

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



ITEM
3.7
(ID # 7813)

MEETING DATE:

Tuesday, September 18, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Approval of Resolution No. 2018-171 authorizing the issuance of the FY 2018-19 Teeter Series A Notes, All Districts. [\$260,700 - Teeter Note Proceeds 100%] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Resolution No. 2018-171 authorizing the issuance of the FY 2018-19 Teeter Series A Notes, supplementing its Master Teeter Resolution and providing for the terms and conditions of 2018 Series A Teeter Plan Obligation Notes (Tax-Exempt) and authorize the chairman to execute all necessary documents to consummate the issuance of the Notes.

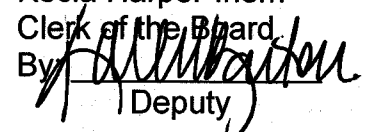
ACTION: Policy


Stephanie Perez, Principal Management Analyst 9/7/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Washington, Perez and Ashley
Nays: None
Absent: Tavaglione
Date: September 18, 2018
xc: EO

Kecia Harper-Ihem
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	\$ 260,700	\$ 0	\$ 260,700	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% Teeter Note Proceeds			Budget Adjustment:	No
			For Fiscal Year:	2018-2019

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

The FY 2018-19 Teeter Series A Notes are part of an ongoing program that has been in place since 1997. The annual financed amount consists of the following: i.) Delinquent property taxes collected in the prior year, pay down the previous year's maturing notes, ii.) The remaining note balance is rolled into the current year's financing and, iii.) The amount needed to fund the current advance of unpaid taxes is added to the financing, iv.) Cost of issuance. The Teeter financing program is open-ended and continuously rolls over any unpaid amounts, since it takes several years, on average, for collection of delinquent accounts.

The par amount of the program expands and contracts as tax delinquencies go up and down and with changes to the size of the overall tax roll. Given the County's senior lien position and the relationship between the amount of taxes and property values, over time the County collects over 99%+ of the taxes owed, in addition to penalties and interest. Unlike most other County financings that bear a net cost, the Teeter financing program results in net revenues to the County General Fund.

The par amount of the FY 2018-19 Teeter Obligation Notes is estimated at \$80 million. The Notes will be issued in fixed rate form in one tax exempt series, under the 1997 Master Resolution, with a maturity slightly longer than one year. Interest will be paid upon maturity on October 24, 2019.

The Program generates ongoing revenue for the General Fund by capturing the penalties and interest on the unpaid taxes upon collection. Those are paid at an annual rate in excess of 20% per annum (10% late penalty plus 1 ½% per month of default); the County's cost to finance the program last year was 1.02% and is expected to be about 1.75% this year due to Federal Reserve rate increases. After replenishing the statutorily required balance in the Tax Losses Reserve Fund and paying the interest cost for the year, the net amount is transferred to the General Fund as unrestricted revenue. For FY 17-18 that amount was \$21 million. For the current year, it is estimated to again be \$21 million.

The Debt Advisory Committee approved this item on August 9, 2018.

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

Impact on Residents and Businesses

This item will be beneficial for the citizens of Riverside County due to the revenue that flows to the General Fund to support county programs. Continued operation of the Teeter program provides substantial annual revenue to the County. Financing the Teeter program externally has been cost effective program and preserves the County's cash for other purposes.



Don R. Kent, Assistant CEO-County Finance Officer

9/11/2018



Misley Wang, Supervising Accountant

9/7/2018

2
3 RESOLUTION NO. 2018-171

4
5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF
6 THE COUNTY OF RIVERSIDE RESOLUTION OF THE COUNTY OF RIVERSIDE
7 SUPPLEMENTING ITS MASTER TEETER RESOLUTION,
8 AND PROVIDING FOR THE TERMS AND CONDITIONS OF
9 2018 SERIES A TEETER PLAN OBLIGATION NOTES (TAX-EXEMPT)
10

11 WHEREAS, the Board of Supervisors (the "Board") of the County of Riverside (the "County") has
12 adopted a resolution pursuant to Section 4702 of the California Revenue and Taxation Code, and has thereby
13 elected to follow the procedure for distributing Property Tax levies set forth in Chapter 3 of Part 8 of
14 Division 1 of the California Revenue and Taxation Code, consisting of Sections 4701 through 4717 (the
15 "Law"); and

16 WHEREAS, the Board elected, pursuant to Section 4702.5 of the Law, to include certain
17 assessments in the procedures authorized under the Law; and

18 WHEREAS, pursuant to Section 4705 of the Law, for each year in which allocations of taxes and
19 assessments are to be made in accordance with the Law, the amount of taxes and assessments for each fund
20 for which the tax levy has been included is to be apportioned to the credit of each such fund, and the Board
21 shall provide moneys in the County Treasury which shall be available to be drawn on to the extent of the
22 amount of uncollected taxes and assessments credited to each such fund for which a tax levy or an
23 assessment has been included; and

24 WHEREAS, on July 29, 1997, pursuant to Resolution No. 97-203, as ratified, confirmed and
25 modified by Resolution No. 97-298 adopted on November 4, 1997 (together, the "Master Teeter
26 Resolution") the Board authorized an issuance of Series A Obligations and Series B Obligations in the form
27 of Series A Notes and Series B Notes, respectively; and

FORM APPROVED COUNTY COUNSEL
BY:  DAVID M. MCCARTHY
DATE: Sep 4, 2018

1 **WHEREAS**, the Master Teeter Resolution contemplated that Series A Obligations and Series B
2 Obligations could be increased to include an amount sufficient to refund any Demand Obligation relating
3 to any fiscal year ending after June 30, 1997, as specified in a Supplemental Resolution; and

4 **WHEREAS**, pursuant to Resolution No. 98-283, adopted on August 18, 1998, the Board authorized
5 Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year
6 ended June 30, 1998; and

7 **WHEREAS**, pursuant to Resolution No. 99-385, adopted on September 7, 1999, the Board
8 authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the
9 fiscal year ended June 30, 1999; and

10 **WHEREAS**, pursuant to Resolution No. 2000-277, adopted September 26, 2000, the Board
11 authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30,
12 2000; and

13 **WHEREAS**, pursuant to Resolution No. 2001-290, adopted September 11, 2001, the Board
14 authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30,
15 2001; and

16 **WHEREAS**, pursuant to Resolution No. 2002-363, adopted October 8, 2002, the Board authorized
17 Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2002; and

18 **WHEREAS**, pursuant to Resolution No. 2003-495, adopted October 21, 2003, the Board authorized
19 Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2003; and

20 **WHEREAS**, pursuant to Resolution No. 2004-496, adopted October 26, 2004, the Board authorized
21 Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2004; and

22 **WHEREAS**, pursuant to Resolution No. 2005-493, adopted November 29, 2005, the Board
23 authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30,
24 2005 and to refund Outstanding Series B Notes; and

25 **WHEREAS**, pursuant to Resolution No. 2006-405 adopted October 17, 2006, the Board authorized
26 Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2006 and to
27 refund Outstanding Series B Notes; and

1 **WHEREAS**, pursuant to Resolution No. 2007-479, adopted October 30, 2007, the Board authorized
2 Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2007 and to
3 refund Outstanding Series B Notes; and

4 **WHEREAS**, pursuant to Resolution No. 2008-486, adopted November 18, 2008, the Board
5 authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the
6 fiscal year ended June 30, 2008 and to refund Outstanding Series B Notes; and

7 **WHEREAS**, pursuant to Resolution No. 2009-310, adopted November 24, 2009, the Board
8 authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the
9 fiscal year ended June 30, 2009 and to refund Outstanding Series B Notes and Series C Notes; and

10 **WHEREAS**, pursuant to Resolution No. 2010-281, adopted September 14, 2010, the Board
11 authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the
12 fiscal year ended June 30, 2010 and to refund Outstanding Series B Notes and Series C Notes; and

13 **WHEREAS**, pursuant to Resolution No. 2011-252, adopted September 27, 2011, the Board
14 authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30,
15 2011 and to refund Outstanding Series B Notes and Series C Notes; and

16 **WHEREAS**, pursuant to Resolution No. 2012-195, adopted September 11, 2012, the Board
17 authorized Series D Obligations to refund a Demand Obligation relating to the fiscal year ended June 30,
18 2012 and to refund Outstanding Series B Notes; and

19 **WHEREAS**, pursuant to Resolution No. 2013-222, adopted September 10, 2013, the Board
20 authorized Series D Obligations and Series E Obligations to refund a Demand Obligation relating to the
21 fiscal year ended June 30, 2013 and to refund Outstanding Series D Notes; and

22 **WHEREAS**, pursuant to Resolution No. 2014-182, adopted September 9, 2014, the Board
23 authorized Series D Obligations and Series E Obligations to refund a Demand Obligation relating to the
24 fiscal year ended June 30, 2014 and to refund Outstanding Series D Notes and Outstanding Series E Notes;
25 and

26 **WHEREAS**, pursuant to Resolution No. 2015-189, adopted September 15, 2015, the Board
27 authorized Series D Obligations to refund a Demand Obligation relating to the fiscal year ended June 30,
28

1 (a) Except as otherwise provided herein all terms defined in the Master Teeter Resolution shall
2 have the same meanings when used in this Supplemental Resolution as are given in Section 101 of the
3 Master Teeter Resolution, except for the following terms which are used in the Master Teeter Resolution,
4 which shall be amended to read as follows:

5 "Series B Taxes" or "Pledged Taxes" means (i) the right to collect any uncollected property
6 taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994, 1995,
7 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012,
8 2013, 2014, 2015, 2016, 2017 and 2018 and such other fiscal years, if any, as may be specified in a
9 Supplemental Resolution, (ii) all amounts received by the County upon the sale of property to recover such
10 property taxes or assessments, and (iii) all amounts received by the County upon the redemption of
11 properties for sale or previously sold to recover such property taxes or assessments, in each case to which
12 the County is entitled, including as a consequence of electing to being governed by the Law, and in each
13 case following the allocation by the County of the receipts of property taxes and assessments between the
14 Revenue Districts and those public districts within the County which have not agreed that the Law shall
15 apply to them; provided, however, that Series B Taxes shall not include (i) the right to collect delinquencies
16 in property taxes due to an Independent District for all fiscal years prior to the fiscal year in which the
17 respective Independent District agreed (pursuant to Section 4715 of the Law) that the Law shall apply to it,
18 (ii) Default Penalties, (iii) interest or Redemption Penalties, (iv) costs and fees paid pursuant to Section
19 4102(d) and 4112 of the Taxation Code and (v) installment payments made pursuant to Section 4217 et.
20 seq. of the Taxation Code with respect to properties otherwise subject to Series A/B Taxes. Series B Taxes
21 or Pledged Taxes shall not include Series A Taxes or Other Taxes.

22 "2018 Notes" means the 2018 Series A Notes (Tax-Exempt).

23 ARTICLE II

24 AUTHORIZATION OF DEMAND OBLIGATIONS

25 Section 2.01 Authorization of Demand Obligation.

1 The County shall evidence its obligation to make distributions to Revenue Districts pursuant to the Law in
2 respect of property taxes and assessments attributable to the fiscal year ended June 30, 2018, through the
3 issuance of a Demand Obligation or Demand Obligations in the principal amounts of such distributions.

4 **ARTICLE III**

5 **EXTENSION OF SERIES B**

6 **TEETER OBLIGATION PLEDGE**

7 **Section 3.01 Pledge of Series B Taxes.**

8 All Series B Taxes as defined in this Supplemental Resolution shall be governed by the provisions of
9 Section 302(2) of the Master Teeter Resolution, the security interest and pledge created pursuant to said
10 Section 302(2) shall hereby extend to Series B Taxes as defined in this Supplemental Resolution, and such
11 security interest and pledge shall hereby extend in favor of Holders of (a) the Demand Obligations referred
12 to in Section 2.01 hereof and issued hereunder and (b) the 2018 Notes issued hereunder. The lien on Series
13 B Taxes shall continue so long as any 2018 Notes remain Outstanding.

14 **ARTICLE IV**

15 **AUTHORIZATION AND ISSUANCE OF 2018 NOTES**

16 **Section 4.01 Authorization of 2018 Notes.**

17 The Board hereby determines that the County shall issue (i) as 2018 Series A Obligations, the "Teeter Plan
18 Obligation Notes, 2018 Series A (Tax-Exempt)," and the proceeds shall be applied to the refunding, in
19 whole or in part, of a Demand Obligation, Outstanding Series A Notes and to pay costs of issuance. The
20 aggregate principal amount of 2018 Notes issued hereunder shall not exceed \$80,000,000. The 2018 Notes
21 shall be Tax-Exempt Notes (and the tax covenants contained in Section 815 of the Resolution shall apply
22 to the 2018 Notes). Any different or additional terms and provisions of the 2018 Notes shall be set forth in
23 a written certificate of the Treasurer or County Executive Officer delivered prior to the issuance of the 2018
24 Notes.

25 **Section 4.02 Denominations, Medium, Method and Place of Payment and Dating of 2018 Notes.**

26 (a) The 2018 Notes shall be initially issued and registered as provided in Section 4.07 of this
27 Supplemental Resolution and otherwise shall be in the denominations of \$5,000 or any integral multiple
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1 thereof, and shall be dated the date of issuance thereof, shall mature no later than December 31, 2019, and
2 shall bear interest payable at maturity and computed on the basis of a 360-day year composed of twelve 30-
3 day months, at the rates per annum determined in accordance with this Supplemental Resolution.

4 (b) Both the principal of the 2018 Notes and interest due on the 2018 Notes at maturity shall be
5 payable in lawful money of the United States of America, only to the registered owners of the Notes upon
6 surrender thereof at the principal office of the Fiscal Agent upon the maturity thereof. No interest shall be
7 payable on any 2018 Note for any period after maturity during which the registered owner thereof fails to
8 properly present such 2018 Note for payment.

9 **Section 4.03 Sale of Notes.**

10 The Purchase Contract between Wells Fargo Bank, National Association and Raymond James &
11 Associates, Inc. (the "Underwriters") and the County (the "Purchase Contract"), in substantially the form
12 presented to this meeting, is hereby approved. The Treasurer and the County Executive Officer and their
13 designees are, and each of them acting alone is, authorized to execute and deliver such Purchase Contract,
14 with such changes, additions, completions and corrections therein as such officers shall require or approve,
15 including specifying the principal amount of the 2018 Notes (not to exceed the amount authorized under
16 Section 4.01 hereof), the term of the 2018 Notes (not to exceed the maturity date set forth in Section 4.02(a)
17 hereof), the interest rate on the 2018 Notes and the purchase price of the 2018 Notes, such approval to be
18 conclusively evidenced by the execution and delivery thereof; provided, however, that the true interest cost
19 of the 2018 Notes shall not exceed 2.50% per annum, and that the underwriters' discount (exclusive of
20 original issue discount) on the 2018 Notes shall not exceed 0.075% of the principal amount of the 2018
21 Notes.

22 **Section 4.04 Payment of 2018 Notes.**

23 There is hereby established with the Fiscal Agent, as agent and pledge holder for the Holders of the 2018
24 Notes, the "2018 Payment Fund." On or before the maturity date of the 2018 Notes, the County shall
25 transfer to the Fiscal Agent from the General Fund, including the Series B Taxes, an amount sufficient to
26 pay the principal of and interest on the 2018 Notes when due.

27 **Section 4.05 Forms of 2018 Notes.**

1 The 2018 Notes and the assignment to appear thereon each shall be in substantially the form set forth in
2 Exhibit A attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and
3 variations as permitted or required hereby.

4 **Section 4.06 Execution and Authentication of Notes.**

5 The County Executive Officer is hereby authorized to sign the 2018 Notes by use of his manual or facsimile
6 signature, and the Clerk of the Board of Supervisors is hereby authorized to countersign the 2018 Notes by
7 use of his/her manual signature and to affix the seal of the Board of Supervisors thereto by facsimile thereon.

8 Said officers are hereby authorized to cause the blank spaces in the Notes to be filled in as may be
9 appropriate and to deliver the 2018 Notes to the Underwriters in accordance with the terms and provisions
10 of the Purchase Contract. In the case of 2018 Notes executed by facsimile signature of both the County
11 Executive Officer and the Clerk of the Board of Supervisors, the 2018 Notes shall not be valid unless and
12 until the Fiscal Agent or his or her designee shall have manually authenticated such Notes.

13 In case any officer whose signature appears on the 2018 Notes shall cease to be such officer before the
14 delivery of the 2018 Notes to the purchaser thereof, such signature shall nevertheless be valid and sufficient
15 for all purposes as if such officer had remained in office until such delivery of the Notes.

16 **Section 4.07 Registration, Exchange and Transfer.**

17 (a) The Depository Trust Company, New York, New York, is hereby appointed depository for
18 the 2018 Notes. The 2018 Notes shall be initially issued and registered in the name of "Cede & Co.," as
19 nominee of The Depository Trust Company, New York, New York and shall be evidenced by a single 2018
20 Note. Registered ownership of each 2018 Note, or any portion thereof, may not thereafter be transferred
21 except as set forth in Section 4.07(b).

22 (b) The 2018 Notes shall be initially issued and registered as provided in Section 4.07(a) hereof.
23 Registered ownership of the 2018 Notes, or any portions thereof, may not thereafter be transferred except:

24 (i) to any successor of Cede & Co., as nominee of The Depository Trust Company, or
25 its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (b)
26 ("Substitute Depository"); provided that any successor of Cede & Co., as nominee of The Depository Trust
27

1 Company or Substitute Depository, shall be qualified under any applicable laws to provide the service
2 proposed to be provided by it;

3 (ii) to any Substitute Depository not objected to by the County Executive Officer, upon
4 (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its
5 successor) from its functions as depository, or (2) a determination by the County Executive Officer to
6 substitute another depository for The Depository Trust Company (or its successor) because The Depository
7 Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that
8 any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed
9 to be provided by it; or

10 (iii) to any person as provided below, upon (1) the resignation of The Depository Trust
11 Company or its successor (or any Substitute Depository or its successor) from its functions as depository,
12 or (2) a determination by the County Executive Officer to discontinue using a depository.

13 (c) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (b) of this Section,
14 upon receipt of all outstanding 2018 Notes by the Fiscal Agent (together, in the case of a successor fiscal
15 agent appointed by the County, with a written request of the County Executive Officer to such successor
16 fiscal agent designating the Substitute Depository), a single new 2018 Note, which the County shall prepare
17 or cause to be prepared, shall be executed and delivered, registered in the name of any such successor to
18 Cede & Co. or such Substitute Depository, or their respective nominees, as the case may be, all as specified
19 by the County Executive Officer. In the case of any transfer pursuant to clause (iii) of subsection (b) of this
20 Section upon receipt of all outstanding 2018 Notes by the Fiscal Agent (together, in the case of a successor
21 fiscal agent appointed by the County, with a written request of the County Executive Officer to such
22 successor fiscal agent), new 2018 Notes, which the County shall prepare or cause to be prepared, shall be
23 executed and delivered in such denominations and registered in the names of such persons as specified by
24 the County Executive Officer, subject to the limitations of this Section, provided that the Fiscal Agent shall
25 deliver such new 2018 Notes as soon as practicable.

26 (d) The County and the Fiscal Agent shall be entitled to treat the person in whose name any
27 2018 Note is registered as the owner thereof for all purposes of the Resolution and for purposes of payment
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1 of principal of and interest on such 2018 Note, notwithstanding any notice to the contrary received by the
2 Fiscal Agent or the County; and the County and the Fiscal Agent shall not have responsibility for
3 transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners
4 of the 2018 Notes. Neither the County nor the Fiscal Agent shall have any responsibility or obligation,
5 legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust
6 Company or its successor (or Substitute Depository or its successor), except to the owner of any 2018 Notes,
7 and the Fiscal Agent may rely conclusively on its records as to the identity of the owners of the 2018 Notes.

8 (e) Notwithstanding any other provision of this Resolution and so long as all outstanding 2018
9 Notes are registered in the name of Cede & Co. or its registered assigns, the County and the Fiscal Agent
10 shall cooperate with Cede & Co. or its registered assigns, as sole registered owner, in effecting payment of
11 the principal of and interest on the 2018 Notes by arranging for payment in such manner that funds for such
12 payments are properly identified and are made available on the date they are due all in accordance with the
13 Letter of Representations, the provisions of which the Fiscal Agent may rely upon to implement the
14 foregoing procedures notwithstanding any inconsistent provisions herein.

15 (f) In the case of any transfer pursuant to clause (iii) of subsection (b) of this Section, any 2018
16 Note may, in accordance with its terms, be transferred or exchanged for a 2018 Note of like aggregate
17 principal amount in authorized denominations, upon the books required to be kept by the Fiscal Agent
18 pursuant to the provisions hereof, by the person in whose name it is registered, in person or by his duly
19 authorized attorney, upon surrender of such 2018 Note for cancellation, and, in the case of a transfer,
20 accompanied by delivery of a written instrument of transfer, duly executed and in form approved by the
21 Fiscal Agent.

22 Whenever any 2018 Note shall be surrendered for transfer or exchange, the County shall execute and the
23 Fiscal Agent shall authenticate, if required, and deliver a new 2018 Note of authorized denominations, for
24 a like aggregate principal amount. The Fiscal Agent shall require the owner requesting such transfer or
25 exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or
26 exchange.

1 (g) The Fiscal Agent will keep or cause to be kept sufficient books for the registration and
2 transfer of the 2018 Notes, which shall at all times be open to inspection by the County. Upon presentation
3 for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or
4 transfer or cause to be registered or transferred, on such books, 2018 Notes as hereinbefore provided.

5 (h) If any 2018 Note shall become mutilated, the County, at the expense of the owner of such
6 2018 Note, shall execute, and the Fiscal Agent shall thereupon authenticate, if required, and deliver a new
7 2018 Note of like tenor and number in exchange and substitution for the 2018 Note so mutilated, but only
8 upon surrender to the Fiscal Agent of the 2018 Note so mutilated. Every mutilated 2018 Note so
9 surrendered to the Fiscal Agent shall be cancelled by it and delivered to, or upon the order of, the County.

10 If any 2018 Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be
11 submitted to the County and the Fiscal Agent and, if such evidence be satisfactory to both and indemnity
12 satisfactory to them shall be given, the County, at the expense of the owner, shall execute, and the Fiscal
13 Agent shall thereupon authenticate, if required, and deliver a new 2018 Note of like tenor and number in
14 lieu of and in substitution for the 2018 Note so lost, destroyed or stolen (or if any such 2018 Note shall have
15 matured or shall be about to mature, instead of issuing a substitute 2018 Note, the Fiscal Agent may pay
16 the same without surrender thereof). The Fiscal Agent may require payment by the registered owner of a
17 2018 Note of a sum not exceeding the actual cost of preparing each new 2018 Note issued pursuant to this
18 paragraph and of the expenses which may be incurred by the County and the Fiscal Agent. Any 2018 Note
19 issued under these provisions in lieu of any 2018 Note alleged to be lost, destroyed or stolen shall constitute
20 an original additional contractual obligation on the part of the County whether or not the 2018 Note so
21 alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the
22 benefits of this Supplemental Resolution with all other 2018 Notes issued under this Supplemental
23 Resolution. All 2018 Notes surrendered for payment or registration of transfer, if surrendered to any person
24 other than the Fiscal Agent, shall be delivered to the Fiscal Agent and shall be promptly cancelled by it.
25 The County may at any time deliver to the Fiscal Agent for cancellation any 2018 Notes previously
26 authenticated and delivered hereunder which the County may have acquired in any manner whatsoever, and
27 all 2018 Notes so delivered shall promptly be cancelled by the Fiscal Agent. No 2018 Note shall be
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1 authenticated in lieu of or in exchange for any 2018 Notes cancelled as provided herein, except as expressly
2 permitted hereunder. All cancelled 2018 Notes held by the Fiscal Agent shall be disposed of as directed by
3 the County.

4 **Section 4.08 Defeasance of 2018 Notes.**

5 (a) If the County shall pay or cause to be paid or there shall otherwise be paid to the Holders of
6 all Outstanding 2018 Notes the interest and principal thereof at the times and in the manner stipulated herein
7 and therein, then all agreements and covenants of the County to such Holders hereunder shall thereupon
8 cease, terminate and become void and shall be discharged and satisfied.

9 (b) Any Outstanding 2018 Notes shall, prior to the maturity date thereof, be deemed to have
10 been paid within the meaning and with the effect expressed in this Section if there shall have been deposited
11 with the Fiscal Agent in trust either moneys in an amount which shall be sufficient, or Defeasance Securities
12 which are not callable or subject to prepayment prior to their respective maturity dates, the principal of and
13 the interest on which when due, and without any reinvestment thereof, will provide moneys which, together
14 with the moneys, if any, deposited with or held by the Fiscal Agent at the same time, shall be sufficient (as
15 verified by a report of an independent certified public accountant or other independent financial consultant),
16 to pay when due the principal of and the interest to become due on said 2018 Notes on the maturity date
17 thereof. Neither the securities nor moneys deposited with the Fiscal Agent pursuant to this Section 4.08(b)
18 nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other
19 than, and shall be held in trust for, the payment of the principal of and interest on said 2018 Notes. The
20 Fiscal Agent shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant
21 to this Section.

22 (c) After the payment or deemed payment of all the interest and principal of all Outstanding
23 2018 Notes as provided in this Section and payment of any amounts then owed to the Fiscal Agent, the
24 Fiscal Agent shall pay over or deliver to the County all moneys or securities held by it pursuant hereto
25 which are not required for the payment of the interest and principal represented by such 2018 Notes.
26 Owners of 2018 Notes shall thereafter be entitled to payments due under the 2018 Notes only from amounts
27 deposited pursuant to this Section and from no other source.

1 **Section 4.09 Fiscal Agent.**

2 The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Fiscal Agent for the 2018
3 Notes. The County hereby directs and authorizes the payment by the Fiscal Agent of the interest on and
4 principal of the 2018 Notes when such become due and payable.

5 The Fiscal Agent is also appointed as registrar and upon the request of any registered owner, is authorized
6 to record the transfer or exchange of 2018 Notes in accordance with the provisions hereof.

7 **Section 4.10 Official Statement for 2018 Notes.**

8 The proposed form of official statement relating to the 2018 Notes, in substantially the form presented to
9 this meeting, is hereby approved with such additions, changes and corrections as the Treasurer and the
10 County Executive Officer and their designees, jointly and severally, may from time to time approve. The
11 Underwriters are hereby authorized to distribute such official statement in preliminary form (the
12 "Preliminary Official Statement") to the potential purchasers of the 2018 Notes and are hereby authorized
13 and directed to deliver such official statement in final form to all purchasers of the 2018 Notes. The
14 Treasurer and the County Executive Officer and their designees are, and each of them acting alone is,
15 authorized to certify on behalf of the County that the preliminary form of the official statement is deemed
16 final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of
17 1934 (except for the omission of certain final pricing, rating and related information as permitted by said
18 Rule). The Treasurer and the County Executive Officer and their designees are, and each of them acting
19 alone is, hereby authorized and directed, for and in the name and on behalf of the County, to sign a copy of
20 such Official Statement in final form.

21 **Section 4.11 Continuing Disclosure.**

22 The County hereby agrees and covenants that it will comply with and carry out all of the provisions of that
23 certain Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") executed by the County
24 and dated the date of issuance and delivery of the 2018 Notes, as originally executed and as it may be
25 amended from time to time in accordance with the terms thereof, and notwithstanding any other provision
26 hereof, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered
27 an event of default hereunder; provided, that any registered owner of the 2018 Notes may take such actions
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1 as may be necessary and appropriate, including seeking mandate or specific performance by court order, to
2 cause the County to comply with its obligations under this Section.

3 **ARTICLE V**
4 **MISCELLANEOUS**

5 **Section 5.01 Accounting.**

6 The Board hereby determines that earnings on amounts held in the Teeter Debt Service Fund and the Teeter
7 Tax Loss Reserve Fund, respectively, shall be deposited in such fund or funds as shall be directed by the
8 County Executive Officer.

9 **Section 5.02 Additional Actions.**

10 All actions heretofore taken by the officers and agents of the County or the Board of Supervisors with
11 respect to the issuance and sale of the 2018 Notes are hereby approved, confirmed and ratified, and the
12 officers, employees and agents of the County and the Board of Supervisors are hereby authorized and
13 directed, for and in the name and on behalf thereof, to do any and all things and take any and all actions and
14 execute any and all certificates, agreements and other documents which they, or any of them, may deem
15 necessary or advisable in order to consummate the lawful issuance and sale from time to time of the 2018
16 Notes in accordance with the Master Teeter Resolution and this Supplemental Resolution, including, but
17 not limited to, entering into amendments, if any, to the Fiscal Agent Agreement (including provisions
18 relating to a costs of issuance fund) and DTC Representation Letter.

19 **Section 5.03 Effectiveness; Master Teeter Resolution to Remain in Effect.**

20 (a) This Supplemental Resolution shall become effective immediately upon its adoption.
21 Except as expressly provided in this Supplemental Resolution, every term and condition contained in the
22 Master Teeter Resolution shall apply to this Supplemental Resolution and to the additional Demand
23 Obligations and 2018 Notes authorized hereby, with the same force and effect as if the same were herein
24 set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make
25 the same conform to this Supplemental Resolution.

26 (b) This Supplemental Resolution and all of the terms and provisions herein contained shall
27 form part of the Master Teeter Resolution as fully and with the same effect as if all such terms and provisions
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1 had been set forth in the Master Teeter Resolution. The Master Teeter Resolution is hereby ratified and
2 confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof,
3 as heretofore amended and supplemented and as amended and supplemented hereby.

4 **Section 5.04 Partial Invalidity.**


5 If any one or more of the agreements or covenants or portions thereof required hereby to be performed by
6 or on the part of the County shall be contrary to law, then such agreement or agreements, such covenant or
7 covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining
8 agreements and covenants or portions thereof and shall in no way affect the validity hereof or of any of the
9 Demand Obligations or any of the 2018 Notes authorized hereby, and the Holders shall retain all the benefit,
10 protection and security afforded to them hereunder or any applicable provisions of law.

11 **Section 5.05 Law Governing.**

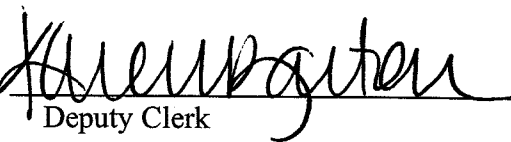
12 This Supplemental Resolution shall be governed exclusively by the provisions hereof and by the laws of
13 the State of California as the same from time to time exist.

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PASSED and ADOPTED by the Board of Supervisors on September 18, 2018.

By: 
Chuck Washington, Chairman of the Board of Supervisors

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By: 
Deputy Clerk

ROLL CALL:

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

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

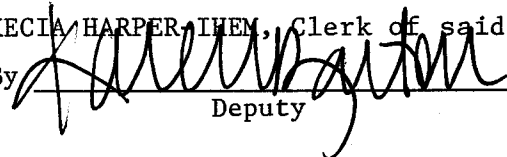
KECIA HARPER-IHEM, Clerk of said Board
By: 
Deputy

EXHIBIT A

FORM OF 2018 SERIES A NOTE

No. _____ \$ _____

**COUNTY OF RIVERSIDE TEETER PLAN OBLIGATION NOTE,
2018 SERIES A (TAX-EXEMPT)**

NOTE DATE	MATURITY DATE	INTEREST RATE	CUSIP
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

The County of Riverside (the "County") acknowledges itself indebted to, and for value received, hereby promises to pay from amounts on deposit in the General Fund, as defined in the Resolution No. 97-203 of the County, as amended and supplemented (the "Resolution"), to the registered owner specified above (the "Holder"), at the office of The Bank of New York Mellon Trust Company, N.A., the principal amount specified above on the Maturity Date specified above, together with interest thereon at the Interest Rate per annum set forth above (computed on the basis of a 360-day year composed of twelve 30-day months) in like lawful money of the United States of America from the Note Date specified above until payment in full of said principal sum. The interest payable at maturity and principal of this Note shall be payable only to the registered owner hereof upon surrender of this Note at the office of the Fiscal Agent as the same shall fall due; provided, however, that no interest shall be payable for any period after maturity during which the registered owner hereof fails to properly present this Note for payment.

This Note is one of a duly authorized issue of Teeter Plan Obligation Notes, 2018 Series A (Tax-Exempt) of the County issued under and pursuant to the Resolution. The 2018 Series A Notes are payable from the General Fund and are secured by Series B Taxes as defined in the Resolution. By acceptance of this Note, the Holder consents to all the terms and conditions hereof, and of the Resolution, a copy of which is on file with the County.

This Note is not subject to redemption prior to maturity.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Note, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the County of Riverside has caused this Note to be executed in its name by the manual or facsimile signature of its County Executive Officer and countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors, and caused its official seal or a facsimile thereof to be affixed hereto.

COUNTY OF RIVERSIDE

By _____
County Executive Officer

(SEAL)

COUNTERSIGNED:

Clerk of the Board of Supervisors

§ _____
COUNTY OF RIVERSIDE
2018 SERIES A TEETER OBLIGATION NOTES
(TAX-EXEMPT)

NOTE PURCHASE AGREEMENT

_____, 2018

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

Ladies and Gentlemen:

The undersigned, Wells Fargo Bank, N.A. (the “Representative”), as representative of itself and Raymond James & Associates, Inc. (collectively, the “Underwriters”), acting on its own behalf and not as fiduciary or agent of the County of Riverside (the “County”), offers to enter into this Note Purchase Agreement (the “Note Purchase Agreement”) with 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 Note Purchase Agreement will be binding upon the County and the Underwriters.

1. Purchase and Sale of the Notes. 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 Series A Teeter Obligation Notes (Tax-Exempt) (the “Notes”) in the aggregate principal amount of \$_____. The aggregate purchase price to be paid by the Underwriters for the Notes shall be \$_____, being the principal amount of the Notes, [plus][less] an original issue [premium][discount] of \$_____, and less an Underwriters’ discount of \$_____.

2. The Notes. The Notes shall be dated their date of issuance and shall mature on October 25, 2019. The Notes are being issued under Resolution No. 97-203, as ratified, confirmed and modified by Resolution No. 97-298 adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on November 4, 1997 (together, as heretofore amended and supplemented, the “Master Teeter Resolution”), including as supplemented by a resolution adopted by the Board of Supervisors on September __, 2018 (the “2018 Resolution” and, together with the Master Teeter Resolution, the “Resolutions”), and a Fiscal Agent Agreement, dated as of November 1, 1997 (as amended, the “Fiscal Agent Agreement”), by and between the County and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent thereunder (the “Fiscal Agent”), and in full conformity with the Constitution and laws of the State of California, as amended and supplemented. The Notes will bear interest at the rates set forth in Exhibit A hereto. The Notes 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 Notes.

3. Use of Documents. The County has delivered to the Underwriters copies of its Preliminary Official Statement dated _____, 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 seven (7) business days from the date hereof and in sufficient time to accompany any confirmations requesting payment sent to purchasers. The number of Official Statements so delivered will be sufficient to comply with the requirements of paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board ("MSRB"). In addition, the County shall prepare or cause to be prepared the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Issue Date (defined below) to enable the Underwriters to comply with MSRB Rule G-32.

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 Notes, the Official Statement and the Resolutions 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 Note Purchase Agreement.

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 events, if material. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

4. Public Offering; Establishment of Issue Price. (a) The Underwriters agree to make a bona fide public offering of the Notes at the prices or yields set forth on the cover of the Official Statement. The Underwriters may offer and sell the Notes to certain dealers and banks at prices lower than the public offering price stated on the cover of the Official Statement and said public offering prices may be changed from time to time by the Underwriters.

(b) The Representative, on behalf of the Underwriters, agrees to assist the County in establishing the issue price of the Notes 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 B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the County and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes. All actions to be taken by the County under this section to establish the issue price of the Notes may be taken on behalf of the County by the County's municipal advisor, C.M. de Crinis & Co., Inc. (the "Municipal Advisor") and any notice or report to be provided to the County may be provided to the Municipal Advisor.

(c) [Except as otherwise set forth in Schedule I attached hereto,] the County will treat the first (meaning single) price at which 10% of the Notes (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Note Purchase Agreement, the Representative shall report to the County the price or prices at which it has sold to the public the Notes. If at that time the 10% test has not been satisfied as to the Notes, the Representative agrees to promptly report to the County the prices at which it sells the unsold Notes to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until the 10% test has been satisfied as to the Notes or until all Notes have been sold to the public.

(d) [The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Note Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Note Purchase Agreement, the Notes for which (i) the 10% test has been satisfied (assuming orders are confirmed immediately after the execution of this Note Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the County and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the County to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to the Notes, the Underwriters will neither offer nor sell unsold Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the County when it has sold 10% of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The County acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and.

(ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each

Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.]

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

(1) "public" means any person other than an underwriter or a related party,

(2) "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 Notes 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 Notes 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 Notes to the public),

(3) a purchaser of any of the Notes 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), and

(4) "sale date" means the date of execution of this Note Purchase Agreement by all parties.

5. Closing. At 8:00 a.m., Pacific Daylight Time, on ____, 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 "Issue Date"), the County will deliver to the Underwriters, through the facilities of DTC, the Notes 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 adopt the Resolutions, to issue the Notes and to execute this Note Purchase Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate (collectively, the "Documents"), and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Documents.

(B) (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 Notes; (ii) the execution and delivery of the Notes and the Documents, the adoption by the County of the Resolutions, 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; (iii) this Note Purchase Agreement has been duly executed and delivered and constitutes the valid and legally binding obligation of the County enforceable against the County in accordance with its 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; (iv) the Board of Supervisors has duly authorized the consummation by the County of all transactions contemplated by the Documents and the Resolution; and (v) the County has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriters.

(C) 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 Notes 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).

(D) Except as otherwise disclosed in the Official Statement, to the best knowledge of the County, based upon reasonable inquiry, as of the time of acceptance hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any State court or public body, pending or 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 any of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or taxes of the County pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting the validity of the Notes or the Documents, or contesting the powers or authority of the County with respect to the Notes or the Documents; or (iii) in which a final adverse decision would (a) materially adversely affect the consummation of the transactions contemplated by the Documents, or (b) declare the Documents to be invalid or unenforceable in whole or in material part.

(E) As of the date thereof and the date hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for information permitted to be omitted therefrom by the Rule 15c2-12.

(F) As of the date hereof, the Official Statement does 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. If between the date of the Official Statement 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 Underwriters 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 Underwriters and the County, which approval shall not be unreasonably withheld.

(G) The County undertakes that, for a period beginning with the day on which the Notes are 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 under the Securities Exchange Act of 1934, 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 Underwriters, prepare a supplement to the Official Statement in respect of any such material event. The period described in the preceding sentence shall be reduced to twenty-five (25) days if the Official Statement has been deposited with the MSRB and is available from such depository upon request. The Underwriters hereby agree to use its best efforts to deposit the Official Statement with the MSRB so that such period will be reduced to twenty-five (25) days. Unless otherwise notified in writing by the Underwriters, the County may assume that the end of this underwriting period occurs on the date when the County delivers the Notes to the Underwriters.

(H) Between the date hereof and the Closing, without the prior written consent of the Underwriters, 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.

(I) 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.

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

(K) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters if and as the Underwriters may reasonably request in order (i) to qualify the Notes 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 Notes 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 Notes; 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.

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

(M) 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 a continuing undertaking under the Rule during the previous five years.

(N) The Notes will be issued only under and within the limits of the Resolution and the Fiscal Agent Agreement, 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 as described in the Official Statement.

(O) 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.

7. Conditions to Obligations of Underwriters at Closing. The Underwriters have entered into this Note Purchase Agreement 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 Notes at the Closing is subject to the following further conditions, any or all of which can be waived by the Underwriters in writing:

(A) The representations, warranties and covenants of the County contained herein shall be true and correct at the date hereof and at and as of the Closing, as if made on the date 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 at and as of the Closing;

(B) At and as of the Closing (i) the Official Statement, this Note Purchase 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 Underwriters; (ii) all actions under which, in the opinion of Orrick, Herrington & Sutcliffe LLP, Note Counsel, shall be necessary in connection with the transactions contemplated hereby, 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, the Fiscal Agent Agreement or this Note Purchase Agreement 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(D) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(D) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, has been issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the Notes as contemplated hereby and no 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 Notes 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; and

(E) 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 Underwriters:

(1) An approving opinion of Note Counsel as to the Notes in the form attached to the Official Statement as APPENDIX C, addressed to the County and upon which the Underwriters may rely;

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

(i) the Note Purchase Agreement has been duly executed and delivered by the County and is a valid and binding agreement 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 NOTES," "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 Notes and the form and content of the approving opinion, are accurate in all material respects;

(iii) the Notes are not subject to the registration requirements of Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iv) the Underwriters may rely on the approving opinion of Note Counsel.

(3) The negative assurance letter, dated the date of the Closing and addressed to the County and the Underwriters, of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 date of Closing (except for the financial statements, projections and the other financial and statistical data included therein and the information included therein relating to The Depository Trust Company and the book-entry system (as such terms are defined in the Official Statement), and in Appendices B and C thereto as to all of which no opinion or belief need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

- (4) The certificate of the County, dated the date of Closing 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 Resolutions were duly adopted at meetings of the Board of Supervisors which were 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 Resolutions are in full force and effect and have not been amended, modified or rescinded;
 - (iii) the adoption of the Resolutions and the execution and delivery of the Notes 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 Notes, and to execute and deliver the Documents, to adopt the Resolutions and the County has duly authorized, executed and delivered the Official Statement and the Documents;
 - (v) Except as otherwise disclosed in the Official Statement, to the best knowledge of the County, based on reasonable inquiry, 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 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 have a material adverse effect on the financial condition of the County, the transactions contemplated by the Documents, the Resolution or by the Official Statement, or (b) which will adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under the Notes, 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; and
 - (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) Such official has reviewed the Official Statement and on such basis certifies that, to the best of his knowledge after reasonable inquiry, the Official Statement does not contain any untrue statement of a material fact and

does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) 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 copies are true and correct copies of the Resolutions; and

(ii) the Resolutions were duly adopted and have not been modified, amended, rescinded or revoked and are in full force and effect at and as of the Closing, except for amendments, if any, adopted with the consent of the Underwriters;

(6) An opinion, dated the date of the Closing addressed to the Underwriters, of County Counsel, in such form as may be acceptable to the Underwriters, to the effect that

(i) The County of Riverside 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 Resolutions of the County authorizing the issuance of the Notes and the execution and delivery of the Documents were duly adopted at meetings of the Board of Supervisors which were 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 Resolutions are in full force and effect and have 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 our knowledge, threatened against or affecting the County in which an unfavorable decision, ruling or finding would materially adversely affect the participation of the County in, or consummation of, the transactions contemplated by the Official Statement, the Notes, the Fiscal Agent Agreement, the Note Purchase Agreement or the Resolutions, or in any way contesting the existence of the County or its powers with respect thereto, nor, to the best of our 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 Resolutions and to execute and deliver the Notes, the Fiscal Agent Agreement, the Note Purchase Agreement and the Official Statement, such documents have been duly authorized, executed and delivered on behalf of the County, and the Fiscal Agent Agreement, the Note Purchase Agreement and the Resolutions 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 of California.

(v) To the best of our knowledge, the adoption of the Resolutions and the execution and delivery of the Notes, the Fiscal Agent Agreement, the Purchase Agreement 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 of consent decree to which the County is subject.

(vi) To the best of our knowledge, the information concerning the County contained in the Official Statement (excluding information regarding DTC and all financial or statistical information as to which no opinion is expressed) is correct in all material respects and does not contain any untrue or misleading statement of a material fact or omit a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

(8) An incumbency certificate of the Fiscal Agent and a certificate of an authorized officer of the Fiscal Agent, dated the date of Closing in form and substance satisfactory to the Underwriters, to the effect that:

(i) the Fiscal Agent is a duly organized and validly existing national banking association under the laws of the United States of America, having full right, power and authority to enter into the Fiscal Agent Agreement;

(ii) the Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent and (assuming the due authorization, execution and delivery thereof by the County) constitutes the valid and binding obligation of the Fiscal Agent, enforceable in accordance with its terms, except to the extent that enforceability may be limited by principles of equity or by bankruptcy, moratorium, reorganization or other laws applicable to creditors' rights generally; and

(iii) the execution and delivery by the Fiscal Agent of the Fiscal Agent Agreement, and the performance by the Fiscal Agent of the terms thereof, do not violate any provision of the Fiscal Agent's Articles of Association or Bylaws or, to the best of such officer's knowledge after due inquiry, any existing law, regulation or ruling; nor, to the best of such officer's knowledge after like inquiry, are the Indentures in violation of, nor do they cause a default under, any agreement or instrument to which the Trustee is a party.

(9) Evidence from Moody's Investors Service Inc. and Fitch Ratings that the Notes have been rated "___" and "___," respectively, and that such ratings continue in effect as of the Closing;

(10) Certified copies of the Resolutions 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;

(11) An opinion, dated the date of the Closing 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

(12) 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 Note Purchase Agreement, the obligations of the Underwriters under this Note Purchase Agreement may be terminated by the Underwriters by notice to the County at, or at any time prior to, the Closing. 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 Underwriters in writing in its sole discretion.

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

(A) 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 requires an amendment of or supplement to the Official Statement and the effect of which, in the judgment of the Underwriters, would materially adversely affect the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Notes; or

(B) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by State of California, 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 Representatives, 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 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 Notes which, in the opinion of the Underwriters,

materially adversely affects the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Notes; or

(C) 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 Notes 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 Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(D) the commencement of any action, suit or proceeding described in Paragraph 6(D) hereof which, in the judgment of the Underwriters, materially adversely affects the market price of the Notes; or

(E) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Notes is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(F) legislation 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 Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Notes, 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

(G) 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 Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(H) 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 Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(I) any rating of the Notes or other obligations of the County by a national rating agency shall have been withdrawn or downgraded, or 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) by a national rating agency of any obligations issued by the County, including the Notes.

9. Conditions to Obligations of the County. The performance by the County of its obligations under this Note Purchase Agreement with respect to issuance, sale and delivery of the Notes to the Underwriters is conditioned upon (A) the performance by the Underwriters of its obligations hereunder; and (B) 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 Notes, 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 Notes; (iii) the fees and disbursements of Note Counsel and Disclosure Counsel; (iv) the fees and disbursements of counsel and consultants, including the County's municipal advisor, in connection with the Notes; (v) the disbursements of the County in connection with the Notes; (vi) the fees and disbursements of the Fiscal Agent; (vii) any and all fees incurred in connection with obtaining a rating on the Notes or in obtaining any form of credit enhancement; and (viii) all expenses in connection with the preparation, execution and delivery of the 2018 Resolution and the Notes. The County will also pay for expenses incurred on behalf of the County's employees (including, but not limited to, meals, transportation, lodging and entertainment) which are incidental to implementing this Note Purchase Agreement.

(B) The County has agreed to pay the Underwriters' discount set forth in paragraph 1 of this Note Purchase Agreement, and inclusive in the expense component of the Underwriters' discount are actual expenses incurred or paid for by the Underwriters on behalf of the County in connection with the marketing, issuance, and delivery of the Notes, including, but not limited to fees and expenses of Underwriters' Counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, and other deal related expenses.

11. Notices. Any notice or other communication to be given under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone, 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, to Wells Fargo Bank, N.A., 333 South Grand Avenue, 5th Floor, Los Angeles, California 90071, Attention: Julia Kim, Vice President.

12. Parties in Interest: Survival of Representations and Warranties. This Note Purchase Agreement 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 Note Purchase Agreement shall not be affected by any investigation made by or on behalf of the Underwriters.

13. Execution in Counterparts. This Note Purchase Agreement 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. No Fiduciary Duty. The County acknowledges and agrees that (i) the purchase and sale of the Notes pursuant to this Note Purchase Agreement 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 Note Purchase Agreement; (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.

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

Very truly yours,

WELLS FARGO BANK, N.A., as Representative of
the Underwriters

By _____
Authorized Representative

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

COUNTY OF RIVERSIDE

By _____
Deputy County Executive Officer

Time of Execution: _____

EXHIBIT A

TERMS AND PRICING SCHEDULE

2018 Series A Teeter Obligation Notes (Tax-Exempt)

Par Value	Original Issue		Underwriter's Discount	Purchase Price	Dated Date	Maturity Date	Coupon	Yield	Ratings	
	Premium								Fitch	Moody's

[* 10% Test Maturities.]

[** Hold-the-Offering Price Maturities.]

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

**§ _____
COUNTY OF RIVERSIDE
2018 SERIES A TEETER OBLIGATION NOTES
(TAX-EXEMPT)**

Wells Fargo Bank, National Association the ("Wells Fargo"), as representative of itself and Raymond James & Associates, Inc. (collectively, the "Underwriters"), has acted as an underwriter in connection with the sale and issuance by County of Riverside (the "Issuer") of its \$ _____ 2018 Series A Teeter Obligation Notes (Tax-Exempt) (the "Notes"), being issued on the date hereof, and the Wells Fargo hereby certifies and represents the following:

Issue Price.

1. [As of Sale Date, all of the Notes were the subject of a bona fide offering to the Public at the Initial Offering Price. As of the date hereof, the first price or yield at which at least 10% of the Notes was sold to the Public was the Initial Offering Price.]

[2. Wells Fargo agreed in writing, as set forth in the Note Purchase Agreement, that, (i) it would neither offer nor sell any of the Notes to any person at a price that is higher than the Initial Offering Price during the Holding Period (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold Notes at a price that is higher than the respective Initial Offering Price during the Holding Period.]

Defined Terms.

- (a) [*Holding Period* means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of the Notes to the Public at prices that are no higher than the Initial Offering Price for the Notes.]
- (b) *Initial Offering Price* means the price or yield set forth on Schedule 1.
- (c) *Maturity* means the maturity date of the Notes.
- (d) *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.
- (e) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 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 profit 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).

- (f) *Sale Date* means _____, 2018.
- (g) *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 Notes 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 Notes 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 Notes to the Public).

Wells Fargo 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 to which this certificate is included as Exhibit A and with respect to compliance with the federal income tax rules affecting the Notes, and by Orrick, Herrington & Sutcliffe LLP, in connection with its opinion as to the exclusion of interest on the Notes from federal gross income, 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 Notes. Wells Fargo is certifying only as to facts in existence on the date hereof. Nothing herein represents Wells Fargo's interpretation of any laws; in particular the Treasury Regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: _____, 2018

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____
Authorized Representative

SCHEDULE 1

Sale Prices of the Notes

[COPY of EXHIBIT A]

SCHEDULE 2

Pricing Wire or Equivalent Communication

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Moody's: "____"
Fitch: "____"
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and interest on the Notes is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum taxes. 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 Notes. See "TAX MATTERS" herein.

\$76,000,000*

COUNTY OF RIVERSIDE
2018 SERIES A TEETER OBLIGATION NOTES
(TAX-EXEMPT)

Dated: Date of Delivery

Due: October 25, 2019

The County of Riverside 2018 Series A Teeter Obligation Notes (Tax Exempt) (the "Notes") are being issued to (i) refund the outstanding County of Riverside 2017 Series A Teeter Obligation Notes, (ii) fund an advance of unpaid property taxes for agencies participating in the County of Riverside's Teeter Plan (the "Teeter Plan"), and (iii) pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan." The Notes will be issued bearing interest at a fixed rate as set forth below.

The Notes will be issued in denominations of \$5,000 or any integral multiple thereof, will be dated the date of their delivery and will bear interest at the interest rate shown below. The interest on the Notes will be due on the maturity date thereof, and the principal of the Notes will be due on the maturity date thereof. Principal of and interest on the Notes will be payable in lawful money of the United States of America by The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent.

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in fully registered form. When delivered, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive Notes representing their ownership interest in the Notes purchased. Principal and interest on the Notes will be payable when due through the facilities of DTC, as described in APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The principal of and interest on the Notes will be payable solely from Pledged Taxes (as defined herein) and from lawfully available moneys in the General Fund of the County of Riverside (the "County"). For a description of the Pledged Taxes, see "THE NOTES—Security for the Notes." For a description of the County and its finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Notes.

MATURITY SCHEDULE

2018 SERIES A TEETER OBLIGATION NOTES (TAX-EXEMPT)

Principal Amount	Interest Rate	Yield	Price	CUSIP No.†
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This cover page contains information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement in considering the investment quality of the Notes.

The Notes are offered when, as and if issued and received by the Underwriters, subject to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the County, and to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Notes. Certain legal matters will be passed upon for the County by County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Notes will be available for delivery to The Depository Trust Company or its agent on or about _____, 2018.

Wells Fargo Securities

Raymond James

Dated: _____, 2018.

* Preliminary, subject to change.

† CUSIP® Copyright 2018, American Bankers Association. CUSIP® data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers' Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. Neither the County nor the Underwriters takes any responsibility for the accuracy of CUSIP data in this Official Statement. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

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 Tavaglione, Second District
V. Manual 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
San Francisco, California

Disclosure Counsel

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

Municipal Advisor

C.M. de Crinis & Co., Inc.
Glendale, California

Fiscal Agent

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

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the County and other sources which the County believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

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 a part of, their responsibilities 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.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the County that has been deemed final by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

In connection with the offering of the Notes, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of such notes 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 Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

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

**CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the caption "THE COUNTY" and in APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE" in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The County maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Notes. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not

incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

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\$76,000,000*
COUNTY OF RIVERSIDE
2017 SERIES A TEETER OBLIGATION
NOTES (TAX-EXEMPT)

INTRODUCTION

This Official Statement, including the cover page, the table of contents and appendices, has been prepared in connection with the issuance by the County of Riverside, California (the "County") of its 2017 Series A Teeter Obligation Notes (Tax Exempt) (the "Notes"), and contains certain information relating to the Notes and the County.

With respect to collection of property taxes, the County adopted its Teeter Plan in 1993 (the "Teeter Plan"), which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive) (the "Law"), commonly referred to as the "Teeter Plan," for distribution of certain property tax and assessment levies on the secured roll. See "THE COUNTY—The Teeter Plan."

The Notes are being issued to (i) refund approximately \$ _____ million of the County's outstanding 2017 Series A Teeter Obligation Notes, originally issued in the aggregate principal amount of \$78,735,000 (the "2017 Series A Notes") maturing on October 25, 2018, (ii) fund an advance of unpaid property taxes for agencies participating in the County's Teeter Plan, and (iii) to pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan."

The Notes will be issued in denominations of \$5,000 or any integral multiple thereof, will be dated the date of their delivery and will bear interest at the interest rate shown on the cover page. The interest on the Notes will be paid at the maturity thereof. The principal of the Notes will be due on the maturity date thereof.

The Notes will be issued in fully registered form. When delivered, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive Notes representing their ownership interest in the Notes purchased. Principal and interest on the Notes will be payable when due through the facilities of DTC, as described in APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The Notes will not be subject to redemption prior to maturity.

The County first adopted its Teeter Plan in 1993. From 1993 to 1997, the County Treasurer's Pooled Investment Fund purchased notes backed by a pledge of the outstanding delinquent taxes, assessments, penalties and interest from taxing entities within the County that participate in the Teeter Plan (the "Revenue Districts"). The County first issued taxable and tax exempt commercial paper to finance the annual cash requirements of its Teeter Plan in 1997.

Since 1997, the County has issued taxable and tax exempt notes from time to time to finance the County's obligations to make distributions to the Revenue Districts, and to refund certain obligations of the County related to such obligations.

The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 (the "Master Teeter Resolution"), as supplemented from time to time.

* Preliminary, subject to change.

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Master Teeter Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution (as defined below) and the Obligations (as defined below) issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the County. The appeal period for the default judgment expired October 14, 1997. See "VALIDATION" herein.

Each year since 1997 the existing notes issued pursuant to the Master Teeter Resolution are paid down from collected delinquent taxes from the prior fiscal year, and subsequent additional notes are issued pursuant to the Master Teeter Resolution to finance that year's obligation to make advances under the Teeter Plan. See "THE COUNTY—The Teeter Plan."

The County will agree, in a Continuing Disclosure Certificate executed by the County in connection with the issuance of the Notes (the "Disclosure Certificate"), to report the occurrence of specified "Listed Events" to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA"). See "CONTINUING DISCLOSURE."

All quotations from, and summaries and explanations of, provisions of the laws of the State of California (the "State") and acts and proceedings of the County contained herein, do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the Notes and such proceedings.

THE NOTES

Authority for Issuance

The Notes are authorized to be issued pursuant to the Master Teeter Resolution, as amended and supplemented thereafter, including as supplemented on _____, 2018 (collectively, the "Resolution"), and a Fiscal Agent Agreement, dated as of November 1, 1997, as amended, between The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.) (the "Fiscal Agent"), as successor to U.S. Trust Company of California, N.A., and the County (the "Fiscal Agent Agreement").

Purpose of Issue

Pursuant to the Resolution, the proceeds of the sale of the Notes will be applied to refund the outstanding 2017 Series A Notes, to fund an advance of unpaid property taxes for agencies participating in the Teeter Plan, and to pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan."

Description of the Notes

The Notes will be registered in the name of Cede & Company, as nominee of DTC, New York, New York. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$5,000. Beneficial Owners (as defined below) of the Notes will not receive physical Notes representing the Notes purchased. The interest on the Notes will be paid at the maturity thereof. The principal of the Notes will be due on the maturity date thereof. The principal of and interest on the Notes will be paid by the County Treasurer-Tax Collector to the Fiscal Agent which will in turn remit such principal and interest to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Notes. See APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year composed of twelve 30 day months for the Notes. Interest on the Notes will be paid on the maturity date of the Notes set forth on the cover page hereof. The Notes may be sold in Authorized Denominations of \$5,000 or any multiple thereof.

Redemption

The Notes are not subject to redemption prior to their maturity date.

Security for the Notes

The County has pledged the Pledged Taxes (as hereinafter defined) to the payment of the Notes. The payment of the Notes is also secured by the County's General Fund.

The Notes may be paid with lawfully available moneys in the County's General Fund from available revenues generated in the prior, current or any subsequent fiscal year. For a description of the County and its finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

The principal of and interest on the Notes will be payable from Pledged Taxes and from lawfully available moneys in the County's General Fund. The County has pledged the Pledged Taxes to the payment of the Notes. "Pledged Taxes" are defined as (i) the right to collect any uncollected property taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994 through and including June 30, 2018 and such other fiscal years, if any, as may be specified in a supplemental resolution, for which the County actually provides funding pursuant to the Law, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled as a consequence of electing to be governed by the Law, and in each case following an allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County that are not participating in the Teeter Plan; provided, however, that Pledged Taxes shall not include (i) the right to collect delinquencies in property taxes due to an independent district for all fiscal years prior to the fiscal year in which the respective independent district agreed with the County that the Law shall apply to such independent district, (ii) default penalties, (iii) interest or redemption penalties, (iv) certain costs and fees paid pursuant to the Law and (v) the right to receive installment payments made pursuant to Section 4217 *et seq.* of the California Revenue and Taxation Code.

Pledged Taxes do not include property tax revenues attributable to Fiscal Year 2018-19.

The office of the County Treasurer-Tax Collector serves as billing and collection agent for the basic 1% *ad valorem* property tax, voter approved *ad valorem* taxes and most additional special assessments and charges. The County Treasurer-Tax Collector bills property owners bi-annually, and payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1.5% per month additional charge if unpaid at the end of the fiscal year (each June 30). Property owners are subject to foreclosure if delinquent taxes and penalties are not paid within five years.

Upon the collection of taxes and penalties, the funds are deposited in a secured prior year trust account within the County's General Fund. Throughout the year the Auditor-Controller separates collected Teeter and non-Teeter taxes and penalties. Collected non-Teeter taxes are distributed to the non-Teeter taxing entities. The Teeter portion is separated between taxes and penalties and interest.

Receipts of the Pledged Taxes are deposited into a Teeter Tax Account within the County's General Fund for repayment of the Notes. Penalties and interest are deposited into a Tax Losses Reserve Fund maintained by the County. In the event of a property sale at foreclosure which results in a loss, amounts to

offset those losses are transferred from the Tax Losses Reserve Fund to the Teeter Tax Account. At the election of the County, the Tax Losses Reserve Fund is maintained at an amount equal to one of two methods: (1) 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan, or (2) 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for taxing entities participating in the Teeter Plan. Any excess over the required balance in the Tax Losses Reserve Fund is transferred to the County's General Fund. The County has always elected to maintain the Tax Losses Reserve Fund at an amount equal to 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan. See "THE COUNTY—The Teeter Plan."

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A. is appointed as Fiscal Agent for the Notes. The County directs and authorizes the payment by the Fiscal Agent of the interest on and principal of the Notes when such become due and payable. Under the Resolution, the County has covenanted to transfer from the General Fund to the Fiscal Agent sufficient moneys to pay the principal of and interest on the Notes when due.

Defeasance of the Notes

If the County shall pay or cause to be paid or there shall otherwise be paid to the Holders of all outstanding Notes the interest and principal thereof at the times and in the manner stipulated under the Resolution and described below in this Official Statement, then all agreements and covenants of the County to such Holders under the Resolution shall thereupon cease, terminate and become void and shall be discharged and satisfied.

Any Outstanding Notes shall, prior to the maturity date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Resolution if there shall have been deposited with the Fiscal Agent in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which are not callable or subject to prepayment prior to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Fiscal Agent at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal of and the interest to become due on said Notes on the maturity date thereof. Neither the securities nor moneys deposited with the Fiscal Agent pursuant to the Resolution nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Notes. The Fiscal Agent shall have no right, title or interest in, or lien on, any moneys or securities deposited as described in this paragraph.

After the payment or deemed payment of all the interest and principal of all Outstanding Notes as provided in the Resolution and payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall pay to or deliver to the County all moneys or securities held by it pursuant to the Resolution which are not required for the payment of the interest and principal represented by such Notes. Owners of Notes shall thereafter be entitled to payments due under the Notes only from amounts deposited with the Fiscal Agent as described under this heading "Defeasance of the Notes" and from no other source.

For the purposes described above, "Defeasance Securities" means any of the following:

- (i) Cash;
- (ii) United States Treasury Bonds, Notes and Certificates (including State and Local Government Series - "SLGS");

(iii) Direct obligations of the United States Treasury which have been stripped, including by the Treasury itself, CATS, TIGRS and similar securities;

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

(v) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P;

(vi) Obligations issued or fully guaranteed by the following agencies which are backed by the full faith and credit of the United States of America:

- (a) U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership
- (b) Farmers Home Administration
Certificates of beneficial ownership
- (c) Federal Financing Bank
- (d) General Services Administration
Participation certificates
- (e) United States Maritime Administration
Guaranteed Title XI financing
- (f) United States Department of Housing and Urban Development
Project notes
Local Authority Certificates
New Communities Pool Notes - United States government guaranteed debentures
United States Public Housing Notes and Certificates - United States government guaranteed public housing notes and bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Notes, plus available funds on hand with the County in the Teeter Tax Account, are anticipated to be applied as follows:

Sources:	
Principal Amount of Notes	\$
Original Issue [Premium/Discount]	
Available Funds	
Total Sources	\$ <u> </u>
Uses:	
Payment of 2017 Series A Notes ⁽¹⁾	\$
Teeter Advance	
Costs of Issuance	
Underwriters' Discount	
Total Uses	\$ <u> </u>

⁽¹⁾ Note proceeds, together with other moneys of the County, will be used to pay in full the 2017 Series A Notes when due.

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 1.4% 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 to serve staggered four year terms. The Chair of the Board is elected annually by the Board members. The County administration includes appointed and elected officials, boards, commissions and committees which assist the Board of Supervisors.

The County provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services, judicial institutions 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 city departments and facilities. Services are provided to the cities at cost by the County.

Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains and the desert areas. The western portion of the County, which includes the San Jacinto Mountains and the Cleveland National Forest, experiences the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions.

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

The Teeter Plan

With respect to collection of property taxes, the County adopted in 1993 the Teeter Plan, which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan" for distribution of certain property tax and assessment levies on the secured roll.

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes and 100% of the then-current year's secured roll levy. Supplemental taxes are currently excluded from the Teeter Plan.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the county. An electing county may, however, determine to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure

with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Taxing entities that are required to maintain funds in the County Treasury are all included in the Teeter Plan. These include all K-12 school districts, community college districts and certain special districts. Other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. In Fiscal Year 2017-18, taxing agencies representing approximately 56.34% of the secured roll participated in the Teeter Plan.

Pursuant to the Law, the County is required to establish a tax losses reserve fund to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property (i.e., if the sale price of the property is less than the amount owed). The appropriate amount in the fund is determined by one of two methods: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. Any amount in excess of the 1% or-25% level determined pursuant to either method of calculation may be credited to the County's General Fund. The County is currently governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses.

Since 1997, the County has issued taxable and tax exempt notes from time to time, such as the Notes, to finance the County's obligations to make distributions to the Revenue Districts pursuant to the Teeter Plan, and to refund certain obligations of the County related to such obligations. The County manages the program on a continuous basis by paying down the amount outstanding with collections of prior years' taxes, funding the current year's advance and rolling over any unpaid amounts.

From Fiscal Year 1997-98 through Fiscal Year 2006-07, the size of the Teeter Plan obligations fluctuated between approximately \$24 million and \$90 million, producing annual net revenue to the County's General Fund of approximately \$14 million to \$25 million. The Teeter Plan obligations grew to approximately \$168.4 million in Fiscal Year 2007-08 and peaked at approximately \$266.6 million in Fiscal Year 2008-09. For the last five fiscal years the annual Teeter revenues averaged approximately \$25.6 million. As the amount of delinquent taxes receivable has declined, the annual revenue available to the General Fund has been reduced. For Fiscal Year 2017-18, the net Teeter revenue to the County's General Fund was approximately \$21 million. The Teeter Plan obligations are approximately \$___ million* in Fiscal Year 2018-19. The following Table 1 sets forth the aggregate principal amount of the Teeter Plan obligations issued in fiscal years 2008-09 through 2018-19.

**TABLE 1
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATIONS ISSUED
FISCAL YEARS 2008-09 THROUGH 2018-19**

<i>Fiscal Year</i>	<i>Principal Amount</i>
2008-09	\$266,629,000
2009-10	257,300,000
2010-11	206,805,000
2011-12	171,325,000
2012-13	142,840,000
2013-14	119,770,000
2014-15	100,175,000
2015-16	87,040,000
2016-17	81,765,000
2017-18	78,735,000

* Preliminary, subject to change.

Source: County of Riverside.

The County accounts for the Teeter Plan in its audited financial statements by listing the amount of Notes payable with its other liabilities; including unpaid taxes with its other receivables; and including apportioned prior years' taxes on deposit with other restricted cash. The taxes receivable are listed in their principal amount without any penalties or accrued interest. See APPENDIX B—"COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017—Note 6 Receivables."

Since the Teeter Program is ongoing, the County must have annual access to cash, either through the issuance of Teeter notes, such as the Notes, or other alternative sources of cash. Should market access for Teeter notes be limited, and no private or direct bank placements options be available, the County has two voluntary options to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts.

The first option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts is to have the County Treasurer's Pooled Investment Fund (the "PIF") purchase the Teeter notes. Such Teeter notes have been purchased by the PIF in the past. The PIF is much larger than the aggregate principal amount of the Notes, and the purchase of the Notes could be easily accommodated by the current PIF size (approximately [\$6.49 billion as of June 30, 2018]). **Formal Board of Supervisors and County Treasurer approval would be required in order for the PIF to purchase Teeter notes if the Notes are not rated or otherwise not qualified for purchase under the County's investment policy.** See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—FINANCIAL INFORMATION—Riverside County Treasurer's Pooled Investment Fund."

The second option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts would be for the County to advance funds from the General Fund. Lawfully available moneys in the County's General Fund are available for the repayment of the Notes, and the continuation of the Teeter Program is beneficial to the County's overall financial condition. Should additional cash be needed, the County may borrow lawfully available moneys in the County's General Fund to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts. **Such General Fund borrowings to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts have been authorized by the Board of Supervisors.** See "—The General Fund" herein.

Additionally, the County Treasurer and the County Auditor-Controller have an operating agreement to facilitate such General Fund borrowings by allowing the General Fund account in which the County Pool is deposited to run a negative balance. The amount by which the balance in the General Fund account in which the County Pool is deposited may be negative is capped by the amount the County may borrow. Such operating agreement allows for a seamless mechanism. It also spreads the loan across all County funds, minimizing the impact on any single fund and the need to manage individual fund balances. The Government Code section allows such borrowings on an indefinite basis, stipulating repayment prior to such date that funds are needed in the originating funds. The County has utilized this approach for many years including during the 1990s when the County carried a substantial year-end negative cash balance in the General Fund. See "The General Fund—*Alternative and Other Restricted Cash Resources*" below.

Tax Collections

The operation of the County's property tax system is shared by three elected officials: the County Assessor, the County Treasurer Tax Collector and the County Auditor-Controller. The County Treasurer-Tax Collector bears primary responsibility for billing and collection, while the Auditor-Controller is responsible for

accounting and apportionment issues. Payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1.5% per month additional charge if unpaid at the end of the fiscal year (each June 30). See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—FINANCIAL INFORMATION—*Ad Valorem* Property Taxes" for information regarding property tax collections within the County since Fiscal Year 2006-07.

Properties are subject to foreclosure if delinquent taxes and penalties are not paid within five years. Tax sale is the County's ultimate collection tool; at the same time the County may realize a tax loss upon sale. The County is required to transfer the amount of any tax loss from the Tax Losses Reserve Fund to the Teeter Debt Service Account. The required balance in the Tax Losses Reserve Fund for Fiscal Year 2017-18 is approximately \$23,306,392. The County's history of tax sales has been favorable, with minimal losses experienced over the last ten years. The following Table 2 sets forth the Teeter Plan losses in fiscal years 2005-06 through 2017-18.

**TABLE 2
COUNTY OF RIVERSIDE
TEETER LOSSES IN FISCAL YEARS 2005-06 THROUGH 2017-18**

<i>Fiscal Year</i>	<i>Maximum Projected Tax Loss⁽¹⁾</i>	<i>Maximum Projected Teeter Loss⁽²⁾</i>	<i>Actual Tax Loss⁽³⁾</i>	<i>Actual Teeter Loss⁽²⁾</i>
2005-06	\$934,648.98	\$654,254.29	\$510,153.97	\$378,483.25
2006-07 ⁽⁴⁾	-	-	-	-
2007-08	67,681.48	49,712.06	40,026.93	29,379.77
2008-09	312,262.33	232,260.74	151,005.46	112,197.06
2009-10	297,323.41	218,740.84	273,665.55	201,853.93
2010-11	246,887.56	133,887.11	235,583.74	127,750.50
2011-12	571,731.15	314,605.46	249,452.87	137,310.17
2012-13	649,110.18	357,400.07	80,748.55	44,411.71
2013-14 ⁽⁵⁾	5,211,319.08	2,878,952.98	747,826.47	412,920.48
2014-15 ⁽⁵⁾	4,968,482.65	2,747,967.68	1,006,608.57	556,700.84
2015-16 ⁽⁵⁾⁽⁶⁾	7,387,021.19	4,141,051.97	2,311,386.93	1,295,658.37
2016-17 ⁽⁵⁾	2,697,097.68	1,511,197.00	227,689.47	127,587.12
2017-18 ⁽⁵⁾	6,678,769.45	3,761,103.34	2,414,361.37	1,329,347.36

(1) Assuming all properties sold at tax sale at the minimum authorized bid.

(2) Teeter's pro rata share based on the percentages provided by the Auditor's office of those agencies that participate in Teeter.

(3) Tax loss equals taxes owed minus sale proceeds (per parcel), if proceeds do not exceed taxes owed. Any excess sale proceeds are refunded.

(4) There was only one tax sale in Fiscal Year 2006-07 which did not result in a tax loss.

(5) Beginning in Fiscal Year 2013-14, the County changed its process for selling delinquent properties which required the County to recognize the entire tax delinquency for each property as the maximum projected tax loss. As a result, the maximum projected tax loss and the maximum projected Teeter loss for Fiscal Year 2013-14 and subsequent years are much greater than in previous years.

(6) Like much of southern California, the County experienced a significant real estate recession from approximately 2008 through 2012. Properties are subject to foreclosure if delinquent taxes and penalties are not paid within five years. The increase in tax losses in Fiscal Year 2015-16 coincides with sales of properties which have been delinquent since Fiscal Year 2010-11.

Source: County of Riverside.

The General Fund

In addition to Pledged Taxes, the Notes are payable from the County's General Fund. For information concerning the County's General Fund and the County's finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Alternative and Other Restricted Cash Resources. 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, without further approval, to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require. Additionally, the Board of Supervisors has adopted a General Fund Balance and Reserve Policy which does not preclude the use of temporary transfers of money between funds. While the County has made temporary transfers of money between funds from time to time subsequent to the adoption of Resolution 2010-205, the County has not exercised such authority with respect to any Teeter Obligations in any of the last four fiscal years.

Set forth in Table 3 below are the actual and projected alternative 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, without further Board of Supervisors approval, to transfer such moneys from one County fund to another County fund as the public interest may require, including transfers to the General Fund for the payment of the Notes. However, transfers from non-County funds, including, without limitation, the Flood Control, Perris Valley Cemetery and District Court Financing Corporation funds, would require additional action by the Board of Supervisors. 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.

These moneys are also available to support the payments of debt service on the Notes, though no assurance can be provided that such moneys will be available or that, even if available, they will be used to make payments on the Notes.

**TABLE 3
COUNTY OF RIVERSIDE
ALTERNATIVE AND OTHER RESTRICTED CASH RESOURCES
(in Thousands)**

<i>Fund Type</i>	<i>Fund Purpose</i>	<i>Audited Actual Balance June 30, 2017</i>	<i>[Actual/Projected Balance June 30, 2018]</i>
Special Revenue	Transportation	\$ 123,984	\$ 131,680
Special Revenue	Flood Control ⁽¹⁾	230,260	229,088
Special Revenue	Community Services	57,327	44,230
Special Revenue	County Services 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⁾	1,852	2,274
Enterprise	Regional Medical Center	70,442	25,200
Enterprise	Waste Management	85,811	87,811
Internal Service	Records Management and Archive	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 ⁽¹⁾	6,962	7,367
Internal Service	EDA Facilities Management	8,750	8,447
Total Alternative Cash Resources		\$ 1,046,796	\$ 1,013,638
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	Flood Control	18	19
[Capital Project]	Regional Park and Open-Space	5,473	5,473
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 Cash Resources of Riverside County⁽¹⁾		\$ 470,528	\$ 501,773

<i>Fund Type</i>	<i>Audited Actual Balance June 30, 2017</i>	<i>Actual/Projected Balance June 30, 2018</i>
Alternative Cash Resources	\$ 1,046,796	\$ 1,013,638
Other Restricted Cash ⁽¹⁾	470,528	501,773
General Fund Unrestricted Cash	94,866	131,426
All Riverside County Cash	\$ 1,612,190	\$ 1,646,837

⁽¹⁾ Transfers from such sources require action of County Board as described herein.
Source: County Auditor-Controller.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

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 1975-76 tax bill under 'full cash value' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." 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 subject to the limitation was \$1,075,205,455. The County's appropriations limit for Fiscal Year 2017-18 was \$2,858,405,657 and the amount subject to the limitation was \$1,076,087,524. Based on the preliminary Fiscal Year 2018-19 assessed value, the County's appropriations limit for Fiscal Year 2018-19 is \$3,002,755,143 and the amount subject to the limitation is \$1,060,189,687.

Right to Vote on Taxes Initiative Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective July 1, 1997. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal assessments, fees and charges. This initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. However, other than any impact resulting from the exercise of this initiative power, presently the County does not believe that the potential financial impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay debt service on the Notes as and when due and its other obligations payable from the General Fund.

Article XIII C of Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two thirds voter approval for the imposition, extension or increase of special taxes, including special taxes deposited into the County's General Fund. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. The County has not enacted imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to raise such taxes in the future to meet increased expenditure requirements.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local

government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the 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 governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not believe it is currently charging any fees which will have to be reduced or eliminated as a result of Proposition 26.

Article XIIC of Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund.

Further, "fees" and "charges" are not defined in Article XIIC or SB 919. However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision") that charges for ongoing water delivery are property related fees and charges within the meaning of Article XIID and are also fees or charges within the meaning of Section 3 of Article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIC.

In the Bighorn Decision, the Supreme Court did state that nothing in Section 3 of Article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the

initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

The initiative power granted under Article XIIC of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property-related. Accordingly, the scope of the initiative power under Article XIIC could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The County is unable to predict whether the courts will interpret the initiative provision to be limited to property-related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected.

Article XIID of Proposition 218 adds several new requirements making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay debt service on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIID of Proposition 218 also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) 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. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property based fee, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two thirds voter approval by the electorate residing in the affected area.

The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees under Article XIID of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will adversely affect the ability of the County to pay its outstanding obligations as and when due.

However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional 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, (f) required that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the voters voting in an election on the tax within two years of November 5, 1986 or be terminated by November 15, 1988 (a requirement that was subsequently declared unconstitutional, as described below) and (g) 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.* ("La Habra"). 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.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

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, 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 in previous years will be eliminated. The County has 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. According to the Riverside County Assessor-County Clerk-Recorder Annual Report 2017-18, in Fiscal Year 2016-17, the secured property tax roll increased by approximately 5.52% from the prior year. Assessed valuation increased by approximately 6.26% in Fiscal Year 2018-19 primarily as a result of increasing property values and sale volume. 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 the 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 will represent the bulk of adjustments to the tax roll during a time of a market decline. Cumulatively, assessed valuation in the County declined 11% from 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. To date, approximately 71% of the Fiscal Year 2016-17 assessment appeals have been completed. The majority of the remaining Fiscal Year 2016-17 assessment appeals are expected to be completed by December 20, 2018. The County Assessor reports that the assessed value of 159,593 properties in the County was reduced through Proposition 8 in Fiscal Year 2018-19 through July 2018 with approximately \$13.9 billion in reduced valuation. This compares to 200,868 properties and approximately \$16.9 billion in Proposition 8 reductions in Fiscal Year 2017-18 and 210,954 properties and approximately \$18.8 billion in Proposition 8 reductions in Fiscal Year 2016-17. Those adjustments are completed prior to the finalization of the roll in the summer. The vast majority of property tax appeals filed are not upheld. From Fiscal Years 2004-05 through 2017-18, the dollar amount of successful appeals ranged between approximately 3% and 4%. See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Table 4 below sets forth the Proposition 8 assessment reductions for Fiscal Year 2012-13 through Fiscal Year 2018-19.

**TABLE 4
COUNTY OF RIVERSIDE
PROPOSITION 8 ASSESSMENT REDUCTIONS
FISCAL YEARS 2012-13 THROUGH 2018-19**

<i>Fiscal Year</i>	<i>Assessments Reduced</i>	<i>Assessed Value Reduction</i>	<i>Year over Year Change</i>	<i>Cumulative Change</i>
2012-13	447,953	45,205,222,715	N/A	N/A
2013-14	395,217	38,971,444,210	(13.79)%	(13.79)%
2014-15	275,569	25,683,797,369	(34.10)	(42.04)
2015-16	229,340	21,330,137,344	(16.95)	(51.86)
2016-17	210,954	18,776,454,016	(11.97)	(57.63)
2017-18	200,868	16,920,559,776	(9.88)	(61.81)
2018-19 ⁽¹⁾	159,593	13,932,091,915	(17.66)	(69.18)

⁽¹⁾ Reflects reductions through July 2018.
Source: County.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62, 1A and 22 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 does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest due with respect to the Notes is payable from any funds of the State.

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 consisted of payments from the State and 20% consisted 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.

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 or 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 budget may be found at the Department of Finance website. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at its website. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer. 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.

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 2018-19. 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, 2018, the Governor released the Fiscal Year 2018-19 Proposed State Budget. On May 11, 2018 the Governor released the May Revision to the Fiscal Year 2018-19 Proposed State Budget. On June 27, 2018, the Governor signed the adopted Fiscal Year 2018-19 State Budget (the "Fiscal Year 2018-19 Budget").

The Fiscal Year 2018-19 Budget projects Fiscal Year 2017-18 General Fund revenues and transfers of \$129.8 billion and total expenditures of \$127.0 billion. The State is projected to end Fiscal Year 2017-18 with total available reserves of \$16.73 billion, including \$7.3 billion in the traditional General Fund reserve and \$9.4 billion in the State's Budget Stabilization Account. The County is currently evaluating the impact of the Fiscal Year 2018-19 Budget on the County's finances.

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2018-19 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

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.

SPECIAL RISK FACTORS

The following information should be considered by prospective investors in evaluating the Notes. However, this information does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Notes.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the

interest of serving a significant and legitimate public purpose; and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Recent bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to municipal securities. Specifically, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds were unsecured obligations and not entitled to the same priority of payments made to the related pension system. A variety of events including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Notes in the event the County files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal and interest.

Federal Income Tax Consequences

Certain federal income tax consequences of an investment in the Notes are discussed under "TAX MATTERS." Each prospective purchaser of the Notes should consult with his or her own tax advisor to determine the specific effects of an investment in the Notes based upon such prospective investor's particular tax situation.

Loss of Tax Exemption

Bond Counsel's form of opinion regarding the exclusion from gross income for federal income tax purposes of interest on the Notes appears as Appendix C herein. The County has covenanted in the Resolution to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, and has executed a Tax Certificate prepared by Bond Counsel and delivered by the County concurrently with the original delivery of the Notes as guidance for compliance with such provisions. The interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Notes as a result of acts or omissions of the County in violation of such covenants in the Tax Certificate. Should such an event of taxability occur, the Notes are not subject to redemption and will remain outstanding until maturity. See "TAX MATTERS" herein.

Potentially Adverse Tax Legislation

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Economy of the County and the State

The level of tax revenues collected at any time is dependent upon the level of retail sales and real property values within the County, which levels are dependent, in turn, upon the level of economic activity in the County and the State generally. The economy of the County is currently improving as evidenced by a decreased unemployment rate, an increase in total personal income and taxable sales, an uptick in residential building permits, an increase in the rate of home sales and the median price of single-family homes and condominiums and a decrease in notices of default on mortgage loans secured by homes and condominiums. A future deterioration in the level of economic activity within the County or in the State could have a material

adverse impact upon the level of tax revenues and therefore upon the ability of the County to pay the principal of and interest on the Notes when due or to issue additional securities in the future. For information relating to the current economic conditions of the County and the State, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

VALIDATION

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution and the Obligations issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the County (the "Default Judgment"). The period allowed for appeal of such judgment by Sections 860 *et seq.* expired on October 14, 1997 without an appeal having been filed.

LITIGATION

As of the date of this Official Statement, to the best knowledge of the County, no litigation is pending or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes or the adoption of the resolution, (C) in any way contesting the existence or powers of the County, or (D) which would have a material adverse effect on the ability of the County to make payments with respect to the Notes. For a discussion of other pending litigation, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—FINANCIAL INFORMATION—Litigation."

TAX MATTERS

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

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Noteholder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Noteholder. Noteholders of Premium Notes 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 Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes 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 Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes 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 Notes may otherwise affect a Noteholder's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Noteholder or the Noteholder'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 Notes 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 Noteholders 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 Notes. Prospective purchasers of the Notes 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 Notes 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 Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Noteholders regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Noteholders, 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 or Notes is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds or Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the Noteholders to incur significant expense.

In issuing its opinions as to the validity of the Notes, Bond Counsel relied, and will rely, upon the Default Judgment.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "____" and "____," respectively, to the Notes. Such ratings reflect only the views of such rating organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Fitch, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The County has covenanted in the Disclosure Certificate to file on EMMA notices of any rating changes on the Notes. See the caption "CONTINUING DISCLOSURE" below and APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to rating changes on the Notes may be publicly available from the rating agencies prior to such information being provided to the County and prior to the date the County is obligated to file a notice of rating change on EMMA. Purchasers of the Notes are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Notes, if any, after the initial issuance of the Notes.

MUNICIPAL ADVISOR

C.M. de Crinis & Co., Inc., Glendale, California, has served as the Municipal Advisor to the County in connection with the execution and delivery of the Notes. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

UNDERWRITING

The Notes are being purchased by Wells Fargo Bank, National Association and Raymond James & Associates, Inc., as underwriters (collectively, the "Underwriters"), pursuant to a Purchase Contract with the County (the "Purchase Contract"). The Underwriters have agreed, subject to certain conditions, to purchase the Notes at a purchase price equal to \$_____ (representing the principal amount of the Notes, [plus/less] an original issue [premium/discount] of \$_____, and less an Underwriters' discount of \$_____). The Purchase Contract relating to the Notes provides that the Underwriters will purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the senior underwriter of the Notes, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Notes. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses. In addition, affiliates of some of the Underwriters are lenders, and in some cases agents or managers for the lenders, under the County's credit facility.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

FINANCIAL STATEMENTS

The general purpose financial statements of the County, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Brown Armstrong Certified Public Accountants, independent certified public accountants, as stated in their report appearing in Appendix B. Brown Armstrong Certified Public Accountants 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 Certified Public Accountants, with respect to any event subsequent to its report dated December 21, 2017. See APPENDIX B—"COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017" attached hereto.

CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the Owners and beneficial owners of the Notes 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 certain listed events, if any such events should occur, to the owners of the Notes and to EMMA, or any successor thereto, during the term of the Notes. 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—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

The County's obligations under the Disclosure Certificate terminate upon (i) payment in full of all of the Notes or (ii) in the event that the County receives an opinion of nationally recognized bond counsel, to the effect that those portions of SEC Rule 15c2 12(b)(5) (the "Rule") which require the Disclosure Certificate do not or no longer apply to the Notes. These covenants have been made in order to assist the Underwriters in complying with the Rule. See APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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 significant event notices with respect to changes in the ratings of outstanding indebtedness, primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; and (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, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County's General Fund debt. [CONFIRM/UPDATE]

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted 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 thirty 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.

CERTAIN LEGAL MATTERS

The validity of the Notes and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe, LLP, San Francisco, California, Bond Counsel. The opinion of Bond Counsel will be delivered with the Notes in substantially the form set forth in Appendix C hereto. Bond Counsel takes no responsibility for the fairness, accuracy or completeness of this Official Statement. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Notes. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, and for the County by County Counsel.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. 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 affairs in the County since the date hereof. 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 Executive Officer.

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

COUNTY OF RIVERSIDE

By: _____
County Executive Officer

APPENDIX A
INFORMATION REGARDING THE COUNTY OF RIVERSIDE

APPENDIX B

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

APPENDIX C
FORM OF BOND COUNSEL OPINION

_____, 2018

County of Riverside
Riverside, California

County of Riverside
2018 Series A Teeter Obligation Notes (Tax-Exempt)
(Final Opinion)

Ladies and Gentlemen:

[TO COME FROM BOND COUNSEL]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Riverside, California (the "County") in connection with the issuance by the County of its \$ _____ 2018 Series A Teeter Obligation Notes (Tax Exempt) (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 and ratified, confirmed and modified on November 4, 1997, as amended and supplemented on August 18, 1998, on September 7, 1999, on September 26, 2000, on September 11, 2001, on October 8, 2002, on October 21, 2003, on October 26, 2004, on December 6, 2005, on October 17, 2006, on October 30, 2007, on November 18, 2008, on November 24, 2009, on September 14, 2010, on September 27, 2011, on September 11, 2012, on September 10, 2013, on September 9, 2014, on September 15, 2015, on September 13, 2016, on September 12, 2017 and on September __, 2018 (collectively, the "Resolution"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the Notes and to assist the Participating Underwriters in complying with the Rule.

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

"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.

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

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Participating Underwriters" shall mean each of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

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

SECTION 3. Provision of 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, March 31, 2019 and June 30, 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.

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 of the occurrence of any of the following events with respect to the Notes not less than 10 business days after 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 Notes, or other material events affecting the tax status of the Notes;

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

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

(ix) defeasances;

material;

- (x) release, substitution, or sale of property 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) Whenever the County obtains knowledge of the occurrence of a Listed Event, listed under Subsection (a)(ii), (vi) (except for adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, for which no materiality determination is required), (vii), (viii) (except for tender offers, for which no materiality determination is required), (x), (xiii) or (xiv) the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the County determines that knowledge of the occurrence of a Listed Event listed under Subsection (a)(ii), (vi) (except for adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, for which no materiality determination is required), (vii), (viii) (except for tender offers, for which no materiality determination is required), (x), (xiii) or (xiv) would be material under applicable federal securities laws, the County shall promptly file, or cause to be filed, a notice of such event with the MSRB and the Repository not more than 10 business days following the event. 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 Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 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 Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

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

(a) If the amendment or waiver relates to the provisions of 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 and regulations) or interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

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

(c) The amendment or waiver either (i) is approved by a majority of the Owners of the Notes, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure 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 Disclosure 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 Disclosure 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 Disclosure 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 Disclosure Certificate, the County shall have no obligation under this Disclosure 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 Disclosure Certificate, any Owner or Beneficial Owner of the Notes 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 Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution with respect to the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur 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 Notes.

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

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

Dated: _____, 2018

COUNTY OF RIVERSIDE

By: _____
Its: _____

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 Series A Teeter Obligation Notes (Tax-Exempt)

Issuance Date: _____, 2018

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Quarterly Report with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate 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 section concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, premium, if any, accreted value and interest on the Notes to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, 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, redemption price 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.

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

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

11. 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, Security certificates will be printed and delivered to DTC.

APPENDIX A

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,415,955 as of January 1, 2018, representing an approximately 1.40% increase over the County's population as estimated for the prior year, and a rate higher than the statewide population increase of 0.80% for the same period. For the ten year period of January 1, 2008 to January 1, 2018, the County's population grew by approximately 15.00%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, and account for a total population of 12.38% of the County as of January 1, 2018.

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

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

<i>City</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Banning	30,549	30,746	30,967	31,170	31,282
Beaumont	41,920	43,906	45,617	46,730	48,237
Blythe	18,737	18,522	19,008	19,027	19,389
Calimesa	8,036	8,114	8,212	8,567	8,876
Canyon Lake	10,652	10,673	10,728	10,882	11,018
Cathedral City	53,031	53,390	53,842	54,296	54,791
Coachella	44,101	44,486	44,940	45,273	45,635
Corona	160,955	162,396	163,341	166,819	168,574
Desert Hot Springs	28,591	28,900	29,252	29,347	29,742
Eastvale	58,790	59,930	62,147	63,720	64,855
Hemet	80,196	80,439	80,997	82,417	83,166
Indian Wells	5,295	5,407	5,512	5,549	5,574
Indio	82,419	84,009	85,233	86,632	87,883
Jurupa Valley	98,420	99,742	101,412	103,661	106,054
Lake Elsinore	57,488	59,404	61,422	62,487	63,365
La Quinta	38,991	39,323	39,899	40,605	41,204
Menifee	83,968	85,801	87,608	89,552	91,902
Moreno Valley	199,752	201,387	202,621	204,285	207,629
Murrieta	107,254	109,408	110,166	111,793	113,541
Norco	27,006	26,198	26,727	26,799	26,761
Palm Desert	50,414	50,683	51,250	52,058	52,769
Palm Springs	45,847	46,099	46,534	47,157	47,706
Perris	73,351	74,866	76,070	77,311	77,837
Rancho Mirage	18,076	18,201	18,369	18,579	18,738
Riverside	315,129	317,890	320,226	323,190	325,860
San Jacinto	46,014	46,462	47,085	47,560	48,146
Temecula	106,749	109,144	110,536	112,040	113,181
Wildomar	34,136	34,751	35,270	35,882	36,287
TOTALS					
Incorporated	1,925,867	1,950,277	1,974,991	2,003,388	2,030,002
Unincorporated	<u>365,395</u>	<u>367,618</u>	<u>371,726</u>	<u>379,252</u>	<u>385,953</u>
County-Wide	<u>2,291,262</u>	<u>2,317,895</u>	<u>2,346,717</u>	<u>2,382,640</u>	<u>2,415,955</u>
California	38,568,628	38,912,464	39,179,627	39,500,973	39,809,693

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

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

deductions. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County and the State for the period 2014 through 2018:

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

	<i>Total Effective Buying Income⁽²⁾</i>	<i>Median Household Effective Buying Income</i>	<i>Percent of Households with Income over \$50,000</i>
2014			
Riverside County	\$ 40,293,518	\$44,784	43.84%
California	858,676,636	48,340	48.17
2015			
Riverside County	\$ 41,199,300	\$45,576	44.79%
California	901,189,699	50,072	50.05
2016			
Riverside County	\$ 45,407,058	\$48,674	48.50%
California	981,231,666	53,589	52.74
2017			
Riverside County	\$ 47,509,909	\$50,287	50.23%
California	1,036,142,723	55,681	54.27
2018			
Riverside County	\$ 51,784,973	\$53,505	53.29%
California	1,113,648,181	58,858	57.15

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

⁽²⁾ Dollars in thousands.

Source: The Nielsen Company, Site Reports, 2014-2017; Environics Analytics, Spotlight Claritas Reports 2018.

Industry And Employment

The County is a part of the Riverside-San Bernardino-Ontario Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment. The number of employed persons in the PMSA by industry is set forth in the following table.

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

<i>Industry</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Agriculture	14.5	14.4	14.8	14.6	14.4
Construction	70.0	77.6	85.7	92.0	97.0
Finance Activities	41.8	42.9	43.9	44.6	44.5
Government	225.2	228.8	233.3	242.3	250.0
Manufacturing:	87.3	91.3	96.1	98.6	98.7
Nondurables	30.1	31.1	33.0	34.2	34.8
Durables	57.3	60.2	63.1	64.4	63.9
Mining & Logging	1.2	1.3	1.3	0.9	0.9
Retail Trade	164.8	169.4	174.3	178.0	182.1
Professional and Business Services	131.9	138.7	147.4	145.0	147.2
Education and Health Services	187.6	194.8	205.1	214.3	224.8
Leisure & Hospitality	135.9	144.8	151.7	160.2	165.7
Other Services	41.1	43.0	44.0	44.6	45.6
Transportation, Warehousing and Utilities	78.5	86.6	97.4	107.3	120.2
Wholesale Trade	56.4	58.9	61.6	62.8	63.7
Information	<u>11.5</u>	<u>11.3</u>	<u>11.4</u>	<u>11.5</u>	<u>11.3</u>
Total, All Industries	<u>1,247.8</u>	<u>1,303.7</u>	<u>1,367.9</u>	<u>1,416.6</u>	<u>1,466.0</u>

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

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

The following table sets forth the major employers in the County as of June 30, 2017 and their respective product or service and number of employees as of June 30, 2017.

**COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS⁽¹⁾
(AS OF JUNE 30, 2017)**

<i>Company Name</i>	<i>Product/Service</i>	<i>No. of Local Employees</i>
County of Riverside	County Government	22,538
University of California, Riverside	Public University	8,686
March Air Reserve Base	Military Reserve Base	8,500
Amazon	E-Retailer	7,500
Kaiser Permanente Riverside Medical Center	Hospital	5,739
Corona-Norco Unified School District	School District	5,399
Riverside Unified School District	School District	4,236
Pechanga Resort and Casino	Resort Casino	4,000
Riverside University Health Care Systems – Medical Center	Medical Center	3,876
Eisenhower Medical Center	Medical Center	3,665

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

Unemployment data for the County, the State and the United States for the years 2013 through 2017 and partial data for 2018 (as indicated) are set forth in the following table.

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

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018⁽²⁾</i>
County ⁽¹⁾	9.9%	8.2%	6.7%	6.1%	5.2%	4.8%
California ⁽¹⁾	8.9	7.5	6.2	5.5	4.8	4.5
United States ⁽³⁾	7.4	6.2	5.3	4.9	4.4	4.0

⁽¹⁾ Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

⁽²⁾ June 2018.

⁽³⁾ Data is seasonally adjusted.

Source: State of California Employment Development Department Labor Market Information Division; U.S. Bureau of Labor Statistics.

Commercial Activity

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

The following tables sets forth taxable sales transactions in the County for the years 2012 through 2016, the last year being the most recent full year of which annual data is currently available. Industry level data for 2015 and 2016 is not comparable to that of prior years due to the change in format of reporting the data. However, taxable sales transactions in Riverside County overall totaled \$32,910,909,794 in 2015,

representing a 2.7% increase over the prior year and taxable sales transactions in Riverside County overall totaled \$34,231,143,867 in 2016, representing an approximate 4.0% increase over the prior year.

**COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)**

	<i>2012</i>	<i>2013</i>	<i>2014</i>
Motor Vehicles and Parts Dealers	\$ 3,493,098	\$ 3,965,201	\$ 4,417,943
Furniture and Home Furnishings	441,649	486,061	520,393
Electronics and Appliances Stores	488,419	510,423	510,061
Building Materials, Garden Equipment and Supplies	1,365,513	1,535,178	1,706,183
Food and Beverage Stores	1,356,148	1,421,590	1,509,403
Health and Personal Care Stores	490,238	523,724	544,958
Gasoline Stations	3,516,040	3,456,322	3,426,830
Clothing and Clothing Accessories Stores	1,672,482	1,771,603	1,989,623
Sporting Goods, Hobby, Book and Music Stores	467,536	499,366	519,188
General Merchandise Stores	3,174,022	3,298,920	3,289,057
Miscellaneous Store Retailers	742,118	758,664	809,032
Nonstore Retailers	142,081	243,334	309,809
Food Services and Drinking Places	<u>2,668,324</u>	<u>2,836,388</u>	<u>3,093,862</u>
Total Retail and Food Services	<u>\$20,016,668</u>	<u>\$21,306,774</u>	<u>\$22,646,343</u>
All Other Outlets	<u>8,079,341</u>	<u>8,758,693</u>	<u>9,389,345</u>
Total All Outlets	<u>\$28,096,009</u>	<u>\$30,065,467</u>	<u>\$32,035,687</u>
		<i>2015</i>	<i>2016</i>
Motor Vehicles and Parts Dealers		\$ 4,841,615	\$ 5,047,534
Home Furnishings and Appliance Stores		1,135,235	1,386,985
Building Materials, Garden Equipment and Supplies Dealers		1,826,294	1,965,101
Food and Beverage Stores		1,727,518	1,574,030
Gasoline Stations		2,851,558	2,704,278
Clothing and Clothing Accessories Stores		2,136,728	2,190,228
General Merchandise Stores		3,040,244	3,052,409
Food Services and Drinking Places		3,384,494	3,648,980
Other Retail Group		<u>2,338,039</u>	<u>2,452,591</u>
Total Retail and Food Services		<u>\$ 23,281,724</u>	<u>\$ 24,022,136</u>
All Other Outlets		<u>9,629,186</u>	<u>10,209,008</u>
Total All Outlets		<u>\$ 32,910,910</u>	<u>\$ 34,231,144</u>

Source: California Department of Tax and Fee Administration.

Building and Real Estate Activity

The two tables below set forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2013 through 2017.

COUNTY OF RIVERSIDE BUILDING PERMIT VALUATIONS (IN THOUSANDS)

	2013	2014	2015	2016	2017
RESIDENTIAL					
New Single-Family	\$ 1,165,068	\$ 1,296,553	\$ 1,313,084	\$ 1,526,768	\$ 1,670,542
New Multi-Family	138,636	178,117	110,458	106,292	109,309
Alterations and Adjustments	<u>98,294</u>	<u>147,081</u>	<u>113,200</u>	<u>126,475</u>	<u>123,567</u>
Total Residential	\$ 1,401,998	\$ 1,621,751	\$ 1,536,742	\$ 1,759,535	\$ 1,903,418
NON-RESIDENTIAL					
New Commercial ⁽¹⁾	\$ 162,377	\$ 184,138	\$ 189,994	\$ 540,447	\$ 522,769
New Industrial	141,184	161,321	180,521	59,439	410,275
Other Buildings ⁽²⁾	117,142	142,204	226,346	374,917	136,935
Alterations & Additions	<u>369,704</u>	<u>327,327</u>	<u>314,604</u>	<u>371,216</u>	<u>363,711</u>
Total Nonresidential	\$ 790,408	\$ 814,990	\$ 911,465	\$ 1,346,020	\$ 1,433,690
TOTAL ALL BUILDING	<u>\$ 2,192,406</u>	<u>\$ 2,436,741</u>	<u>\$ 2,448,207</u>	<u>\$ 3,105,554</u>	<u>\$ 3,337,108</u>

⁽¹⁾ Includes office buildings, stores & other merchantile, hotels & motels, amusement & recreation, parking garages and service stations & repair.

⁽²⁾ Includes churches and religious buildings, medical and institutional buildings, agricultural and storage buildings, hospitals and institutional buildings, public works and utility buildings, schools and educational buildings, structures other than buildings, and residential garages.

Source: California Homebuilding Foundation.

COUNTY OF RIVERSIDE NUMBER OF NEW DWELLING UNITS

	2013	2014	2015	2016	2017
Single Family	4,793	5,007	5,007	5,662	6,265
Multi-Family	<u>1,427</u>	<u>1,931</u>	<u>1,189</u>	<u>897</u>	<u>1,070</u>
TOTAL	<u>6,220</u>	<u>6,938</u>	<u>6,196</u>	<u>6,559</u>	<u>7,335</u>

Source: California Homebuilding Foundation.

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2013 through 2017.

**COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO
AND SOUTHERN CALIFORNIA
MEDIAN HOUSING PRICES**

<i>Year</i>	<i>Los Angeles</i>	<i>Riverside</i>	<i>San Bernardino</i>	<i>Southern California⁽¹⁾</i>
2013	\$411,000	\$259,000	\$205,000	\$370,000
2014	455,000	293,000	240,000	410,000
2015	487,500	310,000	262,000	431,000
2016	520,000	332,000	284,000	457,500
2017	560,000	356,000	310,000	491,000

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

The following table sets forth the home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2013 through 2017.

**COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO
AND SOUTHERN CALIFORNIA
COMPARISON OF HOME FORECLOSURES**

<i>Year</i>	<i>Los Angeles</i>	<i>Riverside</i>	<i>San Bernardino</i>	<i>Southern California⁽¹⁾</i>
2013	6,469	4,191	4,088	19,470
2014	4,566	2,912	2,984	13,787
2015	3,970	2,463	2,616	11,959
2016	3,191	2,045	1,954	9,354
2017	2,316	1,453	1,641	6,968

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

Agriculture

In 2017, principal agricultural products were nursery stock, milk, table grapes, lemons, bell peppers, hay, eggs, dates, avocados and carrots.

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

The County, and all of Southern California, experienced a severe drought between 2011 and 2015. See "—Environmental Control Services" below. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2013 through 2017.

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	2013	2014	2015	2016	2017
Citrus Fruits	\$ 142,404,000	\$ 170,891,000	\$ 199,772,000	\$ 200,101,000	\$ 177,055,000
Trees and Vines	232,536,000	223,593,000	234,928,000	227,444,000	228,315,000
Vegetables, Melons, Misc.	340,407,000	337,404,000	327,199,000	365,157,000	331,986,000
Field and Seed Crops	154,582,000	156,575,000	122,794,000	97,184,000	96,063,000
Nursery	191,215,000	172,910,000	158,648,000	150,426,000	153,749,000
Apiculture	4,715,000	4,819,000	4,897,000	5,082,000	5,415,000
Aquaculture	2,262,000	5,078,000	5,397,000	4,624,000	4,764,000
Livestock and Poultry	<u>259,683,000</u>	<u>290,746,000</u>	<u>260,015,000</u>	<u>225,758,000</u>	<u>221,175,000</u>
Grand Total	<u>\$ 1,327,804,000</u>	<u>\$ 1,362,016,000</u>	<u>\$ 1,313,650,000</u>	<u>\$ 1,275,776,000</u>	<u>\$ 1,218,522,000</u>

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest from Riverside through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County. Riverside 91 Express Lanes that connect with the OCTA SR-91 Express Lanes at the Orange County/Riverside County line and continue to the Interstate 15/State Route 91 interchange opened in March 2017. When travelling along State Route 91 through Corona, vehicles are able to use either the tolled express lanes or the free general purpose lanes.

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

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

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority and was transferred by the City of Los Angeles to the joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which

converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

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

There are nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside -- the University of California, Riverside ("UCR"), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

Environmental Control Services

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

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

The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the State's susceptibility to periodic, potentially prolonged and/or severe drought conditions. On April 1, 2015, California's governor issued the fourth in a series of executive orders extending the measures necessary to address California's severe drought conditions which occurred between 2011 and 2015. On May 9, 2016, as a result of persistent severe drought conditions in many areas of California, the governor issued an additional executive order that, among other things, made permanent many of the conservation measures set in the governor's previous executive orders. On April 7, 2017, as a result of the recent record rain and snowfall that occurred the prior winter in California, the governor declared an end to the drought emergency in California (except with respect to four counties mostly located in California's agricultural Central Valley). However, this same executive order directed the State Water Resources Control Board to initiate the rulemaking process to ensure that many key conservation measures established by the governor's 2016 executive order will remain in place. Such conservation measures prohibit wasteful practices such as: (i) hosing off sidewalks, driveways and other hardscapes, (ii) washing automobiles with hoses not equipped with a shut-off nozzle, (iii) using non-recirculated water in a fountain or other decorative water feature, (iv) water laws in a manner that causes runoff, or within forty-eight hours of measurable precipitation, and (v) irrigating ornamental turf on public street medians.