in equity,
23 before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best
24 knowledge of the County, threatened against or affecting the County questioning the validity of any
25 proceeding taken or to be taken by the County in connection with the Note, the Purchase Agreement or this
26 Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the County
27 of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially
28 adverse effect on the County's financial condition or results of operations or on the ability of the County to

1 conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would
2 materially adversely affect the validity or enforceability of, or the authority or ability of the County to
3 perform its obligations under, the Note, the Purchase Agreement or this Resolution.

4 (I) Upon issuance of the Note and execution of the Purchase Agreement, this Resolution,
5 the Purchase Agreement and the Note will constitute legal, valid and binding agreements of the County,
6 enforceable in accordance with their respective terms, except as such enforceability may be limited by
7 bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if
8 equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on
9 legal remedies against local agencies, as applicable, in the State of California.

10 (J) The County and its appropriate officials have duly taken, or will take, all proceedings
11 necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged
12 Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

13 (K) Except for Parity Notes, if any, permitted to be executed and delivered pursuant to
14 Section 7 hereof, the County shall not incur any indebtedness secured by a pledge of its Pledged Revenues
15 unless such pledge is subordinate in all respects to the pledge of Pledged Revenues hereunder.

16 (L) The information contained in the Official Statement (excluding the statements and
17 information under the heading "UNDERWRITING" and under "THE NOTE—Book-Entry Only System"),
18 as of the time of delivery thereof to the Underwriter and at all times subsequent thereto up to and including
19 the closing, will be true, complete, correct and final in all material respects and will not contain any untrue
20 statement of a material fact or omit to state a material fact necessary to make the statements therein, in the
21 light of the circumstances under which they were made, not misleading.

22 (M) The County hereby covenants and agrees that it will comply with and carry out all of
23 the provisions of the Continuing Disclosure Certificate consistent with the requirements of the Rule.

24 **Section 11. Tax Covenants.** The County will not take any action or fail to take any action
25 if such action or failure to take such action would adversely affect the exclusion from gross income of the
26 interest payable on the Note under Section 103 of the Internal Revenue Code of 1986, as amended (the
27 "Code"). Without limiting the generality of the foregoing, the County will not make any use of the proceeds
28 of the Note or any other funds of the County which would cause the Note to be an "arbitrage bond" within

1 the meaning of Section 148 of the Code, a “private activity bond” within the meaning of Section 141(a) of
2 the Code, or an obligation the interest on which is subject to federal income taxation because it is “federally
3 guaranteed” as provided in Section 149(b) of the Code. The County, with respect to the proceeds of the
4 Note, will comply with all requirements of such sections of the Code and all regulations of the United States
5 Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the
6 time, applicable and in effect.

7 The County hereby covenants that the County will take all legally permissible steps
8 necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is
9 six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B)
10 of the Code.

11 Notwithstanding any other provision of this Resolution to the contrary, upon the County’s
12 failure to observe, or refusal to comply with, the covenants contained in this Section 11, no one other than
13 the holders or former holders of the Note, and their legal representatives, shall be entitled to exercise any
14 right or remedy under this Resolution on the basis of the County’s failure to observe, or refusal to comply
15 with, such covenants.

16 The covenants contained in this Section 11 shall survive the payment of the Note.

17 **Section 12. Events of Default and Remedies.**

18 If any of the following events occur, it is hereby defined as and declared to be and to
19 constitute an “Event of Default”:

20 (a) Failure by the County to make or cause to be made the transfers and deposits
21 to the Payment Account, or any other payment required to be paid hereunder, including
22 payment of principal of and interest on the Note, on or before the date on which such transfer,
23 deposit or other payment is due and payable;

24 (b) Failure by the County to observe and perform any covenant, condition or
25 agreement (other than failure to make a payment or transfer as provided in subsection (a) of
26 this Section) on its part to be observed or performed under this Resolution, for a period of
27 fifteen (15) days after written notice, specifying such failure and requesting that it be
28 remedied, is given to the County by the holders of not less than 10% in aggregate principal

1 amount of the Note, unless such holders shall agree in writing to an extension of such time
2 prior to its expiration;

3 (c) Any warranty, representation or other statement by or on behalf of the County
4 contained in this Resolution or the Purchase Agreement or in any requisition or any financial
5 report delivered by the County or in any instrument furnished in compliance with or in
6 reference to this Resolution or the Purchase Agreement or in connection with the Note, is
7 false or misleading in any material respect;

8 (d) A petition is filed against the County under any bankruptcy, reorganization,
9 arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any
10 jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such
11 filing, but the holders of the Note shall have the right to intervene in the proceedings prior
12 to the expiration of such 30 days to protect their interests;

13 (e) The County files a petition in voluntary bankruptcy or seeking relief under
14 any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of
15 debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect,
16 or consents to the filing of any petition against it under such law; or

17 (f) The County admits insolvency or bankruptcy or is generally not paying its
18 debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment
19 for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator
20 or trustee) of the County or any of its property is appointed by court order or takes possession
21 thereof and such order remains in effect or such possession continues for more than 30 days,
22 but the holders of the Note shall have the right to intervene in the proceedings prior to the
23 expiration of such 30 days to protect their interests;

24 Whenever any Event of Default referred to in this Section 12 shall have happened and be
25 continuing, the holders of the Note and any adversely affected former holders of the Note, and their legal
26 representatives, shall, in addition to any other remedies provided herein, have the right, at their option
27 without any further demand or notice, to take one or any combination of the following remedial steps:
28

1 (a) Without declaring the Note to be immediately due and payable, require the
2 County to pay to the Paying Agent on behalf of the holders of the Note, an amount equal to
3 the principal of the Note and interest thereon to maturity, plus all other amounts due
4 hereunder, and upon notice to the County the same shall become immediately due and
5 payable by the County without further notice or demand; and

6 (b) Take whatever other action at law or in equity (except for acceleration of
7 payment on the Note) which may appear necessary or desirable to collect the amounts then
8 due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

9 **Section 13. Application of Amounts After Default.** Notwithstanding anything to the
10 contrary contained herein, after a default by the County, all funds and accounts held by the Paying Agent
11 and all payments received by the Paying Agent with respect to the Note after an Event of Default by the
12 County pursuant to Section 12 hereof, and all damages or other payments received by the Paying Agent for
13 the enforcement of any rights and powers of the Paying Agent under Section 12, shall be deposited into the
14 Payment Account and as soon as practicable thereafter applied to the payment of all amounts then due as
15 interest on the Note and any Parity Note, and thereafter to the payment of all amounts due as principal on
16 the Note and any Parity Note, ratably without preference or priority of any kind, according to the amounts
17 due and payable with respect to such Note and Parity Note.

18 **Section 14. Paying Agent.** The Bank of New York Mellon Trust Company, N.A. is hereby
19 appointed as paying agent and registrar for the Note. The County hereby directs and authorizes the payment
20 by the Paying Agent of the interest on and principal of the Note when such become due and payable, from
21 the Payment Account held by the Paying Agent in the name of the County in the manner set forth herein.
22 The County hereby covenants to deposit funds in such account at the time and in the amount specified
23 herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it
24 matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

25 **Section 15. Approval of Actions.** All actions heretofore taken by the officers and agents
26 of the County or this Board with respect to the sale and issuance of the Note are hereby approved, confirmed
27 and ratified, and the County Officers and agents of the County are hereby authorized and directed, for and
28 in the name and on behalf of the County, to do any and all things and take any and all actions and execute

1 any and all certificates, agreements and other documents which they, or any of them, may deem necessary
2 or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with, and
3 related transactions contemplated by, this Resolution.

4 **Section 16. Proceedings Constitute Contract.** The provisions of the Note and of this
5 Resolution shall constitute a contract between the County and the registered holders of the Note and such
6 provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or
7 in equity in any court of competent jurisdiction, and shall be irrevocable.

8 **Section 17. Limited Liability.** Notwithstanding anything to the contrary contained herein
9 or in the Note or in any other document mentioned herein or related to the Note, the County shall not have
10 any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby
11 except to the extent payable from moneys available therefor as set forth in Section 7 hereof.

12 **Section 18. Amendments.** At any time or from time to time, the County may adopt one or
13 more Supplemental Resolutions without the necessity for consent of the owner of the Note for any one or
14 more of the following purposes:

15 (a) to add to the covenants and agreements of the County in this Resolution, other
16 covenants and agreements to be observed by the County which are not contrary to or
17 inconsistent with this Resolution as theretofore in effect;

18 (b) to add to the limitations and restrictions in this Resolution, other limitations
19 and restrictions to be observed by the County which are not contrary to or inconsistent with
20 this Resolution as theretofore in effect;

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

24 (d) to cure any ambiguity, supply any omission, or cure or correct any defect or
25 inconsistent provision in this Resolution; or

26 (e) to amend or supplement this Resolution in any other respect;

27 provided, however, that any such Supplemental Resolution does not adversely affect the interests of the
28 holders of the Note.

1 Any modifications or amendment of this Resolution and of the rights and obligations of the
2 County and of the holders of the Note may be made by a Supplemental Resolution, with the written consent
3 of the holders of at least a majority in principal amount of the Note outstanding at the time such consent is
4 given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long
5 as the Note remains outstanding, the consent of the holders of such Note shall not be required. No such
6 modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal
7 amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest
8 thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent
9 of the holders of such Note, or shall reduce the percentage of the Note, the consent of the holders of which
10 is required to effect any such modification or amendment, or shall change or modify any of the rights or
11 obligations of the Paying Agent without its written assent thereto.

12 **Section 19. Severability.** In the event any provision of this Resolution shall be held invalid
13 or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render
14 unenforceable any other provision hereof.

15 **Section 20. Appointment of Bond Counsel and Disclosure Counsel.** The County
16 approves and consents to the appointment of the law firm of Orrick, Herrington & Sutcliffe LLP, Los
17 Angeles, California as Bond Counsel for the Note. The County acknowledges that Bond Counsel regularly
18 performs legal services for many private and public entities in connection with a wide variety of matters,
19 and that Bond Counsel has represented, is representing or may in the future represent other public entities,
20 underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other
21 consultants who may have a role or interest in the proposed financing or that may be involved with or
22 adverse to the County in this or some other matter. Given the special, limited role of Bond Counsel
23 described above, the County acknowledges that no conflict of interest exists or would exist, waives any
24 conflict of interest that might appear to exist, and consents to any and all such relationships.

25 The County approves and consents to the appointment of the law firm of Kutak Rock LLP,
26 Los Angeles, California as Disclosure Counsel for the Note. The County acknowledges that Disclosure
27 Counsel regularly performs legal services for many private and public entities in connection with a wide
28 variety of matters, and that Disclosure Counsel has represented, is representing or may in the future

1 represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement
2 providers, lenders, financial and other consultants who may have a role or interest in the proposed financing
3 or that may be involved with or adverse to the County in this or some other matter. Given the special,
4 limited role of Disclosure Counsel described above, the County acknowledges that no conflict of interest
5 exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all
6 such relationships.

7 **Section 21. Appointment of Municipal Advisor and Underwriter.** The County approves
8 the appointment of Fieldman, Rolapp & Associates, Inc., as municipal advisor for the County for the Note
9 (the "Municipal Advisor") pursuant to its existing contract to provide financial advisory services for the
10 County.

11 The County approves and consents to the appointment of Stifel Nicolaus & Company,
12 Incorporated, as senior manager, together with J.P. Morgan Securities LLC, as co-manager (collectively,
13 the "Underwriter") for the Note.

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

16
17 [Attach form of Certification of the Clerk of the Board with respect to the Resolution]

18 ROLL CALL:

19 Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
20 Nays: None
21 Absent: None

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

24 KECIA HARPER-IBEM, Clerk of said Board

25 By  _____

26 Deputy

EXHIBIT A
FORM OF NOTE

COUNTY OF RIVERSIDE

2018 TAX AND REVENUE ANTICIPATION NOTE, SERIES ___^{*/}

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
%		July __, 2018
First	Second	Third
<u>Repayment Month</u>	<u>Repayment Month</u>	<u>Repayment Month</u>
__% (Total of principal and interest due on Note at maturity)	__% (Total of principal and interest due on Note at maturity)	__% (Total of principal and interest due on Note at maturity) ^{**/}

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, the County of Riverside (the "County") acknowledges itself indebted, and promises to pay, to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on [_____, 201__ and on the Maturity Date], at the Interest Rate specified above (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency

^{*/} If more than one Series is issued in the Repayment Fiscal Year.

^{**/} Number of Repayment Dates and percentages to be determined in Purchase Agreement (as defined in the Resolution).

1 of the United States as at the time of payment is legal tender for payment of private and public debts, such
2 principal to be paid upon surrender hereof at the office of The Bank of New York Mellon Trust company,
3 N.A., or its successor (the "Paying Agent"). Interest shall be calculated on the basis of a 360-day year,
4 consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date
5 specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day
6 year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest
7 on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same
8 shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which
9 the holder hereof fails to properly present this Note for payment.

10 It is hereby certified, recited and declared that this Note (the "Note") represents the
11 authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and
12 by authority of certain resolutions of the Board of Supervisors of the County (the "Board") duly passed and
13 adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4,
14 Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the
15 provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

16 The principal of the Note, together with the interest thereon, shall be payable from taxes,
17 income, revenue, cash receipts and other moneys which are received or accrued by the County for the
18 general fund of the County and are provided for or attributable to the Repayment Fiscal Year, as defined in
19 the Resolution, and which are available for payment thereof. As security for the payment of the principal
20 of and interest on the Note, the County has pledged from Unrestricted Revenues of the County received in
21 the Repayment Months (as defined in the Resolution) identified in the Purchase Agreement (as defined in
22 the Resolution) (and any amounts received thereafter provided for or attributable to the Repayment Fiscal
23 Year) until the amount on deposit in the Payment Account (as defined in the Resolution) in each such
24 month, is equal to the corresponding percentages of principal of and interest due on the Note as set forth in
25 the Purchase Agreement (such pledged amounts being hereinafter called the "Pledged Revenues"), and the
26 principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be
27 payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of
28 the County lawfully available therefor as set forth in the Resolution. The full faith and credit of the County

1 is not pledged to the payment of the principal of or interest on this Note.

2 The County and the Paying Agent may deem and treat the registered owner hereof as the
3 absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest
4 due hereon and for all other purposes, and the County and the Paying Agent shall not be affected by any
5 notice to the contrary.

6 It is hereby certified that all of the conditions, things and acts required to exist, to have
7 happened and to have been performed precedent to and in the issuance of this Note do exist, have happened
8 and have been performed in due time, form and manner as required by the Constitution and statutes of the
9 State of California and that the amount of this Note, together with all other indebtedness of the County,
10 does not exceed any limit prescribed by the Constitution or statutes of the State of California.

11 **IN WITNESS WHEREOF**, the Board of the County has caused this Note to be executed
12 by the manual or facsimile signature of a duly authorized County Officer of the County and countersigned
13 by the manual or facsimile signature of the Secretary or Clerk of the Board as of the date of original issue
14 set forth above.

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PAYING AGENT AGREEMENT

THIS PAYING AGENT AGREEMENT is entered into as of July 1, 2018 (the "Agreement"), by and between County of Riverside, California (the "County") and The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent"), a national banking association duly organized and operating under the laws of the United States of America.

WHEREAS, the County has duly authorized the sale and issuance of the County of Riverside 2018 Tax and Revenue Anticipation Note (the "Note") pursuant to the Resolution No. 2018-096 adopted by the County on May [22], 2018 (the "Resolution");

WHEREAS, in connection with the issuance of its Note, the County has agreed to pay certain of the costs associated with the issuance and delivery of the Note (the "Costs of Issuance"); and

WHEREAS, the Paying Agent has agreed to act as Paying Agent for the Note and to accept the deposit in the amount of \$_____ for payment of certain Costs of Issuance (the "COI Deposit") and to disburse payments of Costs of Issuance to various persons, upon instruction and has full power and authority to perform and serve as Paying Agent for the County in connection with the Note and the payment of the Costs of Issuance;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I APPOINTMENT OF PAYING AGENT

SECTION 1.01 APPOINTMENT. The County hereby appoints the Paying Agent to serve as Paying Agent with respect to the Note and the payment of Costs of Issuance, upon receipt of invoices by the Paying Agent, all in accordance with, respectively, the Resolution and this Agreement. The Paying Agent hereby accepts its appointment and agrees to serve as Paying Agent for the Note and the disbursement of the COI Deposit to pay Costs of Issuance.

SECTION 1.02 COMPENSATION. The Paying Agent will receive a one-time fee of [\$1,250.00] payable out of the COI Deposit, as compensation for the Paying Agent's services hereunder. If the amount on deposit in the Costs of Issuance Account is not sufficient to pay such fee to the Paying Agent, the County shall pay the Paying Agent from available funds of the County all amounts necessary to compensate the Paying Agent pursuant to this Section 1.02. In addition, the Paying Agent shall be entitled to payment of all reasonable expenses (including, without limitation, legal fees and expenses) incurred in satisfaction of any of the provisions hereof, out of the COI Deposit or, if such funds no longer exist or are not sufficient, the County shall make such reimbursement to the Paying Agent.

ARTICLE II COST OF ISSUANCE ACCOUNT

SECTION 2.01 COSTS OF ISSUANCE ACCOUNT. There is hereby established an account to be known as County of Riverside 2018 Tax and Revenue Anticipation Note Costs of

Issuance Account (the "Costs of Issuance Account") to be held by the Paying Agent, into which the County shall cause to be deposited the COI Deposit.

ARTICLE III DUTIES OF PAYING AGENT

SECTION 3.01 DUTIES OF PAYING AGENT. (a) The Paying Agent shall pay from the COI Deposit held in the Costs of Issuance Account those Costs of Issuance for which the Paying Agent has received a written invoice; provided that (i) each payee is listed as entitled to payment of Costs of Issuance on Exhibit A to this Agreement, (ii) the amount paid shall not exceed the amount set forth with respect to such payee in Exhibit A and (iii) amounts on deposit in the Costs of Issuance Account are sufficient to cover such payment.

(b) If the then remaining amounts on deposit in the Costs of Issuance Account are insufficient to pay any Costs of Issuance for which an invoice set forth in Exhibit A has been presented to the Paying Agent, the Paying Agent shall honor invoices to the extent of amounts remaining on deposit in the Costs of Issuance Account, and the County shall be responsible for payment of any amount of such invoice remaining unpaid. The Paying Agent shall honor invoices on a first received – first paid basis.

(c) The Paying Agent shall invest all cash in the Costs of Issuance Account as directed in writing by the County from time to time.

The Paying Agent shall not be responsible for any investment losses which may occur. The Paying Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the County. The County acknowledges that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the County specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Paying Agent that no brokerage confirmations need be sent relating to the security transactions as they occur. The Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the County.

(d) Any earnings in the Costs of Issuance Account shall remain in said account, until such account is closed. The Costs of Issuance Account shall be closed on the earlier to occur of (1) the date which is 45 days following the Closing Date of the Note; (2) the date on which each invoice scheduled on Exhibit A is paid in full; or (3) the date that the last available sums on deposit in the Costs of Issuance Account are disbursed in accordance with paragraph (a) above. At that time, the Paying Agent shall remit any amount remaining in the Costs of Issuance Account to the County.

(e) The Paying Agent shall also have such duties as assigned to it under the Resolution.

ARTICLE IV ADDITIONAL PROVISIONS REGARDING THE PAYING AGENT

SECTION 4.01 ADDITIONAL RIGHTS AND DUTIES. The Paying Agent undertakes to perform the duties set forth herein and agrees to use reasonable care in the

performance thereof and may conclusively rely on certificates, invoices and requisitions furnished to the Paying Agent. In addition:

(a) No provisions of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(b) The Paying Agent may rely, shall be protected in acting or refraining from acting upon and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, resolution, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(c) The Paying Agent may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and completed authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(d) Neither the Paying Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Agreement or in connection herewith except to the extent caused by the Paying Agent's gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. The Paying Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(e) Any bank, corporation or association into which the Paying Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Paying Agent shall be the successor of the Paying Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

(f) The County shall indemnify, defend and hold harmless the Paying Agent and its officers, directors, employees and agents, from and against and reimburse the Paying Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Paying Agent directly or indirectly relating to, or arising from, claims against the Paying Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Paying Agent's gross negligence or willful misconduct. The provisions of this Section 4.01(f) shall survive the termination of this Agreement or the earlier resignation or removal of the Paying Agent.

(g) The Paying Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Paying Agent Agreement and

delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Paying Agent, or another method or system specified by the Paying Agent as available for use in connection with its services hereunder); provided, however, that the County shall provide to the Paying Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County whenever a person is to be added or deleted from the listing. If the County elects to give the Paying Agent Instructions using Electronic Means and the Paying Agent in its discretion elects to act upon such Instructions, the Paying Agent’s understanding of such Instructions shall be deemed controlling. The County understands and agrees that the Paying Agent cannot determine the identity of the actual sender of such Instructions and that the Paying Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Paying Agent have been sent by such Authorized Officer. The County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Paying Agent and that the County and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the County. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The County agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Paying Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the County; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Paying Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 4.02 MONEY HELD BY PAYING AGENT. The Paying Agent shall hold the COI Deposit in the Costs of Issuance Account to be held in a fiduciary capacity for the payment of Costs of Issuance. Payments made from the Costs of Issuance Account shall be made by check or wire transfer drawn on such trust account.

All funds at any time and from time to time provided to or held by the Paying Agent hereunder shall be deemed, construed, and considered for all purposes as being provided to or held by the Paying Agent in trust and as a Paying Agent for the County, for payment of Costs of Issuance for the benefit of the County. The Paying Agent acknowledges, covenants, and represents that it is acting therein in an agency capacity in relation to such funds, and is not accepting, holding, administering, or applying such funds as a banking depository, but solely as paying agent for and on behalf of the County, to be applied as Paying Agent pursuant to the terms of this Agreement. The County shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of trust funds generally. The funds provided to the Paying Agent hereunder shall not be subject to warrants, drafts, or checks drawn by the County and, except as

expressly provided herein, shall not be subject to compromise, setoff, or other charge or diminution by the Paying Agent.

The Paying Agent shall be under no liability for interest on any money received by it hereunder.

**ARTICLE V
MISCELLANEOUS PROVISIONS**

SECTION 5.01 AMENDMENT. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

SECTION 5.02 ASSIGNMENT. This Agreement may not be assigned by either party without prior written consent of the other, provided, however, that no such prior consent is required for an assignment by the Paying Agent if such assignment is to a successor by operation of law or in connection with a merger, consolidation, conversion or sale of all or substantially all of the Paying Agent's corporate trust business.

SECTION 5.03 NOTICES. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the County or the Paying Agent shall be mailed or delivered to the following addresses:

To the Paying Agent at:

The Bank of New York Mellon Trust Company, N.A.
400 S. Hope Street, Suite 500
Los Angeles, CA 90071
Attn: Mark Golder
Tel: (213) 630-6418
Fax: (213) 630-6215

To the County at:

County of Riverside
Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501
Attn: Principal Management Analyst

SECTION 5.04 SUCCESSORS AND ASSIGNS. All covenants and agreements herein by the County shall bind its successors and assigns, whether so expressed or not.

SECTION 5.05 SEVERABILITY. In case any provision herein shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.06 BENEFITS OF AGREEMENT. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

SECTION 5.07 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto relative to the Paying Agent acting in such capacity as agent of the County.

SECTION 5.08 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

SECTION 5.09 TERMINATION. This Agreement will terminate on the date that the Note is paid in full. This Agreement may be earlier terminated by either party upon 30 days written notice. Upon an early termination of this Agreement, the Paying Agent agrees to promptly transfer and deliver to the County all pertinent records relating to the Costs of Issuance Account and the Note.

SECTION 5.10 GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

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

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

By: _____
Authorized Officer

COUNTY OF RIVERSIDE

By: _____
Ivan M. Chand,
Deputy County Executive Officer

EXHIBIT A

SCHEDULE OF COSTS OF ISSUANCE

Issuer's Expenses	Riverside County
Issuer's Counsel	Riverside County Counsel
Financial Advisor	Fieldman Rolapp & Associates, Inc.
Bond Counsel	Orrick, Herrington & Sutcliffe LLP
Disclosure Counsel	Kutak Rock LLP
Rating Agency Fee	Fitch, Inc.
Rating Agency Fee	S&P Global Ratings
O.S. Printing (estimate)	Elabra
COI Custodian	BNY Mellon
Contingencies	
Total	

**§ [PAR AMOUNT]
COUNTY OF RIVERSIDE
2018 TAX AND REVENUE
ANTICIPATION NOTE**

CONTRACT OF PURCHASE

June __, 2018

Riverside County Board of Supervisors
County of Riverside
4080 Lemon Street, 4th Floor
Riverside, California 92501

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as representative (the "Representative") of itself and J.P. Morgan Securities LLC (together, the "Underwriters") offers to enter into this Contract of Purchase (the "Contract of Purchase") with the County of Riverside (the "County"). This offer is made subject to written acceptance by the County prior to 11:59 p.m., Pacific Daylight Time, on the date hereof, and, upon such acceptance, this Contract of Purchase will be binding upon the County and the Underwriters.

1. Purchase and Sale of the Note. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the County for reoffering to the public, and the County hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the County's 2018 Tax and Revenue Anticipation Note in the aggregate principal amount of \$ [PAR AMOUNT] (the "Note"). The aggregate purchase price to be paid by the Underwriters for the Note shall be \$ _____, being the principal amount of the Note, plus original issue premium of \$ _____, and less an Underwriters' discount of \$ _____.

The County acknowledges and agrees that (i) the purchase and sale of the Note pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, each of the Underwriters is and has been acting solely as principal and are not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the County on other matters) and the Underwriters have no obligation to the County with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase; (iv) the Underwriters have financial and other interests that differ from those of the County and (v) the County has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

2. The Note. The Note shall be dated its date of issuance and shall mature on June ___, 2019. The Note is being issued under a resolution adopted by the Board of Supervisors of the County (the "Resolution"), in full conformity with the Constitution and laws of the State of California including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), as amended and supplemented. The Note will bear interest at the rate of ___% per annum, priced to yield ___% to maturity. The Note will be registered initially in the name of "Cede & Co." as nominee of The Depository Trust Company ("DTC") in New York, N.Y., the securities depository for the Note.

3. Use of Documents. The County has delivered to the Underwriters its Preliminary Official Statement dated June ___, 2018 (the "Preliminary Official Statement"). As of its date, such Preliminary Official Statement has been "deemed final" by the County for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), except for information permitted to be omitted by said Rule. The County agrees to deliver to the Underwriters a final Official Statement, dated the date hereof (the "Official Statement") within 7 business days from the date hereof and in sufficient time to accompany any confirmations requesting payment sent to purchasers. The Preliminary Official Statement and the Official Statement shall be delivered within the time period and in adequate format to comply with the Rule and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The County has approved the distribution by the Underwriters of the Official Statement and the County hereby authorizes the Underwriters to use, in connection with the offer and sale of the Note, the Official Statement and the Resolution and all information contained herein and therein and all other documents, agreements, certificates or statements furnished by the County to the Underwriters or entered into in connection with the transactions contemplated by this Contract of Purchase.

The County will undertake, pursuant to a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), to provide ongoing periodic disclosure and notices of the occurrence of certain listed events. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

In connection with the issuance of the Note, the County will enter into the Paying Agent Agreement, dated as of July 1, 2018 (the "Paying Agent Agreement"), by and between County and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), a national banking association duly organized and operating under the laws of the United States of America.

4. Establishment of Issue Price. (a) The Representative, on behalf of the Underwriters, agrees to assist the County in establishing the issue price of the Note and shall execute and deliver to the County at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the County and Note Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Note. All actions to be taken by the County under this section to establish the issue price of the Note may be taken on behalf of the County by the County's municipal advisor and any notice or report to be provided to the County may be provided to the County's municipal advisor.

(b) The County will treat the first price at which 10% of the Note (the "10% test") is sold to the public as the issue price of the Note. At or promptly after the execution of this Contract of Purchase, the Representative shall report to the County the price or prices at which the Underwriters have sold to the public the Note.

(c) The Underwriters acknowledge that sales of any Note to any person that is a related party to either of the Underwriters shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Note to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Note to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Note to the public), and

(iii) a purchaser of any of the Note is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

5. Closing. At 8:00 a.m., Pacific Daylight Time, on July ____, 2018, or at such other time and on such other date as shall have been mutually agreed upon by the County and the Underwriters (the “Closing Date”), the County will deliver to the Underwriters, through the facilities of DTC, the Note in registered form duly executed and other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the purchase price thereof in immediately available funds to the order of the County (the “Closing”).

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriters that:

(a) The County is a political subdivision, organized and existing pursuant to the Constitution and laws of the State of California (the “State”), and has all requisite right, power and authority to conduct its business, to execute this Contract of Purchase, the Paying Agent Agreement, the Investment Agreement (as defined in the Resolution) and the Continuing Disclosure Certificate (collectively, the “Documents”), to adopt the Resolution, to issue the Note and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Documents.

(b) All representations and warranties set forth in the Resolution are true and correct on the date hereof and are made for the benefit of the Underwriters as if set forth herein.

(c) (i) At or prior to the Closing, the County will have taken all actions required to be taken by it to authorize the issuance and delivery of the Note; (ii) the execution and delivery of the Note and the Documents, the adoption by the County of the Resolution, and the performance by the County of the obligations contained in the Documents, have been duly

authorized and such authorization will be in full force and effect at the time of the Closing, and when duly executed and delivered the Note and the Documents will constitute the valid and legally binding obligations of the County enforceable against the County in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; (iii) the Board of Supervisors has duly authorized the consummation by the County of all transactions contemplated by the Documents and the Resolution; and (iv) the County has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriters.

(d) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, State court or State governmental agency or public body whatsoever is required for the consummation of the transactions contemplated hereby, except for such actions as have been taken or as may be necessary to qualify the Note for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate (except that the County shall not be responsible for the failure to comply with any such laws or regulations with regard to Blue Sky).

(e) The adoption of the Resolution and the execution and delivery of this Contract of Purchase, and compliance with the provisions hereof and thereof, will not in any material respect conflict with, or constitute a breach of or default under, the County's duties under the Resolution or any law, administrative regulation, court decree, resolution, by-laws or other agreement to which the County is subject or by which it or any of its property is bound.

(f) Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any State court or public body, pending or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the County or the entitlement of the officials of the County to their respective offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Note, the application of the proceeds of the sale of the Note, or the collection of taxes, income, revenue, cash receipts and other moneys of the County pledged or to be pledged or available to pay the principal of and interest on the Note, or the pledge thereof, or in any way contesting the validity of the Note or the Documents, or contesting the powers or authority of the County with respect to the Note or the Documents; or (iii) in which a final adverse decision would (a) materially adversely affect the amount of taxes, income, revenue, cash receipts and other moneys of the County available to pay the Note, (b) materially adversely affect the consummation of the transactions contemplated by the Documents, or (c) declare the Documents to be invalid or unenforceable in whole or in material part.

(g) As of the date thereof and at all times prior to the execution of this Contract of Purchase, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for information permitted to be omitted therefrom by the Rule.

(h) If between the time of execution of this Contract of Purchase and the Closing (i) any event shall occur or any pre-existing fact or condition shall become known which might

or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall promptly notify the Underwriters thereof, and (ii) if in the reasonable opinion of the Representative and the County, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its expense supplement or amend the Official Statement in a form and in a manner jointly approved by the Representative and the County, which approval shall not be unreasonably withheld.

(i) The County undertakes that, for a period beginning with the day on which the Note is delivered to the Underwriters and ending on the earlier of (i) the 25th day following the end of the underwriting period, as defined in the Rule, or (ii) 90 days following Closing, it will (a) apprise the Underwriters of all material developments, if any, occurring with respect to the County and (b) if determined by the County or requested by the Representative, prepare a supplement to the Official Statement in respect of any such material event. Unless otherwise notified in writing by the Representative, the County may assume that the end of this underwriting period occurs on the date when the County delivers the Note to the Underwriters.

(j) Between the date hereof and the Closing, without the prior written consent of the Representative, the County will not have issued any bonds, notes or other obligations for borrowed money except as may be described in or contemplated by the Official Statement.

(k) Any certificates signed by any official of the County and delivered to the Underwriters shall be deemed a representation and warranty by the County to the Underwriters as to the statements made therein but not of the person signing the same.

(l) The County will punctually pay or cause to be paid the principal of and interest to become due on the Note in strict conformity with the terms of the Resolution and the Note and it will faithfully observe and perform all of the conditions, covenants and requirements of the Note and the Documents.

(m) The County will furnish such information, execute such instruments and take such other action in cooperation with the Representative if and as the Representative may reasonably request in order (i) to qualify the Note for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Note for investment under the laws of such states and other jurisdictions and will, if requested by the Underwriters, use its best efforts to continue such qualifications in effect so long as required for distribution of the Note; provided that the County shall not be required to pay any fees in connection with the foregoing or to subject itself to service of process in any jurisdiction in which it is not presently so subject.

(n) Between the date hereof and the Closing, the County will not modify or amend the Resolution without the prior written consent of the Representative.

(o) The County will enter into the Continuing Disclosure Certificate in order to provide the information required therein. Except as disclosed in the Official Statement, the

County has not failed to comply in all material respects with any continuing undertaking under the Rule during the previous five years.

(p) The Note will be issued only under and within the limits of the Act, and, as such, are general obligations of the County, but payable only out of certain taxes, income, revenue, cash receipts and other moneys to be received by the County attributable to County Fiscal Year 2018-19, as set forth in the Resolution.

(q) The County's Comprehensive Annual Financial Report (CAFR) as of June 30, 2017, for the fiscal year ended on such date, as described or set forth, as appropriate, in the Official Statement, is true, complete and correct and fairly presents the financial condition of the County as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the financial condition of the County since June 30, 2017, except as described in the CAFR or the Official Statement.

(r) In order to effect the pledge of Pledged Revenues provided in the Resolution, the County hereby agrees to be deposited in the Payment Account (as defined in the Resolution) (a) on January 31, 2019, an amount equal to 60% of the principal amount of and interest on the Note at maturity from Unrestricted Revenues (as defined in the Resolution) received by the County in January, 2019; and (b) on May 31, 2019, an amount equal to 40% of the principal amount of and interest on the Note at maturity from Unrestricted Revenues received by the County in May, 2019 (and any amounts received thereafter provided for or attributable to Fiscal Year 2018-19), until the amount on deposit in the Payment Account is equal to the percentage of the principal and interest due on the Note. Any such deposit may take into consideration anticipated investment earnings on amounts deposited in an Investment Agreement that is a Permitted Investment through the maturity date of the Note.

7. Conditions to Obligations of Underwriters at Closing. The Underwriters have entered into this Contract of Purchase in reliance upon the representations and warranties of the County contained herein and the performance by the County of its obligations hereunder, as of the date hereof and as of the Closing. The obligation of the Underwriters to purchase the Note at the Closing is subject to the following further conditions, any or all of which can be waived by the Representative in writing:

(a) The representations and warranties of the County contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing and otherwise pursuant hereto shall be true and correct in all material respects at and as of the Closing;

(b) At and as of the Closing (i) the Official Statement, this Contract of Purchase, the Paying Agent Agreement, the Continuing Disclosure Certificate and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been jointly agreed to in writing by the County and the Representative; (ii) all actions which, in the opinion of Orrick, Herrington & Sutcliffe LLP, Note Counsel, shall be necessary in connection with the transactions contemplated hereby for Note Counsel to deliver their approving opinion in the form set forth as Appendix C to the Official Statement, shall have been duly taken and shall be in full force and effect; and (iii) the County shall perform or have performed all of its obligations required under or specified in the Resolution or this Contract of Purchase to be performed at or prior to the Closing;

(c) To the best knowledge of the County, based on reasonable inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, is pending or threatened against the County which has any of the effects described in Paragraph 6(f) hereof or contesting in any way the completeness or accuracy of the Official Statement; and

(d) At or prior to the Closing, the Underwriters shall have received a copy of the following documents in each case dated at and as of the Closing and satisfactory in form and substance to the Representative:

(1) An approving opinion of Note Counsel as to the Note in the form attached to the Official Statement as APPENDIX C, addressed to the County, together with a reliance letter addressed to the Underwriters;

(2) A supplemental opinion of Note Counsel, addressed to the Underwriters, to the effect that:

(i) the Contract of Purchase and the Paying Agent Agreement have been duly executed and delivered by the County and are valid and binding agreements of the County, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or 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 limitations on legal remedies against counties in the State and except that no opinion need be expressed with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability;

(ii) the statements contained in the Official Statement in the sections thereof entitled "THE NOTE," "TAX MATTERS," and the Appendix containing the form of approving opinion, excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Resolution and the Note and the form and content of the approving opinion, are accurate in all material respects; and

(iii) the Note is not subject to the registration requirements of Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) The negative assurance letter, dated the date of the Closing and addressed to the County and the Underwriters, of Kutak Rock LLP, as Disclosure Counsel to the County, to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the County and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date and as of the Closing Date (except for information therein with respect to DTC or with respect to any financial, numerical or statistical data, or any estimates, assumptions and expressions of opinion, contained in the

Official Statement, including any of the appendices thereto, as to which such counsel expresses no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein, in light of the circumstances under which they were made, not misleading in any material respect;

(4) An opinion of the County Counsel, addressed to the Underwriters, to the effect that:

(i) The County is a political subdivision duly organized and validly existing under and by virtue of the Constitution and laws of the State of California;

(ii) The Resolution was duly adopted on _____, 2018 at a meeting of the Board of Supervisors which was called and held pursuant to law, with all public notice required by law, and at which a quorum was present and acting throughout and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of the County Counsel's knowledge, threatened against or affecting the County in which an unfavorable decision, ruling or finding would materially adversely affect (a) the amount of taxes, income, revenue, cash receipts and other moneys of the County available to pay the Note, (b) the participation of the County in, or consummation of, the transactions contemplated by the Official Statement, the Note, the Contract of Purchase or the Resolution, or (c) in any way contesting the existence of the County or its powers with respect thereto, nor, to the best of the County Counsel's knowledge, is there any basis for any such action, suit, proceeding or investigation;]

(iv) The County has full right and lawful authority to adopt the Resolution and to execute and deliver the Note, the Contract of Purchase and the Official Statement, such documents have been duly authorized, executed and delivered on behalf of the County, and the Contract of Purchase and the Resolution constitute the legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally, by the principles of equity if equitable remedies are sought, by the exercise of judicial discretion and by the limitations on remedies against counties in the State;

(v) To the best of the County Counsel's knowledge, the adoption of the Resolution and the execution and delivery of the Note, the Contract of Purchase and the Official Statement and compliance by the County with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument

applicable to or binding upon the County or any existing law, regulation, court order or consent decree to which the County is subject; and

(vi) Based upon examinations which we have made and our discussions in conferences with certain officials of the County and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to our attention which would lead us to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference and DTC and its book entry system, as to which no opinion need be expressed) contains an 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.

(5) The certificate of the County, dated the Closing Date, to the effect that:

(i) the County is a political subdivision duly organized and existing under the Constitution of the laws of the State;

(ii) the Resolution was duly adopted at a meeting of the Board of Supervisors which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) the adoption of the Resolution and the execution and delivery of the Note and the Documents and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not conflict with or constitute on the part of the County a material breach of or material default under any agreement or other instrument applicable or binding upon the County or any of its properties or any existing law, regulation, court order or consent decree to which the County or any of its properties is subject;

(iv) the County has full right and lawful authority to deliver the Official Statement, to execute and deliver the Note, and to execute and deliver the Documents, to adopt the Resolution and the County has duly authorized, executed and delivered the Official Statement and the Documents;

(v) Except as otherwise disclosed in the Official Statement, there is no action, suit or proceeding, inquiry or investigation before or by any State court, public board or body, other than as disclosed in the Official Statement pending or, to the best knowledge of the County, threatened against or affecting the County, (a) contesting in any way the completeness or accuracy of the Official Statement, or wherein an unfavorable decision, ruling or finding is likely to materially adversely affect (a) the amount of taxes, income, revenue, cash receipts and other moneys of the County available to pay the Note, (b) the transactions contemplated by the Documents, the Resolution or by the Official Statement, or (c) which will adversely affect the validity or enforceability of,

or the authority or ability of the County to perform its obligations under the Note, the Documents, the Resolution, or any other agreement or instrument to which the County is a party and which is used or contemplated for use in consummation of the transactions contemplated by the Documents, the Resolution or the Official Statement;

(vi) The representations and warranties of the County herein are true and correct in all material respects as of the date made and as of the date of the Closing, and the County has performed all its obligations required under or specified in the Resolution and the Documents to be performed at or prior to the Closing; and

(vii) The Official Statement did not contain as of its date and does not contain as of the Closing Date any untrue statement of a material fact and did not omit as of its date and does not omit as of the Closing Date to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) A certificate of the Clerk of the Board of Supervisors of the County, together with a fully executed copy of the Resolution, to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect at and as of the Closing Date, except for amendments, if any, adopted with the consent of the Underwriters;

(7) A certificate, dated the Closing Date, signed by a duly authorized official of the Paying Agent, to the effect that:

(i) The Paying Agent is a national banking association existing under the laws of the United States of America, and has full power and is qualified to accept and comply with the terms of the Paying Agent Agreement, the Investment Agreement and the Resolution, and to perform its obligations stated therein;

(ii) The Paying Agent is duly authorized to enter into the Paying Agent Agreement and the Investment Agreement and the Paying Agent has accepted the duties and obligations imposed on it by the Paying Agent Agreement, the Investment Agreement and the Resolution; and upon execution by the County, the Paying Agent Agreement and the Investment Agreement will constitute the valid and binding obligation of the Paying Agent;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Paying Agent that has not been obtained is or will be required for the consummation by the Paying Agent of the transactions contemplated by the Paying Agent Agreement

and the Investment Agreement and by the Paying Agent of the transactions contemplated by the Resolution to be undertaken by the Paying Agent;

(iv) The execution and delivery by the Paying Agent of the Paying Agent Agreement and the Investment Agreement, and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Paying Agent is a party or by which it is bound, or, to the best knowledge of the Paying Agent, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Paying Agent; and

(v) To the knowledge of the Paying Agent, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served on, or, to the best knowledge of the Paying Agent, threatened against, the Paying Agent, affecting the existence of the Paying Agent or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Paying Agent Agreement or the Investment Agreement against the Paying Agent, or contesting the power of the Paying Agent or its authority to enter into, adopt or perform its obligations under the Paying Agent Agreement or the Investment Agreement, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Paying Agent Agreement or the Investment Agreement against the Paying Agent.

(8) A certified copy of the general resolution of the Paying Agent authorizing the execution and delivery of the Paying Agent Agreement;

(9) An non-arbitrage certification from the County in form and substance satisfactory to Note Counsel, signed by an official of the County;

(10) Evidence from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Fitch, Inc. ("Fitch") that the Note has been rated "SP-1+" and "F1+," respectively, and that such ratings continue in effect as of the Closing;

(11) Certified copies of the Resolution and one executed original of each of the Documents and such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters or Note Counsel may reasonably request in order to evidence compliance by the County with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the County herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the County;

(12) An opinion, dated the Closing Date, addressed to the Underwriters, of Norton Rose Fulbright US, LLP, counsel to the Underwriters, in such form as may be acceptable to the Underwriters; and

(13) Such additional certificates, instruments and other documents as the Underwriters may reasonably deem necessary.

8. Termination of Obligations of Underwriters. If the County shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Underwriters contained in this Contract of Purchase, the obligations of the Underwriters under this Contract of Purchase may be terminated by the Underwriters by notice to the County at, or at any time prior to, the Closing Date. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing in its sole discretion.

The Representative shall also have the right to terminate, in its sole discretion, the obligations of the Underwriters under this Contract of Purchase, by notice to the County at, or at any time prior to the Closing, if between the date hereof and the Closing:

(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and, in either such event, the County refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Representative, to materially adversely affect the market for the Note or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Note; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representative, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Internal Revenue Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Note which, in the opinion of the Representative, materially adversely affects the market for the Note or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Note; or

(iii) an order, decree or injunction of any court of competent jurisdiction, or any order, ruling or regulation of the Securities and Exchange Commission, is issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the Note as contemplated hereby or legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Note or any other securities of the County or of

any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(iv) legislation is introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Note, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Note, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(v) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Representative, impractical or inadvisable to proceed with the offering of the Note as contemplated in the Official Statement; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Note or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Representative, impractical or inadvisable to proceed with the offering of the Note as contemplated in the Official Statement; or

(vii) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Representative, impractical or inadvisable to proceed with the offering of the Note as contemplated in the Official Statement; or

(viii) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's Investors Service ("Moody's"), S&P, or Fitch of any debt securities issued by the County, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the County, including the Note; or

(ix) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax

status of the County, its property, income, securities (or interest thereon), the validity or enforceability of the Note; or

- (x) any materially adverse change in the financial condition of the County.

9. Conditions to Obligations of the County. The performance by the County of its obligations under this Contract of Purchase with respect to issuance, sale and delivery of the Note to the Underwriters is conditioned upon (i) the performance by the Underwriters of its obligations hereunder; and (ii) receipt by the County and the Underwriters of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the County.

10. Expenses. (a) The Underwriters shall be under no obligation to pay, and the County shall pay from its available funds or from the proceeds of the Note, the following expenses: (i) all expenses in connection with the preparation, distribution and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto; (ii) all expenses in connection with the printing, issuance and delivery of the Note; (iii) the fees and disbursements of Note Counsel and Disclosure Counsel; (iv) the fees and disbursements of counsel and consultants, including the County's financial advisor, in connection with the Note; (v) the disbursements of the County in connection with the Note; (vi) the fees and disbursements of the Paying Agent; (vii) any and all fees incurred in connection with obtaining a rating on the Note or in obtaining any form of credit enhancement; and (viii) all expenses in connection with the preparation, execution and delivery of the Resolution and the Note. The County will also pay (or cause to be paid) expenses (included in the expense component of the spread) incurred on behalf of the County's employees (including, but not limited to, meals, transportation, lodging and entertainment) which are incidental to implementing this Contract of Purchase. The Underwriters are required to pay the fees of the California Debt and Investment Advisory Commission ("CDIAC") in connection with the offering of the Note. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the County agrees to reimburse the Underwriters for such CDIAC fees.

(b) The Underwriters shall bear all of their own expenses and fees incident to the purchase and resale of the Note (including its counsel) and costs of qualifying the Note for sale under the Blue Sky laws of any state.

The County shall be under no obligation to pay, and the Underwriters shall pay: (i) the cost of producing this Contract of Purchase; (ii) any advertising expenses in connection with the public offering of the Note; (iii) MSRB fees; and (iv) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Note, including the fees and disbursements of counsel retained by them, and the fees, if any, for CUSIP numbers.

11. Notices. Any notice or other communication to be given under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone or telex, confirmed in writing, or by delivering the same in writing, if to the County, to the address first written above, attention: County Executive Officer, or if to the Underwriters: Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Holly Vocal.

12. Parties in Interest: Survival of Representations and Warranties. This Contract of Purchase when accepted by the County in writing as specified herein shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County

and the Underwriters (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of the County arising out of its representations and warranties in this Contract of Purchase shall not be affected by any investigation made by or on behalf of the Underwriters.

13. Execution in Counterparts. This Contract of Purchase may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

14. Applicable Law. This Contract of Purchase shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**, as representative of the
Underwriters

By _____
Authorized Signatory

The foregoing is hereby agreed to
and accepted as of the date first
above written:

COUNTY OF RIVERSIDE

By _____
George A. Johnson
County Executive Officer
Time of Execution: _____

EXHIBIT A

ISSUE PRICE CERTIFICATE OF THE UNDERWRITERS

**§ [PAR AMOUNT]
COUNTY OF RIVERSIDE
2018 TAX AND REVENUE
ANTICIPATION NOTE**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Representative”), on behalf of itself and J.P. Morgan Securities LLC (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned tax and revenue anticipation note (the “Note”).

1. ***Sale of the Note.*** As of the date of this certificate, the first price at which at least 10% of the Note was sold to the Public is the price listed in Schedule A.

2. ***Defined Terms.***

(a) ***Issuer*** means the County of Riverside.

(b) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Note to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Note to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Note to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Note, and by Orrick, Herrington & Sutcliffe LLP, Note Counsel, in connection with rendering its opinion that the interest on the Note is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Note.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____

Name: _____

Dated: _____, 2018

NEW ISSUE—BOOK-ENTRY-ONLY

S&P: “[]”

Fitch: “[]”

See “RATINGS” herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Riverside, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest with respect to the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Note and excluded from gross income may depend upon the taxpayer’s election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Note is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Note. See “TAX MATTERS” herein.

[/PAR]*

COUNTY OF RIVERSIDE

2018 TAX AND REVENUE ANTICIPATION NOTE

CUSIP®: _____

Dated: Date of Delivery Coupon: ____% Yield: ____% Price: ____% Due: June 28, 2019

The County of Riverside 2018 Tax and Revenue Anticipation Note (the “Note”) will be issued in fully registered book-entry form only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) and will be available to the beneficial owners thereof in the denomination of \$5,000 or any multiple thereof under the book-entry system maintained by DTC. Purchasers of the Note will not receive certificates representing their interests in the Note. Principal of and interest on the Note will be payable only at maturity by The Bank of New York Mellon Trust Company, N.A., as paying agent (the “Paying Agent”), by wire transfer to DTC, which will in turn remit such principal and interest to its Participants, which in turn will remit such principal and interest to the Indirect Participants or to the Beneficial Owners of the Note, as more fully described herein.

The Note, in accordance with California law, is a general obligation of the County of Riverside (the “County”) and is payable from taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County attributable to the County’s Fiscal Year 2018-19, commencing July 1, 2018 and ending on June 30, 2019, which are legally available for payment thereof. The Note is secured by a pledge of said unrestricted revenues, excluding amounts pledged by the County to the payment of the County’s teeter plan obligations. The Note shall constitute a first lien and charge against such Pledged Revenues (as defined herein). To the extent not so paid, the Note shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully available therefor. The Note Resolution requires the County to set aside and deposit in a special fund (the “Payment Account”) to be established by the Paying Agent certain amounts from such Pledged Revenues received by the County in those months described herein so that the amount on deposit in the Payment Account on such dates as described herein, taking into consideration anticipated investment earnings thereon to be received by the maturity date, will be, following all such deposits, equal to all of the principal of and interest due on the Note, as more fully described herein.

THE NOTE IS NOT SUBJECT TO REDEMPTION PRIOR TO MATURITY.

THE NOTE IS A LIMITED OBLIGATION OF THE COUNTY, PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE NOTE RESOLUTION. THE COUNTY IS NOT AUTHORIZED TO LEVY OR COLLECT ANY TAX FOR REPAYMENT OF THE NOTE.

The cover page contains information for quick reference only, and is not a summary of this issue. Potential purchasers must read the entire Official Statement in order to obtain information essential to making an informed investment decision.

The Note is offered when, as and if issued and delivered, subject to the approval as to its legality of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain additional legal matters will be passed upon for the County by the County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright, US LLP, San Francisco, California. It is anticipated that the Note, in definitive form, will be available for delivery through the facilities of DTC on or about July 2, 2018.

Stifel

J.P. Morgan

Dated: _____, 2018.

* Preliminary; subject to change.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor’s Capital IQ. Copyright © 2018 CUSIP Global Services. All rights reserved. CUSIP data provided herein is for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for CGS. Neither the Underwriters nor the County are responsible for the selection or correctness of the CUSIP numbers set forth herein and no representation is made as to its correctness on the Note or as included herein.

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 any such jurisdiction.

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the County. 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 Note by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Note. Statements contained in this Official Statement which involve estimates, projections or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements."

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the Note referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement and the information contained herein is in a form deemed final by the County for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). However, the information herein is subject to revision, completion or amendment in a final Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTE OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTE TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXCEPTIONS CONTAINED IN SUCH ACT. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY, NOR ANY AGENCY OR DEPARTMENT THEREOF, HAS PASSED UPON THE MERITS OF THE NOTE OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. THE NOTE HAS NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE COUNTY HAS ENTERED INTO AN UNDERTAKING FOR THE BENEFIT OF THE HOLDERS OF THE NOTE TO PROVIDE CERTAIN QUARTERLY FINANCIAL INFORMATION AND OPERATING DATA AND NOTICE OF CERTAIN ENUMERATED EVENTS, PURSUANT TO THE REQUIREMENTS OF SECTION (b)(5)(i) OF RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION, TO THE MUNICIPAL SECURITIES RULEMAKING BOARD'S ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM.

COUNTY OF RIVERSIDE

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

Board of Supervisors

Chuck Washington, Third District, Chairman
Kevin Jeffries, First District, Vice Chairman,
John F. Tavaglione, Second District*
V. Manny Perez, Fourth District
Marion Ashley, Fifth District*

County Officials

George Johnson, County Executive Officer
Jon Christensen, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Gregory P. Priamos, County Counsel
Don Kent, Finance Director

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Disclosure Counsel

Kutak Rock LLP
Los Angeles, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Paying Agent

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

* Such members' term of office will expire in December 2018. Such members are expected to retire at the end of their term and will not be seeking re-election in November 2018.

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OFFICIAL STATEMENT

§[PAR]* COUNTY OF RIVERSIDE 2018 TAX AND REVENUE ANTICIPATION NOTE

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Note being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution (as defined below). See "APPENDIX F—FORM OF RESOLUTION" attached hereto.

General

This Official Statement, including the Appendices hereto, has been prepared under the direction of the County of Riverside (the "County"), in order to furnish information with respect to its sale of certain tax and revenue anticipation note designated, "County of Riverside, 2018 Tax and Revenue Anticipation Note" (the "Note") in the aggregate principal amount of §[PAR]*. The Note was authorized pursuant to the resolution of the County adopted on May 22, 2018 (the "Resolution"), and will be issued in full conformity with the constitution and laws of the State of California (the "State"), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"). The Note is a general obligation of the County payable solely from taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County attributable to its fiscal year commencing on July 1, 2018 and ending on June 30, 2019 ("Fiscal Year 2018-19") and legally available for payment thereof. The Note is secured by a pledge of said unrestricted revenues, excluding amounts pledged by the County to the payment of the County's teeter plan obligations. See "THE NOTE—Security for the Note" herein for a description of such Pledged Revenues (as defined herein). The Note shall constitute a first lien and charge against such Pledged Revenues. Proceeds from the sale of the Note will be used for current General Fund expenditures, including current expenses and capital expenditures. The Act provides that the County may issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon.

In the event on the day in a particular month that a deposit to the Payment Account (as defined herein) is required to be made, the County has not received sufficient Pledged Revenues to permit the deposit into the Payment Account of the full amount of required to be deposited in the Payment Account in said month, then the amount of any deficiency will be satisfied and made up from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this

* Preliminary; subject to change.

Official Statement, the words “estimate,” “forecast,” “projection,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

THE NOTE

Authority for Issuance

The Note is issued under the authority of the cited provisions of the Act and pursuant to the Resolution (see “INTRODUCTION” above).

Purpose of Issue

Issuance of the Note will provide moneys to meet the County’s Fiscal Year 2018-19 General Fund expenditures, including current expenses and capital expenditures, and the discharge of other obligations or indebtedness of the County.

Description of the Note

The Note will be issued in the aggregate principal amount of \$[PAR]* and will be issued in denominations of \$5,000 or integral multiples thereof. The Note shall bear interest at the rate and will mature on the dates set forth on the inside cover page hereof. The Note is payable at maturity and interest thereon will be computed on a 30-day month/360-day year basis. The Note is to be delivered as a fully registered Note, without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Note. Purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.

Security for the Note

The Note and the interest thereon is a general obligation of the County and are payable solely from taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County attributable to its fiscal year commencing on July 1, 2018 and ending on June 30, 2019 (“Fiscal Year 2018-19”) and legally available for payment thereof, and are secured by a pledge of said unrestricted revenues, excluding amounts heretofore pledged by the County to the payment of its Teeter Plan obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and supplemented from time to time (the “Pledged Revenues”). The Note shall constitute a first lien and charge against such Pledged Revenues. As security for the payment of the Note, including the interest thereon, the County has covenanted pursuant to the Resolution to set aside: (a) on January 31, 2019, an amount equal to 60% of the principal amount of and interest on the Note at maturity from said Pledged Revenues received by the County in January, 2019; and (b) on May 31, 2019, an amount equal to 40% of the principal amount of and interest on the Note at maturity from said Pledged Revenues received by the County in May, 2019. Certain deposits may take into consideration anticipated investment earnings on amounts deposited in Permitted Investments through the maturity date. See “APPENDIX F—FORM OF RESOLUTION” attached hereto. As of the date hereof, the County has met all of its prior obligations to set aside amounts for payments of its tax and revenue anticipation notes, and

* Preliminary; subject to change.

expects to timely set aside funds on May 31, 2018 to meet the remainder of its current obligations with respect to its \$340,000,000 County of Riverside 2017 Tax and Revenue Anticipation Note due June 29, 2018.

Proceeds from the sale of the Note will be used for current General Fund expenditures, including current expenses and capital expenditures. The Act provides that the County may issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon.

The Pledged Revenues shall be deposited by the County and held by the Paying Agent, in a special account (the "Payment Account") and applied as directed under the Resolution. The County will instruct the Paying Agent to invest the amounts in the Payment Account in the County Treasurer's Pooled Investment Fund pursuant to an investment agreement between the Paying Agent and the County until such amounts are required for the repayment of the Note. Any money deposited by the Paying Agent in the Payment Account shall be for the benefit of the holders of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on the Note at maturity, the moneys in the Payment Account shall be applied solely for the purpose of paying the principal of and interest on the Note at its maturity, although such amounts shall be invested by the County in Permitted Investments (as defined in the Resolution). In the event investment losses cause amounts on deposit in the Payment Account to be insufficient to pay principal of and interest on the Note at maturity, the County is required to use any available Pledged Revenues from Fiscal Year 2018-19 for the payment of principal of and interest on the Note, but there is no guarantee that the County will have sufficient Pledged Revenues to pay the principal of and interest on the Note as the same becomes due. Any moneys placed in the Payment Account shall be for the benefit of the holders of the Note. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for such payment. In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the following priority: first, to pay interest on the Note; and second, to pay principal of the Note. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the County.

The Resolution requires that the Pledged Revenues be deposited and held in the Payment Account until maturity, at which time the moneys in such fund will be used to repay the Note. If during the foregoing period there are insufficient sources of Pledged Revenues to permit deposit of the full amount of Pledged Revenues, then the amount of any deficiency shall be satisfied from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The County is not authorized to levy or collect any taxes for the repayment of the Note.

Should the County file for Chapter 9 bankruptcy, a court might hold that the holders of the Note do not have a valid and prior lien on the Payment Account invested in the County Treasurer's Pooled Investment Fund. While the County has taken steps to mitigate this risk by retaining the Paying Agent, by entering into a formal investment agreement with the Paying Agent, and by its practice of maintaining separate records of the Payment Account held in the Pooled Investment Fund, if the holders of the Note cannot trace the Payment Account funds, they may not be available for payment of principal of and interest on the Notes. There can be no assurance that the holders of the Note will be able to successfully trace such funds in the County Treasurer's Pooled Investment Fund in the future. For more information regarding the County Treasurer's Pooled Investment Fund, see "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE—Financial Information—Riverside County Treasurer's Pooled Investment Fund."

Available Sources of Repayment

The Note, in accordance with the Act, is a general obligation of the County but is payable only out of Pledged Revenues, which include the taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County which are accrued, received or held by the County for the General Fund of the County and are provided for or attributable to Fiscal Year 2018-19 and which are legally available for payment thereof. The Constitution of the State substantially limits the County's ability to levy ad valorem taxes (see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein). The County may, under the Act, issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated amounts of the County's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received or accrued by the County for the General Fund of the County and provided for or attributable to the Repayment Fiscal Year, all of which will be legally available to pay principal of and interest on the Note. The County has reserved the right to issue additional notes during Fiscal Year 2018-19 having a parity or subordinate lien on the Pledged Revenues, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon. See "Additional Note Obligations" below and "APPENDIX F—FORM OF RESOLUTION" attached hereto. Further detail as to the estimated Pledged Revenues available for repayment can be found in "Table I, County of Riverside Fiscal Year 2018-19 Projected Unrestricted Revenues Available for Note Repayment," "Table IV, County of Riverside Fiscal Year 2018-19 Projected General Fund Cash Flow," and "Table VII, County of Riverside Alternative and Other Restricted Cash Resources, Actual/Projected."

The table below sets forth the source and amount of Fiscal Year 2018-19 projected unrestricted revenues available for repayment of the Note.

TABLE I
County of Riverside
Fiscal Year 2018-19 Projected Unrestricted Revenues
Available for Note Repayment
(in Thousands)

<u>Revenue Source</u>	<u>Fiscal Year</u> <u>2018-19</u> <u>Amount</u>
Property Taxes	\$ 258,398
Sales and Use Taxes	29,729
Other Taxes	25,951
Licenses and Permits	19,133
Fines, Forfeitures and Penalties	50,214
Use of Money and Property	26,498
State Aid	1,397,894
Federal Aid	608,077
Other Government Aid	115,077
Charges for Current Services	577,983
Miscellaneous Revenue	34,823
Other Financing Sources	11,487
Repayment of Advances to Other Funds	57,900
Reimbursement from Depts (for CalPERS)	143,846
Interfund Transfers	<u>35,000</u>
Total	\$3,392,009

Estimated and Projected General Fund Cash Flows

Set forth below in Table II is a detailed summary of the County's actual Fiscal Year 2016-17 General Fund cash flows. Set forth below in Table III is a detailed summary of the County's actual and estimated Fiscal Year 2017-18 General Fund cash flows. Set forth below in Table IV is a detailed summary of the County's projected Fiscal Year 2018-19 General Fund cash flows. Table V provides a comparison between the Fiscal Year 2017-18 original projections of General Fund cash flows and the Fiscal Year 2017-18 actual/estimated General Fund cash flows. Table VI provides a comparison between the Fiscal Year 2017-18 actual/estimated General Fund cash flows and the Fiscal Year 2018-19 projected General Fund cash flows.

The estimated Fiscal Year 2017-18 cash flows and the projected Fiscal Year 2018-19 cash flows, as prepared by the County Auditor's Office, reflect the best currently available estimates and judgments of the County Auditor's Office as to the County's revenues and expenditures and the expected financial condition of the County for such fiscal years. The presented projected cash flows assume that all of the County's cash flow requirements are externally funded through the issuance of the Note, but, based on market conditions, the County may determine to borrow internally for a portion of its cash flow needs.

Neither the County's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the estimated Fiscal Year 2017-18 cash flows or the projected Fiscal Year 2018-19 cash flows contained herein, nor have they expressed any

opinion or any other form of assurance on such information or its achievability, and such parties assume no responsibility for, and disclaim any association with, the estimated Fiscal Year 2017-18 cash flows or the projected Fiscal Year 2018-19 cash flows.

The assumptions and estimates underlying the projected cash flows are uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected cash flows. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected cash flows. Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved. Basic assumptions underlying these General Fund projections include, but are not limited to, revenues and expenses as set forth in the County's recommended budget, impacts of recommended State budget (including the May revision thereto), and no additional extraordinary support to the Riverside University Medical Center from the General Fund. For a discussion of the County's budget process, see "APPENDIX A – FINANCIAL INFORMATION – Budgetary Process and Budget."

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TABLE II
County of Riverside Fiscal Year 2016-17
Actual General Fund Cash Flow
(\$ in Thousands)

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	TOTALS
Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	
Beginning General Fund Cash Balance	135,255	(146,890)	(247,767)	(251,755)	(292,624)	(286,128)	(289,511)	(65,600)	(51,028)	(85,851)	(126,653)	98,773	135,255
Receipts													
Property Taxes	114	-	8,622	4,570	188	62,608	58,444	9	680	20,845	73,141	6,984	236,205
Sales and Use Taxes	5,105	2,576	2,392	1,852	2,469	2,910	2,103	2,803	2,300	1,703	2,271	2,677	31,161
Other Taxes	949	2,111	1,347	1,323	2,125	1,384	7,182	1,519	1,365	1,693	5,421	2,464	28,883
Licenses & Permits	1,429	1,386	738	1,016	1,277	1,160	989	1,150	889	5,125	1,845	867	17,871
Fines, Forfeitures & Penalties	390	1,829	1,714	1,720	1,966	1,672	5,061	2,518	6,026	2,128	2,241	24,192	51,457
Use of Money and Property	361	234	2,064	604	604	1,408	737	303	2,029	2,503	1,628	4,038	16,513
State Aid	45,957	70,621	78,502	71,207	117,383	62,038	210,023	87,532	97,961	67,178	214,534	122,251	1,245,187
Federal Aid	20,037	46,995	77,244	47,548	38,508	49,569	39,724	41,528	36,806	57,424	54,404	63,601	573,388
Other Governmental Aid	-	-	-	1,900	-	-	50,167	-	-	-	51,548	-	103,615
Charges for Current Services	42,695	40,064	24,524	38,515	25,214	58,848	52,595	43,790	51,590	30,513	59,440	53,101	520,889
Miscellaneous Revenue	381	648	349	1,453	2,310	900	1,152	1,505	1,451	10,808	2,955	11,564	35,476
Other Financing Sources	-	-	-	-	350	(1,575)	1,609	13,462	360	11	11	15,670	29,898
Repayment of Advances to Other Funds	-	-	8,000	-	7,100	2,600	2,900	4,700	4,800	22,401	1,217	-	53,718
Reimbursement from Departments for CalPERS	11,488	21,722	15,085	14,719	14,624	14,962	14,684	14,514	22,010	14,659	14,805	18,375	191,647
Interfund Transfers	-	-	-	-	-	-	-	-	20,000	-	-	-	20,000
Total Receipts	128,906	188,186	220,581	186,427	214,118	258,484	447,370	215,333	248,267	236,991	485,461	325,784	3,155,908
Disbursements													
Salaries & Benefits	124,719	178,464	123,867	124,297	122,417	127,537	130,091	122,387	179,490	123,567	124,826	129,515	1,611,177
Services & Supplies	24,540	55,915	49,323	32,416	33,809	81,213	36,451	26,657	49,084	87,916	76,477	95,947	649,748
Other Charges	44,558	51,927	49,498	54,813	51,321	50,101	56,273	51,001	51,687	47,630	57,754	71,385	637,948
Fixed Assets & Capital Outlay	385	91	585	51	75	271	111	386	1,379	111	(115)	1,587	4,917
Other Financing Uses	190	1,166	896	15,719	-	2,745	533	330	1,450	18,569	1,093	11,259	53,950
Advances to Other Funds	51,818	1,500	400	-	-	-	-	-	-	-	-	-	53,718
CalPERS Prepayment	164,841	-	-	-	-	-	-	-	-	-	-	-	164,841
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Total Disbursements	411,051	289,063	224,569	227,296	207,622	261,867	223,459	200,761	283,090	277,793	260,035	329,693	3,196,299
Ending General Fund Cash Balance	(146,890)	(247,767)	(251,755)	(292,624)	(286,128)	(289,511)	(65,600)	(51,028)	(85,851)	(126,653)	98,773	94,864	94,864
TRANS Borrowing													
Proceeds of Notes	340,000	347,347	347,347	347,347	347,347	347,347	347,347	137,244	137,244	137,244	137,244	(2,825)	-
Principal Payment on Note	-	-	-	-	-	-	(204,000)	-	-	-	(136,000)	-	340,000
Premium	7,687	-	-	-	-	-	-	-	-	-	-	-	(340,000)
Interest Earnings	(340)	-	-	-	-	-	(6,103)	-	-	-	(4,069)	2,825	(7,687)
Interest Expense / Cost of Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-
Total TRANS Borrowing	347,347	347,347	347,347	347,347	347,347	347,347	137,244	137,244	137,244	137,244	(136,000)	(2,825)	-
Ending Balance WITH TRANS Borrowing	200,457	99,580	95,592	54,723	61,219	57,836	71,644	86,216	51,393	10,591	95,948	94,864	94,864

Source: County Auditor-Controller

TABLE III
County of Riverside Fiscal Year 2017-18
Actual/Estimated General Fund Cash Flow
(\$ in Thousands)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	TOTALS
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Projected	Projected	
Beginning General Fund Cash Balance	94,864	(137,465)	(187,907)	(236,071)	(289,611)	(299,864)	(223,838)	(72,980)	(97,248)	(60,095)	(122,469)	22,822	94,864
Receipts													
Property Taxes	66	-	8,881	4,390	257	66,166	62,273	3	873	21,969	40,762	40,579	246,219
Sales and Use Taxes	1,877	2,448	2,197	1,866	2,488	3,115	2,103	2,804	2,789	1,752	2,424	2,534	28,397
Other Taxes	1,303	1,951	1,227	1,325	2,811	2,031	1,716	1,846	1,522	1,851	1,896	5,269	24,748
Licenses & Permits	1,241	1,111	1,379	1,089	1,441	855	1,093	1,178	1,412	1,894	4,731	652	18,076
Fines, Forfeitures & Penalties	1,669	1,889	1,734	1,622	2,057	1,632	4,044	6,652	2,026	2,605	3,219	22,305	51,454
Use of Money and Property	370	3,601	418	879	580	1,827	756	1,398	3,645	2,902	1,288	1,602	19,266
State Aid	47,144	73,094	70,717	88,037	96,688	105,088	233,550	103,901	92,157	78,511	218,648	145,378	1,352,913
Federal Aid	22,656	68,206	57,107	35,355	45,287	33,891	61,012	18,806	69,014	29,200	74,502	73,126	588,162
Other Governmental Aid	850	-	-	3,441	-	52,938	-	-	-	36	-	52,457	109,722
Charges for Current Services	40,218	54,087	37,728	22,450	28,321	75,483	43,193	32,645	78,143	35,817	38,555	49,740	536,380
Miscellaneous Revenue	295	626	1,341	843	2,203	563	1,482	2,092	2,113	11,075	1,609	6,318	30,560
Other Financing Sources	-	10	8	9	400	-	24	58	2,761	9	800	5,326	9,405
Repayment of Advances to Other Funds	-	-	-	11,900	9,600	-	4,600	1,000	3,000	21,489	1,665	4,179	57,433
Reimbursement from Departments for CalPERS	1,717	12,649	8,737	8,632	8,621	8,783	12,620	8,426	8,626	8,439	8,626	8,626	104,502
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	119,406	219,672	191,474	181,838	200,354	352,772	428,466	180,809	268,081	217,549	398,725	418,091	3,177,237
Disbursements													
Salaries & Benefits	116,083	176,324	123,429	123,776	123,565	123,847	183,533	122,092	123,586	120,613	125,049	125,049	1,586,946
Services & Supplies	32,156	36,478	62,994	30,205	34,586	88,159	35,050	39,928	44,540	78,775	64,360	99,420	646,651
Other Charges	43,836	54,065	53,103	60,124	51,509	63,621	58,325	42,777	61,861	57,989	57,944	78,190	683,354
Fixed Assets & Capital Outlay	97	267	42	91	947	235	142	209	115	337	551	1,991	5,024
Other Financing Uses	364	780	70	21,182	-	884	558	71	826	22,199	5,530	14,248	66,712
Advances to Other Funds	53,706	2,200	-	-	-	-	-	-	-	-	-	-	55,906
CalPERS Prepayment	105,493	-	-	-	-	-	-	-	-	-	-	-	105,493
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	351,735	270,114	239,638	235,378	210,607	276,746	277,608	205,077	230,928	279,923	253,434	318,898	3,150,086
Ending General Fund Cash Balance	(137,465)	(187,907)	(236,071)	(289,611)	(299,864)	(223,838)	(72,980)	(97,248)	(60,095)	(122,469)	22,822	122,015	122,015
TRANS Borrowing													
Proceeds of Notes	340,000	343,196	343,196	343,196	343,196	343,196	343,196	135,161	135,161	135,161	135,161	(3,529)	-
Principal Payment on Note	-	-	-	-	-	-	(204,000)	-	-	-	(136,000)	-	340,000
Premium	3,526	-	-	-	-	-	-	-	-	-	-	-	(340,000)
Interest Earnings	-	-	-	-	-	-	-	-	-	-	-	-	3,526
Interest Expense / Cost of Issuance	(330)	-	-	-	-	-	(4,035)	-	-	-	(2,690)	-	(3,526)
Total TRANS Borrowing	343,196	343,196	343,196	343,196	343,196	343,196	135,161	135,161	135,161	135,161	(3,529)	-	-
Ending Balance WITH TRANS Borrowing	205,731	155,289	107,125	53,585	43,332	119,358	62,181	37,913	75,066	12,692	19,293	122,015	122,015

Source: County Auditor-Controller

TABLE IV
County of Riverside Fiscal Year 2018-19
Projected General Fund Cash Flow
(\$ in Thousands)

	Jul-18 Projected	Aug-18 Projected	Sep-18 Projected	Oct-18 Projected	Nov-18 Projected	Dec-18 Projected	Jan-19 Projected	Feb-19 Projected	Mar-19 Projected	Apr-19 Projected	May-19 Projected	Jun-19 Projected	TOTALS
Beginning General Fund Cash Balance	122,015	(165,357)	(271,892)	(301,110)	(331,805)	(334,650)	(288,149)	(125,632)	(130,068)	(126,149)	(120,398)	30,734	122,015
Receipts													
Property Taxes	97	-	9,376	4,803	238	68,965	64,644	6	830	22,930	61,396	25,113	258,398
Sales and Use Taxes	2,020	2,693	2,651	2,000	2,667	2,873	2,229	2,972	2,589	1,871	2,495	2,669	29,729
Other Taxes	1,226	1,672	1,119	1,363	1,972	1,457	4,904	1,533	1,248	1,538	2,431	5,487	25,951
Licenses & Permits	1,295	1,464	926	1,160	1,576	928	951	1,708	1,061	5,112	2,229	722	19,133
Fines, Forfeitures & Penalties	1,323	1,742	1,683	1,703	2,092	1,525	2,524	3,448	4,235	4,208	3,029	22,702	50,214
Use of Money and Property	509	575	4,952	1,209	798	2,513	1,040	1,923	5,013	3,991	1,771	2,203	26,498
State Aid	52,787	65,860	75,636	98,107	115,079	87,496	218,741	109,315	101,986	95,395	228,963	148,527	1,397,894
Federal Aid	32,079	50,631	49,727	62,049	48,724	48,374	43,640	44,159	49,456	54,821	51,305	73,111	608,077
Other Governmental Aid	-	-	-	-	-	-	57,538	-	-	-	-	57,538	115,077
Charges for Current Services	42,036	48,415	37,723	33,470	31,603	62,135	55,193	44,156	63,975	41,441	47,719	70,118	577,983
Miscellaneous Revenue	594	1,232	805	1,784	1,447	1,406	1,380	1,696	1,339	12,001	1,936	9,204	34,823
Other Financing Sources	-	3,465	-	540	425	-	5	2	540	6	-	6,505	11,487
Repayment of Advances to Other Funds	-	-	7,731	4,418	4,859	2,761	6,074	4,418	3,313	17,245	1,546	5,534	57,900
Reimbursement from Departments for CalPERS	11,065	16,598	11,065	11,065	11,065	11,065	16,598	11,065	11,065	11,065	11,065	11,065	143,846
Interfund Transfers	-	-	-	-	-	-	-	-	35,000	-	-	-	35,000
Total Receipts	145,030	194,347	203,395	223,672	222,545	291,498	475,461	226,400	281,651	271,624	415,886	440,500	3,392,009
Disbursements													
Salaries & Benefits	130,661	195,992	130,661	130,661	130,661	130,661	195,992	130,661	130,661	130,661	130,661	130,661	1,698,597
Services & Supplies	50,875	40,727	38,578	39,487	36,230	47,071	59,194	46,981	75,046	53,173	70,031	104,610	662,004
Other Charges	50,607	60,712	61,747	62,071	57,296	63,833	56,278	51,956	70,081	63,824	58,999	73,475	730,881
Fixed Assets & Capital Outlay	265	304	763	324	193	365	147	292	1,123	321	289	1,197	5,582
Other Financing Uses	448	946	863	21,823	1,011	3,066	1,332	947	820	17,894	4,774	15,252	69,174
Advances to Other Funds	55,700	2,200	-	-	-	-	-	-	-	-	-	-	57,900
CalPERS Prepayment	143,846	-	-	-	-	-	-	-	-	-	-	-	143,846
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000
Total Disbursements	432,402	300,881	232,613	254,366	225,391	244,997	312,943	230,837	277,732	265,873	284,755	360,195	3,402,985
Ending General Fund Cash Balance	(165,357)	(271,892)	(301,110)	(331,805)	(334,650)	(288,149)	(125,632)	(130,068)	(126,149)	(120,398)	30,734	111,039	111,039
TRANS Borrowing													
Proceeds of Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payment on Note	340,000	-	-	-	-	-	-	-	-	-	-	-	340,000
Premium	3,526	-	-	-	-	-	-	-	-	-	-	-	3,526
Interest Earnings	(330)	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense / Cost of Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-
Total TRANS Borrowing	343,196	343,196	343,196	343,196	343,196	343,196	343,196	343,196	343,196	343,196	343,196	343,196	3,526
Ending Balance WITH TRANS Borrowing	177,839	71,304	42,086	11,391	8,546	55,047	9,531	5,095	9,013	14,764	27,206	111,039	111,039

Source: County Auditor-Controller

TABLE V
County of Riverside Fiscal Year 2017-18
Comparison between Original Projected General Fund Cash Flows
and Actual/Estimated General Fund Cash Flows
(in Thousands)

	FY 17/18 Original Projections	FY 17/18 Actual / Estimated Projections	\$ Over (Under)	% Over (Under)	
Property Taxes	\$ 245,243	\$ 246,219	\$ 976	0.4%	
Sales and Use Taxes	28,480	28,397	(83)	-0.3	
Other Taxes	27,695	24,748	(2,947)	-10.6	A
Licenses & Permits	18,158	18,076	(82)	-0.4	
Fines, Forfeitures & Penalties	49,125	51,454	2,329	4.7	
Rev from Use of Money and Property	19,156	19,266	110	0.6	
State Aid	1,337,336	1,352,913	15,577	1.2	
Federal Aid	588,335	588,162	(173)	0.0	
Other Governmental Aid	106,857	109,722	2,865	2.7	
Charges for Current Services	531,396	536,380	4,984	0.9	
Miscellaneous Revenue	30,080	30,560	480	1.6	
Other Financing Sources	9,404	9,405	1	0.0	
Repayment of Advances to Other Funds	55,237	55,906	669	1.2	
Reimbursement from Depts (CalPERS)	180,908	104,502	(76,406)	-42.2	B
Interfund Transfers	-	-	-	0.0	
Total	\$3,227,410	\$3,175,710	\$(51,700)	-1.6%	
Salaries and Benefits	\$1,625,636	\$1,586,946	\$(38,690)	-2.4%	C
Services and Supplies	634,098	646,651	12,553	2.0	
Other Charges	653,543	683,354	29,811	4.6	D
Fixed Assets and Capital Outlay	6,172	5,024	(1,148)	-18.6	E
Other Financing Uses	65,266	57,117	(8,149)	-12.5	
Advances to Other Funds	53,710	55,906	2,196	4.1	
CalPERS Prepayment	164,841	105,493	(59,348)	-36.0	F
Interfund Transfers	-	-	-	0.0	
Total	\$3,203,266	\$3,140,491	\$(62,775)	-2.0%	

A. Redevelopment Residual Assets Revenue is \$2.2M lower from original budgeted due to a recalculation of funds.

B. When projections were submitted, amounts budgeted for collections were based on the prepayment amount and percentage rate used for fiscal year 2017. At the beginning of fiscal year 2018, it was determined that prepaying a higher amount will not be made as the benefit of obtaining a higher discount from a higher prepayment was no longer available therefore percentage rate was also decreased reflecting a decrease in actual collected amounts.

C. Decrease in projected salaries is the result of a hiring freeze put into effect on January 2018 by the County Executive Office to contain cost increases related to current year overages and next year increases to labor costs and pension obligation costs.

D. Variances in Other Charges are due to increases in services for private care providers, client services and categorical assistance. Increases continue to be present for Medi-Cal services, IHSS and foster care assistance programs.

E. Amounts budgeted for Capitalized Software are lower than expected.

F. When projections were submitted, amount budgeted for prepayment was based on amount paid in fiscal year 2017. At the beginning of fiscal year 2018, it was determined that prepaying a higher amount will not be made as the benefit of obtaining a higher discount from the prepayment was no longer available therefore prepaid amount was only the unfunded liability contribution.

Source: County Auditor-Controller

TABLE VI
County of Riverside
Comparison between Fiscal Year 2017-18 Actual/Estimated General Fund Cash Flows
and Fiscal Year 2018-19 Projected General Fund Cash Flows
(in Thousands)

	FY 17/18 Actual / Estimated Projections	FY 18/19 Projections	\$ Over (Under)	% Over (Under)	
Property Taxes	\$ 246,219	\$ 258,398	\$ 12,179	4.9%	G
Sales and Use Taxes	28,397	29,729	1,332	4.7	
Other Taxes	24,748	25,951	1,203	4.9	
Licenses & Permits	18,076	19,133	1,057	5.8	
Fines, Forfeitures & Penalties	51,454	50,214	(1,240)	-2.4	
Rev from Use of Money and Property	19,266	26,498	7,232	37.5	H
State Aid	1,352,913	1,397,894	44,981	3.3	I
Federal Aid	588,162	608,077	19,915	3.4	J
Other Governmental Aid	109,722	115,077	5,355	4.9	
Charges for Current Services	536,380	577,983	41,603	7.8	K
Miscellaneous Revenue	30,560	34,823	4,263	13.9	L
Other Financing Sources	9,405	13,503	4,098	43.6	M
Repayment of Advances to Other Funds	55,906	59,427	3,521	6.3	
Reimbursement from Depts (CalPERS)	104,502	143,846	39,344	37.6	N
Interfund Transfers	-	35,000	35,000	100.0	O
Total	\$3,175,710	\$3,395,553	\$219,843	6.9%	
Salaries and Benefits	\$1,586,946	\$1,698,597	\$111,651	7.0	P
Services and Supplies	646,651	662,004	15,353	2.4	Q
Other Charges	683,354	730,881	47,527	7.0	R
Fixed Assets and Capital Outlay	5,024	5,582	558	11.1	
Other Financing Uses	57,117	69,174	12,057	21.1	
Advances to Other Funds	55,906	57,900	1,994	3.6	
CalPERS Prepayment	105,493	143,846	38,353	36.4	S
Interfund Transfers	-	35,000	35,000	100.0	O
Total	\$3,140,491	\$3,402,985	\$262,494	8.4%	

G. The assessment roll values continue to increase year by year.

H. The Treasurer's estimate for Fiscal Year 2018-19 County General Fund interest earnings include factors such as: general fund balances in the Treasurer's Pooled Investment Fund (TPIF), and the current level of interest rates. U.S. Federal Reserve (FED) monetary policy strongly influences short term interest rate levels. The FED remains data dependent; the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data. Market consensus is that the FED may raise the federal funds rate 3 to 4 times during 2018.

I. State revenue projected for Motor Vehicle In-Lieu of Taxes, Realignment, Public Safety Sales Tax, and AB109/118 revenue is expected to increase from fiscal year 2018.

J. With changes brought on by the Affordable Care Act, the Behavioral Health Integration Initiative, the Drug Medi-Cal Organized Delivery System Waiver and the Whole-Person Care Initiative, the Riverside University Health System (RUHS) has been working to lead a transformation of healthcare and inspire wellness in our communities. Initiatives have resulted in the ability to provide health and wellbeing services to Medi-Cal beneficiaries that before were unavailable. The County continues with their commitment to improve the health and wellbeing of the community therefore providing more services to Medi-Cal beneficiaries which are funded by the federal government.

K. The majority of the increase are due to fire protection and contractual city law enforcement revenue increasing.

L. Miscellaneous revenue is projected to increase for budget reimbursement, retirement discount and other miscellaneous revenue. Budget reimbursement is increasing by \$1.6M for Sheriff Corrections, \$1.3M for CalPERS Retirement prepay discount and \$1.6M for Public Health other miscellaneous revenue.

M. The County Executive Office is projecting an increase in their contributions from Moreno Valley Redevelopment Pass Thru revenue and from the Solar Fund in fiscal year 2019.

N. The amount collected from departments is based on a percentage rate of salaries paid. With the prepayment amount increasing due to a higher unfunded

- liability contribution amount, the percentage rate will be increased as a result. Therefore, amount collected will result in a higher amount than fiscal year 2018.
- O. The County needs to use interfund borrowing in fiscal year 2018 to balance out the timing of cash receipts and expenditures.
- P. Labor cost are expected to rise as a result of step increases, rising pension obligations costs and the staffing required for the John J. Benoit Detention Center scheduled to open in Fiscal Year 2018-19.
- Q. The significant variances in Services and Supplies are in Insurance Liability Cost and Professional Services.
- R. Other Charges continues to reflect significant increases in private care providers, client services and categorical assistance. The County continues with their commitment to improve the health and wellbeing of the community therefore providing more services to Medi-Cal beneficiaries. Client services increases are due to IHSS costs shifting to the County. Categorical Aid charges continue to increase as the State initiatives to implement the Continuum of Care Reform (CCR) continues.
- S. The prepayment amount for fiscal year 2019 is higher due to a higher Unfunded Liability Contribution amount.

Source: County Auditor-Controller

Alternative Cash Resources and Other Restricted Cash Resources Available For Repayment of the Note

Alternative cash resources and other restricted cash resources may be available to pay principal and interest on the Note in the event of a shortfall in Pledged Revenues such that Pledged Revenues are insufficient to pay principal and interest on the Note.

California Government Code Section 25252 authorizes the Board of Supervisors of the County to establish and abolish funds necessary for the proper transaction of the business of the County and further provides that the Board of Supervisors may authorize the County Auditor to perform this function. In addition, California Government Code Section 25252 authorizes the Board of Supervisors to make transfers from one fund to another as the public interest requires and further provides that the Board of Supervisors may by resolution authorize the County Auditor to make such transfers of money from one fund to another if the Board of Supervisors has authority over each such fund, as the public interest requires. Pursuant to Resolution 2010-205, adopted by the Board of Supervisors on August 10, 2010, the Board of Supervisors has authorized the County Auditor to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require.

Set forth in Table VII below are the actual and projected alternative and other restricted cash resources available to the County from the specified funds as of the dates set forth in such table. Pursuant to the authority granted in Resolution 2010-205, the County Auditor is authorized to transfer such moneys from one fund to another fund as the public interest may require, including transfers to the General Fund for the payment of the Note. There is no prescribed time period for the repayment of temporary transfers from one fund to another. The County Auditor has the authority to determine the timing of such repayments based on the needs of the respective funds.

The assumptions and projections underlying the projected alternative and other restricted cash resources are uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected alternative and other restricted cash resources. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected alternative and other restricted cash resources. Inclusion of the projected alternative and other restricted cash resources in this Official Statement should not be regarded as a representation by any person that the results contained in the projected alternative and other restricted cash resources will be achieved.

TABLE VII
County of Riverside Alternative and Other Restricted Cash Resources
Actual/Projected
(in Thousands)

Fund Type	Fund Purpose	Audited	Actual/Projected
		Actual Balance June 30, 2017	Balance June 30, 2018
Special Revenue	Transportation	\$ 123,984	\$ 131,680
Special Revenue	Flood Control	230,260	229,088
Special Revenue	Community Services	57,327	44,230
Special Revenue	County Service Areas	23,020	24,900
Special Revenue	Other Special Revenue	20,884	21,915
Capital Project	Public Facilities	167,816	167,253
Capital Project	Crest	7,690	8,282
Capital Project	PSEC	253	253
Enterprise	County Service Areas	267	388
Enterprise	Flood Control	1,852	2,274
Enterprise	Regional Medical Center	70,442	18,924
Enterprise	Fed. Qualified Health Care Clinics	-	2,847
Enterprise	Waste Management	85,811	87,811
Internal Service	Records Management and Archives	660	660
Internal Service	Fleet Services	10,540	10,791
Internal Service	Information Services	21,873	15,608
Internal Service	Printing Services	2,211	1,532
Internal Service	Supply Services	2,977	1,564
Internal Service	OASIS Project	-	-
Internal Service	Risk Management	201,772	220,955
Internal Service	Temporary Assistance Pool	1,445	593
Internal Service	Flood Control Equipment	6,962	7,367
Internal Service	EDA Facilities Management	8,750	8,447
Total Alternative Cash Resources		\$1,046,796	\$1,007,362

Fund Type	Fund Purpose	Audited	Actual/Projected
		Actual Balance June 30, 2017	Balance June 30, 2018
Permanent fund	Perris Valley Cemetery	\$ 667	\$ 742
Special Revenue	Regional Park and Open Space	11,702	11,252
Special Revenue	Air Quality Improvement	168	237
Special Revenue	In-Home Support Services	460	252
Special Revenue	Perris Valley Cemetery	710	836
Capital Project	Regional Park and Open Space	5,473	5,473
Capital Project	Flood Control	18	19
Enterprise	Housing	5,036	8,449
Trust and Agency	Agency funds	277,134	299,592
Trust and Agency	Private Purpose Trust	108,422	100,285
Debt Service	Pension obligation	19,110	33,059
Other	Children and Families Commission	41,628	41,577
Other Restricted Cash Resources of Riverside County		\$470,528	\$501,773

Fund Type	Audited Actual Balance	Actual/Projected Balance
	June 30, 2017	June 30, 2018
Alternative Cash Resources	\$1,046,796	\$1,007,362
Other Restricted Cash Resources	470,528	501,773
General Fund Unrestricted Cash	94,866	122,015
All Riverside County Cash	\$1,612,190	\$1,631,150

Projected Resources June 28, 2019:

\$1.65 billion

Source: County Auditor-Controller

The County projects that alternative cash resources and other restricted cash resources will total approximately \$1.65 billion as of June 28, 2019, the final maturity date of the Note. The Board has pre-authorized draws on alternative cash resources referenced above, if necessary to pay debt service of the Note, without the requirement of further Board action. Other restricted cash resources are also available as resources for repayment of the Note, however, further Board action would be required.

Additional Note Obligations

Under the Resolution, the County has reserved the right to issue additional notes during Fiscal Year 2018-19 having a lien on the Pledged Revenues that is on parity or subordinate to the lien on the Pledged Revenues securing the Note, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon. A parity obligation ("Parity Note") may be issued provided that (i) the issuance of any such Parity Note shall not in and of itself reduce or impair the rating on the Note, (ii) the maturity date of any such Parity Note shall be later than the outstanding Note, and (iii) the Note and Parity Note shall have the same paying agent. In the event that the County issues a Parity Note, the

County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note. The County may also incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues with respect to the Note. See "APPENDIX F—FORM OF RESOLUTION" attached hereto. The County currently expects that, other than the Note, it will not issue any tax and revenue anticipation notes, bonds, notes or warrants pursuant to the Act with respect to Fiscal Year 2018-19.

Sources and Uses of Funds

The following table presents the estimated sources and uses of funds in connection with the issuance of the Note.

Sources	
Par Amount of Note	\$
Original Issue Premium	
Total Sources	\$
Uses	
Deposit to General Fund	\$
Costs of Issuance*	
Total Uses	\$

* Includes legal fees, underwriters' discount, printing expenses and other costs of issuance.

Book-Entry-Only System

DTC will act as securities depository for the Note. The Note will be issued as a fully-registered security 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 certificate will be issued for each issue of the Note each in the aggregate principal amount the Note, and will be deposited with DTC. Individual purchases of participation in the Note will be made in book-entry form only. Purchasers of the Note will not receive certificates representing their ownership interest in the Note purchased. Principal and interest payments on the Note are payable directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its participants who are responsible for distributing such payments to the beneficial owners of the Note. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM" attached hereto.

Unless otherwise noted, the information contained in Appendix E hereto has been provided by DTC. The County makes no representations as to the accuracy or completeness of such information. The beneficial owners of the Note should confirm the information contained in Appendix E with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE NOTE; (C) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE OWNER OF THE NOTE; (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE NOTE; OR (E) ANY OTHER MATTER REGARDING DTC.

THE COUNTY

The County was organized in 1893 from territory in San Bernardino and San Diego counties and encompasses 7,177 square miles. The County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange and San Bernardino Counties. The County is the fourth largest county (by area) in the state and stretches 185 miles from the Arizona border to within 20 miles of the Pacific Ocean. There are 28 incorporated cities in the County. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,415,955 as of January 1, 2018, reflecting a 1.40% increase over January 1, 2017.

The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors (the "Board"), elected by district, serving staggered four-year terms. The Chair of the Board is elected by the Board members. The County administration includes appointed and elected officials, boards, commissions and committees which assist the Board.

The County provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services and public assistance programs. Some municipal services are provided by the County on a contract basis to incorporated cities within its boundaries. These services are designed to allow cities to contract for municipal services such as police and fire protection without incurring the cost of creating County departments and facilities. Services are provided to the cities at cost by the County.

See "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE" for a more detailed description of the County.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The County is not authorized to levy or collect any specific tax for the repayment of the Note.

Article XIII A of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended in 1986, as discussed below. Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to the County continues as part of its allocation in future years.

Article XIII B of the State Constitution

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIII B. 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 and population. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

The County's appropriations limit for Fiscal Year 2016-17 was \$2,714,793,102 and the amount shown in its budget for that year as the appropriations subject to limitation was \$1,075,205,455. The County's appropriations limit for Fiscal Year 2017-18 is \$2,858,405,657 and the amount subject to the limitation is \$1,076,087,524.

Right To Vote on Taxes Initiative-Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIC and XIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 (Article XIIC) requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote.

Proposition 218 (Article XIID) also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

Proposition 218 (Article XIIC) also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of any county will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. No such initiative is currently pending, or to the knowledge of the County, proposed.

The County is unaware of any assessments imposed by the County which, if challenged, would adversely affect County finances. Implementing legislation respecting Proposition 218 may be introduced in the State legislature from time-to-time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 62

Proposition 62, a statutory initiative that was adopted by the voters voting in the State at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires a reduction of ad valorem property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan*, 230 Cal.App.3d 1058 (1991) (the "Woodlake Case"), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62. On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* 74 Cal.App.4th 707 (1999) (the "La Habra" case). In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. No such challenge against the County is currently pending, or to the knowledge of the County, proposed.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in 2007-08 Fiscal Year, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate then in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the finances of the County.

Proposition 22

Proposition 22, approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties and special districts to schools, temporarily increase a school and community college districts' share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increases in pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Proposition 26

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 provides that the local government bears the burden of proving by a preponderance of evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the government activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not expect the provisions of Proposition 26 to materially and adversely affect its ability to pay debt service on the Note when due.

Assessment Appeals and Assessor Reductions

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals and general economic conditions, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated. The County has, in prior years, been affected by a reduction

in taxable property assessed values due to successful property owner appeals and unilateral reductions by the County Assessor, and may experience additional reductions in the future. Assessed valuation in the County increased from Fiscal Year 2013-14 to Fiscal Year 2014-15 by approximately 8.02%, from Fiscal Year 2014-15 to 2015-16 by approximately 5.75%, from Fiscal Year 2015-16 to 2016-17 by approximately 5.36% and from Fiscal Year 2016-17 to 2017-18 by approximately 5.52%. Assessed valuation in the County is expected to increase by approximately 5.00% in Fiscal Year 2018-19 as compared to the prior year. See "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

The County Assessor prepares the tax roll in each spring and summer. Owners are notified of changes in valuation by early fall and have the ability to file an appeal. The deadline for appeals in the County is November 30th. Current year appeals take a number of months to process and typically are not resolved by the end of the fiscal year.

Assessor-initialized reductions generally represent the bulk of adjustments to the tax roll during a time of a market decline. Cumulatively, assessed valuation in the County declined 11% since Fiscal Year 2007-08 through Fiscal Year 2014-15 due to the County Assessor's proactive reviews. Since Fiscal Year 2014-15 there have been no additional Proposition 8 reductions of significance.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62, 1A, 25 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time-to-time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the County.

STATE OF CALIFORNIA BUDGET INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County neither takes any responsibility for nor guarantees the accuracy or completeness thereof. The County has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the current and past budgets may be found at the Department of Finance website. An impartial analysis of the budget is posted by the Legislative Analyst's Office at its website. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2017-18, approximately 44.5% of the County's General Fund budget revenues consist of payments from the State and approximately 20.0% consists of payments from the Federal government. For Fiscal Year 2018-19, the County projects that approximately 44% of its General Fund budget revenues will consist of payments from the State and 21%

will consist of payments from the Federal government. A portion of such amounts constitutes Pledged Revenues.

For a description of certain potential impacts of the State budget on the finances and operations of the County, see "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE – Financial Information – Impacts of State Budget" attached hereto.

State Budget for Fiscal Year 2017-18. In a typical year, the Governor releases two primary proposed budget documents: (i) the Governor's Proposed Budget required to be submitted in January, and (ii) the "May Revision" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. On January 10, 2017, the Governor released the Fiscal Year 2017-18 Proposed State Budget. On May 11, 2017 the Governor released the May Revision to the Fiscal Year 2017-18 Proposed State Budget. On June 27, 2017, the Governor signed the adopted Fiscal Year 2017-18 State Budget (the "Fiscal Year 2017-18 Budget").

The Fiscal Year 2017-18 Budget projects Fiscal Year 2017-18 General Fund revenues and transfers of approximately \$125.9 billion, total expenditures of \$125.1 billion and a year-end fund balance of approximately \$2.4 billion, of which \$980 million would be reserved for liquidation of encumbrances and approximately \$1.4 billion would be deposited in a reserve fund for economic uncertainties. The Fiscal Year 2017-18 Budget projects that revenues will be \$7.3 billion higher than that forecasted in the 2016-17 State budget. The County expects that the increase in the share of the costs associated with the In-Home Supportive Services ("IHSS") program attributable to counties represents the most significant element of the Fiscal Year 2017-18 Budget (see below for more information). The Fiscal Year 2017-18 Budget projects a balance of \$8.49 billion in the Budget Stabilization Account/Rainy Day Fund by the end of Fiscal Year 2017-18 (which is 66 percent of its State constitutional target) and provides that it continues to bolster the State's Rainy Day Fund and pay down accumulated debts and liabilities to counter the potential fiscal impact of federal policy changes on the State and the potential end of an economic expansion that has surpassed historical averages.

Specifically, the Fiscal Year 2017-18 Budget:

- includes \$400 million in Fiscal Year 2017-18 to mitigate the increase in counties' costs for the IHSS program associated with the end of the Coordinated Care Initiative, and the amount of General Fund relief provided to counties will be phased down over time, decreasing to \$330 million in Fiscal Year 2018-19, to \$200 million in Fiscal Year 2019-20 and to \$150 million annually thereafter;
- includes a one-time increase of \$37 million General Fund for county IHSS administrative costs in Fiscal Year 2017-18;
- provides a one-time augmentation of \$108.9 million in Fiscal Year 2017-18 to the CalWORKs single allocation for counties;
- includes one-time funding of \$45 million General Fund for a county matching grant program designed to provide outreach to homeless persons with disabilities who may be eligible for disability benefits;
- provides for a \$6 billion supplemental payment to PERS with a loan from the Surplus Money Investment Fund that will reduce unfunded liabilities, stabilize State contribution rates and result in savings of \$11 billion over the next 20 years;
- provides an increase of approximately \$1.4 billion Proposition 98 funding to continue the State's transition to the Local Control Funding Formula for K-12 schools which will

bring the formula to 97 percent of full implementation of the Local Control Funding Formula and a total of \$13.4 billion General Fund for higher education;

- expands the State's Earned Income Tax Credit to include self-employed individuals; and implements the Road Repair and Accountability Act of 2017, which provides \$54 billion in new funding over the next decade to support State and local transportation infrastructure (the first \$2.8 billion of which will be applied to improving computes, fixing roads, strengthening overpasses and bridges and building mass transit).

Proposed State Budget for Fiscal Year 2018-19 and May Revision to Proposed Fiscal Year 2018-19 Budget. The Governor released his Proposed 2018-19 State Budget (the "Proposed Fiscal Year 2018-19 Budget") on January 10, 2018. The Proposed Fiscal Year 2018-19 Budget sets forth a balanced budget for Fiscal Year 2018-19. However, the Governor cautions that the State will continue to face uncertain times, including the ramifications of the recently enacted federal tax bill, which have not yet been factored into the Proposed Fiscal Year 2018-19 Budget's economic or revenue forecasts (the May Revision is expected to include a preliminary analysis of such ramifications). The Proposed Fiscal Year 2018-19 Budget provides that the State must continue to plan and save for the next recession, and brings the Rainy Day Fund to 100% of its constitutional target. The Proposed Fiscal Year 2018-19 Budget estimates that total resources available in Fiscal Year 2017-18 total approximately \$131.863 billion (including a prior year balance of \$4.6 billion) and total expenditures in Fiscal Year 2017-18 total approximately \$126.512 billion. The Proposed Fiscal Year 2018-19 Budget projects total resources available for Fiscal Year 2018-19 of \$135.143 billion, inclusive of revenues and transfers of \$129.792 billion and a prior year balance of \$5.351 billion. For Fiscal Year 2018-2019, the Proposed Fiscal Year 2018-19 Budget proposes to allocate \$1.165 billion of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and \$2.288 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed Fiscal Year 2018-19 Budget estimates the Rainy Day Fund will be fully funded by the end of Fiscal Year 2018-19 with a fund balance of \$13.461 billion (as compared to \$8.411 billion in Fiscal Year 2017-18).

On May 11, 2018, the Governor released the May Revision to the Proposed Fiscal Year 2018-19 Budget (the "2018-19 May Revision") which projects Fiscal Year 2018-2019 general fund revenues and transfers of approximately \$133.5 billion, total expenditures of approximately \$137.6 billion and a year-end fund balance of approximately \$4.4 billion, of which \$1.2 billion would be reserved for liquidation of encumbrances and approximately \$3.2 billion would be deposited in a reserve fund for economic uncertainties. The 2018-19 May Revision projects a balance of \$13.8 billion in the Budget Stabilization Account/Rainy Day Fund by the end of Fiscal Year 2018-2019. The 2018-19 May Revision assumes continued expansion of the economy and a balanced budget throughout the forecast period. However, the 2018-19 May Revision provides that the State must continue to plan and save for future budgets and avoid making substantial new ongoing obligations. The 2018-19 May Revision states that even a moderate recession could create a \$20 billion reduction in State revenue in a single year. The 2018-19 May Revision assumes the federal tax law changes will provide a temporary boost to the national economy and provide fiscal gains to many Americans, however, such gains come at a long-term cost because it will take economic growth from future years and increase income inequality. The 2018-19 May Revision provides that the full implications for the State's taxpayers and on federal-state program will not be known for many years. The 2018-19 May Revision reflects the receipt of \$8.0 billion in higher revenues through Fiscal Year 2018-2019 as compared to the Proposed Fiscal Year 2018-19 Budget. Of such amount, the 2018-19 May Revision proposes nearly \$4 billion in one-time General Fund spending, focused on infrastructure (\$2 billion), homelessness (\$359 million) and mental health (\$312 million).

The 2018-19 May Revision proposes higher Medi-Cal spending of \$20.3 billion general fund (\$97.3 billion total funds) in Fiscal Year 2017-2018 and \$22.9 billion general fund (\$103.9 billion total funds) in Fiscal Year 2018-2019 as compared to the 2018-19 Proposed Budget Act.

The County is currently evaluating the Governor's 2018-19 May Revision. The impact of the Governor's 2018-19 May Revision on the County's finances cannot be determined at this time. The 2018-19 May Revision proposes the following changes, among others, to the 2018-19 Proposed Budget Act:

- A \$2 billion No Place Like Home bond on the November ballot to accelerate the delivery of housing projects to serve the mentally ill who are homeless;
- One-time general fund allocation of \$250 million for a new Homelessness Emergency Aid block grant funds to be used for a variety of short-term housing solutions for homeless individuals and families;
- Homelessness-related funding augmentations of \$109 million in Fiscal Year 2018-2019 for outreach, mental health services and assistance targeted to CalWORKs families, youth and victims of domestic violence;
- An increase of \$24 million from the general fund for county IHSS administrative costs in Fiscal Year 2018-2019 to reflect higher estimates of county workload related to the IHSS program;
- In connection with counties' share of IHSS costs and implementation of a revised maintenance-of-effort (MOE) structure, resulting in higher county costs compared to the prior MOE levels, based on updated revenue projections and redirections, available 1991 realignment revenues are expected to cover a larger share of the increased MOE costs (when combined with \$330 million in state mitigation for Fiscal Year 2018-2019 and \$200 million in Fiscal Year 2019-2020, the 2019-19 May Revisions proposes no net fiscal impact to counties through Fiscal Year 2019-2020);
- An increase of \$55.8 million Temporary Assistance for Needy Families (TANF) for the CalWORKs Single Allocation in Fiscal Year 2018-2019;
- An increase of \$49.5 million from the general fund in Fiscal Year 2017-2018 and \$56 million from the general fund in Fiscal Year 2018-2019 towards the Continuum of Care Reform;
- A one-time increase of \$50 million in new investments for recovery efforts and improvement for California's emergency response system;
- \$32.8 million from the general fund to backfill property tax revenue losses that cities, counties and special districts will incur in Fiscal Year 2017-2018 and Fiscal Year 2018-2019 due to 2017 wildfires and mudslides;
- An additional \$50 million in auction proceeds (along with other funding) to implement the recently released Forest Carbon Plan which seeks to improve the health and resiliency of the State's forests against the increasing threats of fire and disease caused by climate change;
- An additional \$295 million from the general fund for flood control infrastructure;
- An additional \$133.3 million (from licensing fees) for cannabis related activities to various departments and state licensing agencies;
- One-time \$282.2 million from the general fund plus interest to repay local agencies for costs incurred between 2004 and 2011 for providing certain mandates that have expired or been repealed; and

- One-time \$50 million from the general fund for a new homeless and mentally ill outreach and treatment program.

The complete Proposed Fiscal Year 2018-19 Budget and 2018-19 May Revision is available from the California Department of Finance website at www.dof.ca.gov. Neither the County nor the Underwriter can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposition 25. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the Legislature for passage. However, on November 2, 2010, the voters approved Proposition 25, which amends the State Constitution to lower the vote requirement necessary for each house of the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the Legislature is still required to override any veto by the Governor.

Future State Budgets. No prediction can be made by the County as to whether the State will encounter budgetary problems in future fiscal years, and if this occurs, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on County finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the County has no control.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Note and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Note is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL."

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Note that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Note and the aggregate amount to be paid at maturity of the Note (the "original issue discount"). For this purpose, the issue price of the Note is the first price at which a substantial amount of the Note is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original

issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Note original issue discount treatment is elected.

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

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

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Note is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Note within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Note to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2018-19. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Note proceeds or of rebatable arbitrage profits, if any, was incorrect.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Note to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Note. Prospective purchasers of the Note should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

LITIGATION

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Note or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Note, or materially impacting Pledged Revenues, and an opinion of the Office of County Counsel to that effect will be furnished to the Underwriters at the time of the execution and delivery of the Note. See "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE—Financial Information—Litigation" for a discussion of the County's pending general litigation.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Note is a legal investment for commercial banks in California to the extent that the Note, in the informed opinion of the bank, is prudent for the investment of funds of its depositors, and is eligible to secure deposits of public moneys in California under provisions of the California Government Code.

UNDERWRITING

The Note is being purchased initially by Stifel, Nicolaus & Company, Incorporated, as representative of itself and J.P. Morgan Securities LLC (the "Underwriters"), at a price of \$ _____ (being the par amount of the Note, plus an original issue premium in the amount of \$ _____, less the Underwriters' discount of \$ _____). The Contract of Purchase provides that the Underwriters will

purchase the entire Note, if it is purchased. Furthermore, the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase and certain other conditions.

The Underwriters may offer and sell the Note to certain dealers and others at a price lower than the initial public offering price. The offering price may be changed from time to time by the Underwriters.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Note, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Note from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Note that such firm sells.

CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the owners and beneficial owners of the Note to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”) and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide information regarding material adverse events, if any such events should occur in connection with the following, to the owners of the Note and to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system, or any successor thereto, during the term of the Note. In addition, the County has covenanted to provide updated quarterly cash flow information within 60 days of the end of each fiscal quarter, beginning with the fiscal quarter ending September 30, 2018. See “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with the Rule.

Within the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide timely significant event notices, most often with respect to changes in the ratings of outstanding indebtedness, and primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; (ii) missing, incomplete or late filing of annual or quarterly reports with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County’s website and/or available in other continuing disclosure filings made by the County; and in all of the cases where a notice of failure to file was required to be filed, no notice of failure to file such information was provided. The County and its related entities have reviewed their previous filings and have made corrective filings where material, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County’s General Fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted new procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County continues to review its procedures to ensure continued compliance with the Rule.

The County was advised by two underwriters that they filed self-reports under the Securities and Exchange Commission’s (the “SEC”) Municipalities Continuing Disclosure Cooperation (“MCDC”) initiative regarding incorrect statements in the County’s official statements concerning the County’s compliance with its continuing disclosure requirements. In addition, the County filed a self-report under MCDC with respect to statements concerning continuing disclosure compliance made in official

statements for over 30 bond issues of the County and related issuers. In connection with such self-reporting, on March 3, 2017, the SEC notified the County that, as of the date of such notice, the SEC did not intend to recommend any enforcement action by the SEC against the County.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC and Fitch, Inc. have assigned ratings of "[]" and "[]", respectively, to the Note. Such ratings reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from each rating agency. Further, there is no assurance that any of the ratings will be retained for any given period of time or that any of the ratings will not be revised or withdrawn entirely by such rating agencies if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the trading value and the market price of the Note.

CERTAIN LEGAL MATTERS

At the time of the delivery of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, will deliver its final approving opinion. A proposed form of such approving opinion is contained in APPENDIX C hereto and will be delivered to DTC with the Note. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the County by the County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright, US LLP, San Francisco, California. Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel, is contingent upon the issuance of the Note. Underwriters' Counsel represents the Municipal Advisor (as defined herein) with respect to general regulatory compliance matters but is not engaged to represent the Municipal Advisor with respect to specific transactions, including the issuance of the Note. Underwriters' Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

MUNICIPAL ADVISOR

The County has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as Municipal Advisor (the "Municipal Advisor") in connection with the authorization and delivery of the Note. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Municipal Advisor are contingent upon the sale, issuance and delivery of the Note.

Fieldman, Rolapp & Associates, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

FINANCIAL STATEMENTS

The general purpose financial statements of the County, which are included in APPENDIX B to this Official Statement, have been audited by Brown Armstrong Accountancy Corporation, independent certified public accountants, as stated in their report appearing in APPENDIX B. Brown Armstrong Accountancy Corporation, has not consented to the inclusion of its report as APPENDIX B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Brown Armstrong Accountancy Corporation, with respect to any event subsequent to its

report dated December 21, 2017. See "APPENDIX B—THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017" attached hereto.

MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof, which do not purport to be complete or definite, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the County of Riverside, County Executive Office, 4th Floor, 4080 Lemon Street, Riverside, California 92501, Attention: County Finance Director.

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 County and the purchasers or holders of the Note.

The execution and delivery of this Official Statement have been duly authorized by the County.

COUNTY OF RIVERSIDE

By: _____

APPENDIX A
INFORMATION REGARDING THE COUNTY OF RIVERSIDE

[Attached]

APPENDIX B
THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

[Attached]

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final approving opinion with respect to the Note in substantially the following form:

[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the County of Riverside (the "County") in connection with the issuance by the County of Riverside of its \$_____ aggregate principal amount of County of Riverside 2018 Tax and Revenue Anticipation Note (the "Note"). The Note is being issued pursuant to a Resolution adopted by the Board of Supervisors of the County on May 22, 2018 (the "Resolution"). The County covenants and agrees as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners (as defined below) of the Note and in order to assist the Participating Underwriters (as defined below), in complying with the Rule (as defined below).

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

"*Beneficial Owner*" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Note (including persons holding a Note through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Note for federal income tax purposes.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule, which person has accepted such appointment. As of the date of this Certificate, the County has not appointed a Dissemination Agent.

"*Listed Event*" means any of the events listed in Section 4(a) of this Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Participating Underwriters*" means any of the original purchasers of the Note required to comply with the Rule in connection with the offering of the Note.

"*Quarterly Report*" means any Quarterly Report of the County provided by the County pursuant to and as described in Section 3 of this Certificate.

"*Repository*" means, until otherwise designated by the Commission, the Electronic Municipal Market Access website of the MSRB located at <http://emma.msrb.org>.

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

Section 3. Provision of Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than 60 days after the end of the fiscal quarters ending September 30, 2018, December 31, 2018 and March 31, 2019, provide to the Repository, in such format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information, copies of the Quarterly Report of the County, which is consistent with the requirements of subsection (b) below. Each Quarterly Report may include by reference other information as required by this Certificate. The County shall provide a written certification with each Quarterly Report filed with the Dissemination Agent to the effect that such Quarterly Report constitutes the Quarterly Report required to be submitted by the County hereunder. The Dissemination Agent may conclusively rely upon such certification of the County.

(b) The County's Quarterly Report shall contain or include by reference information regarding the County's cash flow in the fiscal quarter most recently ended, including comparative information to the projected cash flow included in the Official Statement.

(c) The Dissemination Agent (if one has been appointed) shall:

(i) determine prior to the date for providing the Quarterly Report the name and address of the Repository; and

(ii) if the Quarterly Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Quarterly Report has been provided pursuant to this Certificate, stating the date it was provided.

(d) If the County is unable to provide to the MSRB or the Dissemination Agent (if other than the County), a Quarterly Report by the date required in subsection (a), the County shall send a notice to the MSRB through the Electronic Municipal Market Access System in substantially the form attached hereto as Exhibit A.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the County shall give, or cause to be given, notice to the Repository of the occurrence of any of the following events (the "Listed Events") with respect to the Note in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note;

(vii) modifications to the rights of Owners of the Note, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Note, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than when the notice, if any, of the underlying event is given to Owners of affected Note pursuant to the Resolution.

Section 5. Termination of Reporting Obligation. The County's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Note or upon delivery to the County and to the Dissemination Agent (if any) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Note, the County shall give notice of such termination in the same manner as for a Listed Event under Subsection 4(c).

Section 6. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 60 days' written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Certificate.

Section 7. Amendment Waiver. Notwithstanding any other provision of this Certificate, the County may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3 or Subsection 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Note, or the type of business conducted;

(b) The undertakings, 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 Note, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Note in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners of the Note, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Note.

In the event of any amendment or waiver of a provision of this Certificate, the County shall describe such amendment in its next Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County.

Section 8. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in the County's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the County chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the County to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Note may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution with respect to the Note, and the sole remedy under this Certificate in the event of any failure of the County to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Note.

Section 11. Beneficiaries. This Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Note, and shall create no rights in any other person or entity.

Section 12. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: July 2, 2018

COUNTY OF RIVERSIDE

By _____
Authorized Officer

EXHIBIT A

**FORM OF NOTICE TO REPOSITORIES
OF FAILURE TO FILE REPORT**

Name of Issuer: County of Riverside, California
Name of Bond Issue: \$ _____ County of Riverside 2018 Tax and Revenue Anticipation Note
Issuance Date: July 2, 2018

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Quarterly Report with respect to the above-named Note as required by Section 3 of the Continuing Disclosure Certificate, dated as of July 2, 2018, executed and delivered by the County. The County anticipates that such report will be filed by _____.

Dated: _____

COUNTY OF RIVERSIDE

By _____
Authorized Officer

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this APPENDIX E concerning DTC and its book-entry system has been obtained from DTC and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Note, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX E. 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.

General

DTC will act as securities depository for the Note. The Note will be issued as a fully-registered security 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 certificate will be issued for each maturity of the Note, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Paying Agent.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. 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 Bonds 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 Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The County has not undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Note under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note on DTC's records. The ownership interest of each actual

purchaser of the 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 Note 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 the Note, except in the event that use of the book-entry system for the Note is discontinued.

To facilitate subsequent transfers, all Note 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 Note with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note 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.

While the Note is in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Note is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent 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 the Note is credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF THE NOTE AND WILL NOT BE RECOGNIZED BY THE PAYING AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

APPENDIX F
FORM OF RESOLUTION

[Attached]