

NEW ISSUE – BOOK-ENTRY ONLY

INSURED RATING: Standard & Poor's: "AA–"

(stable outlook)

UNDERLYING RATING: Standard & Poor's: "A"

(stable outlook)

(See "RATINGS.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the City of Riverside, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the interest on the Installment Sale Payments paid by the City of Riverside under the 2013 Installment Sale Agreement and received by the owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of the interest on, the Installment Sale Payments. See "TAX MATTERS."

\$35,235,000

**RIVERSIDE PUBLIC FINANCING AUTHORITY
LOCAL MEASURE A SALES TAX REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2013
(RIVERSIDE PAVEMENT REHABILITATION PROJECT)
Evidencing Proportionate and Undivided Interest of the Owners Thereof
in Installment Sale Payments to be Made by
the City of Riverside
Pursuant to a 2013 Installment Sale Agreement**

Dated: Date of Delivery

Due: June 1, as shown on inside cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE CERTIFICATES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Riverside Public Financing Authority Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013 (Riverside Pavement Rehabilitation Project) (the "Certificates"), are being executed and delivered in the aggregate principal amount of \$35,235,000 by U.S. Bank National Association, as trustee (the "Trustee"), pursuant to the provisions of a Trust Agreement, dated as of July 1, 2013 (the "Trust Agreement"), by and among the Riverside Public Financing Authority (the "Authority"), the Trustee, and the City of Riverside (the "City"). Capitalized terms used on this cover page and not otherwise defined shall have the meanings ascribed to them elsewhere in this Official Statement. See in particular "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions."

The proceeds from the sale of the Certificates will be used to (i) finance the design, acquisition, and construction of certain local roadway improvements and street resurfacing projects within the jurisdiction of the City (the "Project"), (ii) obtain an insurance policy that constitutes a Qualified Reserve Instrument (as defined herein) in lieu of the required deposit to a reserve fund for the Certificates, and (iii) pay the costs incurred in connection with the execution, sale, and delivery of the Certificates. The Project will be sold by the Authority to the City pursuant to a 2013 Installment Sale Agreement, dated as of July 1, 2013 (the "2013 Installment Sale Agreement"), by and between the Authority and the City. See "ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS," "THE CITY AND THE PROJECT," and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund."

The City is required under the 2013 Installment Sale Agreement to make installment sale payments (collectively, the "Installment Sale Payments") to the Authority, which Installment Sale Payments are payable from a first lien on all Measure A Receipts (as defined herein), generally consisting of certain amounts received by the City from a 0.5% retail transactions and use tax that is collected in the County of Riverside, California, for a thirty-year period ending on June 30, 2039, to the extent the Project constitutes a Measure A Project (as defined herein), for deposit in the Pledged Tax Fund in accordance with the 2013 Installment Sale Agreement. Installment Sale Payments are scheduled in an amount sufficient to pay, when due, the annual principal and interest with respect to the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "MEASURE A REVENUES; MEASURE A RECEIPTS," and "RISK FACTORS." The Measure A Receipts are the sole source of payment of the Installment Sale Payments. Neither the general fund of the City nor any other moneys of the City are available to pay or secure the Installment Sale Payments or the Certificates. **The obligation of the City to pay its Installment Sale Payments is not subject to abatement.**

The Certificates will be executed and delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates. Individual purchases of Certificates may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Certificates purchased. See "THE CERTIFICATES – Book-Entry Only System."

Payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Certificates as described herein. Interest with respect to the Certificates is payable semiannually each June 1 and December 1, commencing December 1, 2013, until the maturity or the earlier prepayment thereof. Principal with respect to each Certificate will be paid on each June 1, commencing June 1, 2016, upon surrender of such Certificate at the principal corporate office of the Trustee upon maturity or the earlier prepayment thereof.

The Certificates are subject to optional, mandatory, and mandatory sinking fund prepayment prior to their stated principal payment dates as described herein.

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by Assured Guaranty Municipal Corp. See "CERTIFICATE INSURANCE POLICY" and "APPENDIX F – Specimen Municipal Bond Insurance Policy."



THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT SALE PAYMENTS UNDER THE 2013 INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM MEASURE A RECEIPTS AND DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

[See Maturity Schedule on Inside Cover]

The Certificates are offered when, as, and if executed and delivered to and received by the Underwriter, subject to the approval of legality by Orrick Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel to the City. Certain legal matters will be passed upon for the Authority and the City by Gregory P. Priamos, Esq., City Attorney of the City, and for the Underwriter by Goodwin Procter LLP, Los Angeles, California, as Underwriter's Counsel. It is anticipated that the Certificates in book-entry form will be available for delivery to DTC in New York, New York, on or about July 11, 2013.



Dated: June 27, 2013.

MATURITY SCHEDULE

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽¹⁾ No.</u>	<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽¹⁾ No.</u>
2016	\$1,285,000	4.000%	1.780%	106.222	76904C AA8	2023	\$1,760,000	5.000%	4.010%	108.012	76904C AH3
2017	1,340,000	4.000	2.130	106.941	76904C AB6	2024	1,845,000	5.250	4.200	108.421 ⁽²⁾	76904C AJ9
2018	1,390,000	4.000	2.470	107.003	76904C AC4	2025	1,945,000	5.250	4.380	106.917 ⁽²⁾	76904C AK6
2019	1,445,000	5.000	2.840	111.634	76904C AD2	2026	2,045,000	5.250	4.520	105.764 ⁽²⁾	76904C AL4
2020	1,520,000	5.000	3.200	111.046	76904C AE0	2027	2,155,000	4.500	4.700	97.972	76904C AM2
2021	1,595,000	5.000	3.500	110.258	76904C AF7	2028	2,250,000	4.625	4.800	98.148	76904C AN0
2022	1,675,000	5.000	3.810	108.897	76904C AG5	2029	2,355,000	4.750	4.900	98.352	76904C AP5

\$10,630,000 5.000% Term Certificates due June 1, 2033 Yield: 5.100%; Price: 98.753; CUSIP⁽¹⁾ No. 76904C AQ3

(1) Copyright 2013, American Bankers Association. CUSIP data are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. ("CUSIP Service Bureau"). Such CUSIP data are provided only for the convenience of the reader and are not intended to create a database and do not serve in any way as a substitute for the services and information provided by the CUSIP Service Bureau. CUSIP is a registered trademark of the American Bankers Association. Neither the Authority nor the City takes any responsibility for the accuracy of any CUSIP data set forth herein or for any changes or errors in such data.

(2) Priced to optional prepayment date of June 1, 2023; callable at par.

CITY OF RIVERSIDE, CALIFORNIA

City Council

Rusty Bailey, *Mayor*
Mike Gardner, *Ward 1*
Andy Melendrez, *Ward 2*
Ken Gutierrez, *Ward 3*
Paul Davis, *Ward 4*
Chris Mac Arthur, *Ward 5*
Nancy Hart, *Ward 6*
Steve Adams, *Ward 7*

City Staff

Scott C. Barber, *City Manager*
Belinda J. Graham, *Assistant City Manager*
Deanna Lorson, *Assistant City Manager*
Colleen J. Nicol, *City Clerk*
Gregory P. Priamos, Esq., *City Attorney*
Brent A. Mason, *Finance Director/Treasurer*
L. Scott Catlett, *Assistant Finance Director*

PROFESSIONAL SERVICES

Special Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Underwriter's Counsel

Goodwin Procter LLP
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or E. J. De La Rosa & Co., Inc. (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Certificates, nor shall there be any sale of the Certificates, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

The information set forth in this Official Statement has been obtained from the City, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the City or the Authority. 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 will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

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

This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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

THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Assured Guaranty Municipal Corp. ("AGM" or the "Certificate Insurer") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "CERTIFICATE INSURANCE POLICY," "APPENDIX F – Specimen Municipal Bond Insurance Policy," and "APPENDIX G – Specimen Municipal Bond Debt Service Reserve Insurance Policy."

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Description of the Certificates.....	1
Authorization.....	1
Judicial Validation.....	2
Use of Certificate Proceeds	2
Payment of Principal and Interest.....	2
Prepayment of Certificates	2
Security and Sources of Payment for the Certificates	2
Special, Limited Obligation of the City	4
Continuing Disclosure.....	4
Forward-Looking Statements	4
References Qualified	4
Additional Information.....	4
ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS.....	5
THE CERTIFICATES	5
Authorization and Registration of Certificates.....	5
Judicial Validation of Certificates	5
Payment of Certificates	5
Prepayment of Certificates	6
Purchase of Certificates in Lieu of Prepayment	6
Selection of Certificates for Prepayment.....	7
Notice of Prepayment; Effect of Notice	7
Partial Prepayment or Purchase of Certificates	8
Effect of Prepayment.....	8
Book-Entry Only System	8
Debt Service	11
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES	11
Installment Sale Payments.....	11
Pledge of Measure A Receipts	12
Pledged Tax Fund.....	12
Deposit of Other Available Revenues	14
Additional Contracts.....	14
Reserve Fund.....	14
Reserve Policy.....	15
Certificate Insurance Policy	17
THE CITY AND THE PROJECT	17
The City of Riverside	17
The Project	17
MEASURE A REVENUES; MEASURE A RECEIPTS	17
Pledge of Measure A Receipts	17
The Measure A Sales Tax.....	18
Riverside County Transportation Commission	19
Senior Lien Measure A Obligations	19
Collection and Allocation of Measure A Revenues	20
Historical 1988 Sales Tax and Measure A Revenues.....	21
Measure A Fund Financial Statements.....	21

MAXIMUM ANNUAL DEBT SERVICE COVERAGE	22
CERTIFICATE INSURANCE POLICY	23
Certificate Insurance Policy	23
Assured Guaranty Municipal Corp.....	23
RISK FACTORS	25
Installment Sale Payments Constitute Limited Obligations	25
Passive Revenue Source	25
Allocation of Measure A Revenues to City is Subordinate to Payment of Senior Lien Measure A Obligations.....	26
Limitations on Use of Measure A Revenues	26
Additional Contracts.....	26
Loss of Tax Exemption	26
Limitations on Remedies; Bankruptcy	27
Constitutional Limitations on Appropriations.....	27
California State Legislature or Electorate May Change Items Subject to Measure A Sales Tax.....	27
Increases in Sales Tax Rate May Cause Declines in Measure A Revenues	28
Increased Internet Use May Reduce Measure A Sales Tax.....	28
No Liability of Authority to Owners	28
Economic, Political, Social, and Environmental Conditions.....	28
CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS	29
Article XIII B of the California Constitution – Limitations on Appropriations.....	29
Articles XIII C and XIII D of the California Constitution – The Right to Vote on Taxes.....	29
Future Initiatives.....	31
THE AUTHORITY	31
TAX MATTERS.....	31
RATINGS	33
CONTINUING DISCLOSURE.....	34
UNDERWRITING	34
NO LITIGATION.....	35
The Authority	35
The City.....	35
CERTAIN LEGAL MATTERS.....	35
MISCELLANEOUS	36
APPENDIX A SUMMARY OF PRINCIPAL LEGAL DOCUMENTS	A-1
APPENDIX B GENERAL INFORMATION REGARDING THE CITY OF RIVERSIDE	B-1
APPENDIX C PROPOSED FORM OF SPECIAL COUNSEL OPINION.....	C-1
APPENDIX D FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	D-1
APPENDIX E DESCRIPTION OF PROJECT	E-1
APPENDIX F SPECIMEN MUNICIPAL BOND INSURANCE POLICY	F-1
APPENDIX G SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY	G-1

OFFICIAL STATEMENT

\$35,235,000

**RIVERSIDE PUBLIC FINANCING AUTHORITY
LOCAL MEASURE A SALES TAX REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2013
(RIVERSIDE PAVEMENT REHABILITATION PROJECT)
Evidencing Proportionate and Undivided Interest of the Owners Thereof
in Installment Sale Payments to be Made by
the City of Riverside
Pursuant to a 2013 Installment Sale Agreement**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the execution and delivery of the Riverside Public Financing Authority Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013 (Riverside Pavement Rehabilitation Project) (the “Certificates”), in an aggregate principal amount of \$35,235,000. Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Certificates to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions.”

Description of the Certificates

The Certificates will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Certificates.

The Certificates evidence proportionate and undivided interests of the registered owners thereof (the “Owners”) in installment sale payments (the “Installment Sale Payments”) to be made by the City of Riverside (the “City”) to the Riverside Public Financing Authority (the “Authority”), as the purchase price for certain local roadway improvements and street resurfacing projects throughout the geographic boundaries of the City (the “Project”) pursuant to a 2013 Installment Sale Agreement, dated as of July 1, 2013 (the “2013 Installment Sale Agreement”), by and between the Authority and the City. See “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” and “THE CITY AND THE PROJECT.”

Authorization

The Certificates are being executed and delivered by U.S. Bank National Association, as trustee (the “Trustee”), pursuant to (i) a Trust Agreement, dated as of July 1, 2013 (the “Trust Agreement”), by and among the Authority, the Trustee, and the City, and (ii) a resolution adopted by the Authority on February 5, 2013, and a resolution adopted by the City on February 5, 2013 (collectively, the

“Resolutions”). See “THE CERTIFICATES – Authorization” and Registration of Certificates” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Judicial Validation

The City filed a complaint in the Superior Court of the State of California for the County of Riverside (the “Riverside County Superior Court”) pursuant to California Government Code Section 53510 *et seq.* and California Code of Civil Procedure Section 860 *et seq.* (collectively, the “Validation Law”) seeking to validate certain issues raised by the proposed execution and delivery of the Certificates. The City filed its complaint on February 19, 2013. There was no answering party in the action and, on April 30, 2013, the City obtained a judgment in its favor that enjoins the institution of any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Riverside County Superior Court within 30 days after the entry of such judgment and, since there was no answering party in the action, only issues related to the jurisdiction of the Riverside County Superior Court to enter a judgment in the action may be raised during such period. The appeal period expired for such action on May 30, 2013.

Use of Certificate Proceeds

The proceeds from the sale of the Certificates will be used to (i) finance the design, acquisition, and construction of the Project, (ii) obtain an insurance policy that constitutes a Qualified Reserve Instrument (as defined herein) in lieu of the required deposit to a reserve fund for the Certificates (the “Reserve Fund”), and (iii) pay the costs incurred in connection with the execution, sale, and delivery of the Certificates. See “ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS,” “THE CITY AND THE PROJECT,” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund.”

Payment of Principal and Interest

Interest with respect to the Certificates is payable semiannually on June 1 and December 1, commencing December 1, 2013 (each, an “Interest Payment Date”), and is payable by check mailed by first class mail on the date such interest is due to the Owner at his address as it appears on the registration books maintained by the Trustee; provided, however, that an Owner of \$1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the 15th day after receipt of such request until such request is rescinded. Principal with respect to each Certificate will be payable on June 1 of each year, commencing June 1, 2016 (each, a “Certificate Payment Date”), upon surrender of such Certificate at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier prepayment thereof. See “THE CERTIFICATES.”

Prepayment of Certificates

The Certificates are subject to optional, mandatory, and mandatory sinking fund prepayment under certain circumstances as described herein. See “THE CERTIFICATES – Prepayment of Certificates.”

Security and Sources of Payment for the Certificates

Installment Sale Payments. Pursuant to the 2013 Installment Sale Agreement, the City is required to pay to the Trustee, from a first lien on the Measure A Receipts (as defined below), the

Installment Sale Payments, which Installment Sale Payments are designed to be sufficient, in both time and amount, to pay, when due, the principal and interest evidenced and represented by the Certificates.

The term “Measure A Receipts” is defined in the 2013 Installment Sale Agreement to mean Measure A Revenues (as defined below) allocated by the Riverside County Transportation Commission (the “Commission”) to the City pursuant to the Measure A Ordinance (as defined below), to the extent the Project constitutes a Measure A Project (as defined below), for deposit in the Pledged Tax Fund in accordance with the 2013 Installment Sale Agreement. The term “Measure A Revenues” is defined in the 2013 Installment Sale Agreement to mean revenues of the Commission derived from a retail transactions and use tax (the “Measure A Sales Tax”) imposed in the County of Riverside, California (the “County”), pursuant to the Riverside County Transportation Sales Tax Act, Division 25 (Section 240000 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented (the “Measure A Sales Tax Act”), and the Measure A Ordinance. The term “Measure A Ordinance” is defined in the 2013 Installment Sale Agreement to mean Ordinance No. 02-001, the Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance, adopted by the Commission on May 8, 2002, and approved by at least two-thirds of electors voting on such proposition in the November 5, 2002 election, as supplemented and amended. The term “Measure A Project” is defined in the 2013 Installment Sale Agreement to mean a capital project for which Measure A Receipts may be expended. The entire Project constitutes a Measure A Project. See “THE CITY AND THE PROJECT – The Project.”

A portion of the Measure A Revenues are allocated by the Commission to the City for the City’s local streets and roads program on a basis that is subordinate to the Commission’s payment of its Senior Lien Measure A Obligations, as described herein. See “MEASURE A REVENUES; MEASURE A RECEIPTS – Senior Lien Measure A Obligations” and “ – Collection and Allocation of Measure A Revenues” and “RISK FACTORS – Senior Lien Measure A Obligations.” In addition, only the portion of Measure A Revenues allocated by the Commission to the City constituting Measure A Receipts may be applied to pay the Installment Sale Payments. See “RISK FACTORS – Limitations on Use of Measure A Revenues.”

Pursuant to the Trust Agreement, the Authority will assign to the Trustee all of the Authority’s rights and remedies under the 2013 Installment Sale Agreement, including, but not limited to, the Authority’s security interest in and lien upon the Measure A Receipts. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” “MEASURE A REVENUES; MEASURE A RECEIPTS,” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Reserve Fund. Pursuant to the Trust Agreement, the Trustee is required to maintain amounts on deposit in the Reserve Fund for the City, which amounts are held by the Trustee and pledged to the payment of principal and interest with respect to the Certificates, in amounts equal to the Reserve Fund Requirement (as defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund” and “– Reserve Policy” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement.”

Certificate Insurance Policy. Concurrently with the execution and delivery of the Certificates, Assured Guaranty Municipal Corp. (the “Certificate Insurer”) will issue its Municipal Bond Insurance Policy for the Certificates (the “Certificate Insurance Policy”). The Certificate Insurance Policy guarantees the scheduled payment of principal and interest with respect to the Certificates when due as set forth in the form of the Certificate Insurance Policy included as Appendix F to this Official Statement. See “CERTIFICATE INSURANCE POLICY.”

Special, Limited Obligation of the City

THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT SALE PAYMENTS UNDER THE 2013 INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM MEASURE A RECEIPTS AND DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Continuing Disclosure

In connection with the execution and delivery of the Certificates, the City will covenant in a continuing disclosure certificate (the "Continuing Disclosure Certificate"), executed for the benefit of Owners, to provide certain financial information and operating data and notices of certain events, if material. See "CONTINUING DISCLOSURE" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "propose," "estimate," "project," "budget," "anticipate," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the 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. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Official Statement do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

Additional Information

Additional information regarding this Official Statement, as well as copies of the Trust Agreement, 2013 Installment Sale Agreement, and other documents described herein, may be obtained

from the City. The City’s address for such purpose is: City of Riverside, 3900 Main Street Riverside, California 92522, Attention: Finance Director/Treasurer. The Finance Director/Treasurer’s telephone number is (951) 826-5454.

ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS

The following table details the estimated sources and uses of Certificate proceeds.

Estimated Sources:

Principal Amount of Certificates	\$35,235,000.00
Plus: Net Original Issue Premium	1,211,002.35
Less: Underwriter’s Discount	<u>(220,218.75)</u>
Total Sources	\$36,225,783.60

Estimated Uses:

Transfer to Certificate Insurer for Certificate Insurance Policy Premium	\$ 228,755.67
Transfer to Certificate Insurer for Reserve Policy Premium	89,990.63
Deposit into the Costs of Issuance Fund ⁽¹⁾	177,300.00
Deposit into the Acquisition Fund ⁽²⁾	<u>35,729,737.30</u>
Total Uses	\$36,225,783.60

⁽¹⁾ Moneys in the Costs of Issuance Fund are expected to be used to pay the fees and expenses of Special Counsel, Underwriter’s Counsel, the Trustee, and the rating agency, as well as printing and other miscellaneous costs.

⁽²⁾ Moneys in the Acquisition Fund will be applied to the acquisition and construction of the Project. See “THE CITY AND THE PROJECT.”

THE CERTIFICATES

Authorization and Registration of Certificates

The Certificates are being executed and delivered by the Trustee pursuant to the Trust Agreement and the Resolutions. The Certificates will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Certificates. See “THE CERTIFICATES – Book-Entry Only System” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement.”

Judicial Validation of Certificates

The City filed a complaint in the Riverside County Superior Court pursuant to the Validation Law seeking to validate certain issues raised by the proposed execution and delivery of the Certificates. The City filed its complaint on February 19, 2013. There was no answering party in the action and, on April 30, 2013, the City obtained a judgment in its favor that enjoins the institution of any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Riverside County Superior Court within 30 days after the entry of such judgment and, since there was no answering party in the action, only issues related to the jurisdiction of the Riverside County Superior Court to enter a judgment in the action may be raised during such period. The appeal period expired for such action on May 30, 2013.

Payment of Certificates

The Certificates will be executed and delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Certificates.

Individual purchases of Certificates may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Certificates purchased. Payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Certificates as described herein. Interest with respect to the Certificates is payable semiannually on each Interest Payment Date, commencing December 1, 2013, until the maturity or the earlier prepayment thereof. Principal and any prepayment premiums with respect to each Certificate will be paid on each Certificate Payment Date upon surrender of such Certificate at the principal corporate office of the Trustee upon maturity or the earlier prepayment thereof. See “THE CERTIFICATES – Book-Entry Only System.”

Prepayment of Certificates

Optional Prepayment of Certificates. The Certificates maturing on or before June 1, 2023, are not subject to optional prepayment prior the respective stated maturities. The Certificates maturing on or after June 1, 2024, will be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of the City, on or after June 1, 2023, in whole or in part (by lot within any maturity), on any date, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. The City is required to provide written notice to the Authority and the Trustee at least 45 days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the Installment Sale Payments to be prepaid.

Mandatory Prepayment of Certificates Upon Acceleration. The Certificates are subject to mandatory prepayment prior to maturity, in whole or in part (by lot within any maturity), on any date, from amounts received upon the acceleration of Installment Sale Payments upon the occurrence of an event of default under the 2013 Installment Sale Agreement, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment. The Certificates maturing on June 1, 2033, are subject to mandatory prepayment on June 1 of each year commencing June 1, 2030, in part, from mandatory sinking fund payments, on each June 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Mandatory Prepayment Date (June 1)	<u>Principal Amount</u>
2030	\$2,465,000
2031	2,590,000
2032	2,720,000
2033 (Maturity)	2,855,000

The amount of each such prepayment shall be reduced in the event and to the extent that Installment Sale Payments payable on the corresponding Certificate Payment Date are optionally prepaid by the City pursuant to the 2013 Installment Sale Agreement and applied to the prepayment of Certificates maturing on June 1, 2033.

Purchase of Certificates in Lieu of Prepayment

In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund held under the Trust Agreement, or in any sinking account therein, may also be used and withdrawn by the Trustee at

any time, upon the written request of the Authority, for the purchase of such Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest that is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Certificate Payment Date in any year will be credited towards and shall reduce the principal amount of any Certificates required to be prepaid on such Certificate Payment Date in such year. Any purchase of Certificates in lieu of prepayment shall require the prior written approval of the Certificate Insurer if any Certificate so purchased is not cancelled upon purchase.

Selection of Certificates for Prepayment

Whenever provision is made in the Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee will, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates subject to prepayment or purchase or such given portion thereof equal to a multiple of \$5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any optional prepayment pursuant to the Trust Agreement, or receipt of moneys resulting in a mandatory prepayment pursuant to the Trust Agreement, the Trustee will request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Certificates to be prepaid; provided that upon the occurrence of an optional prepayment or mandatory prepayment upon acceleration in part, the selection of Certificates to be prepaid shall be subject to the approval of the Certificate Insurer so long as it has not failed to comply with its payment obligations under the Certificate Insurance Policy. The Trustee will promptly notify the Authority in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.

Notice of Prepayment; Effect of Notice

So long as DTC is acting as securities depository for the Certificates, notice of redemption, containing the information required by the Trust Agreement, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Certificates designated for redemption) not less than thirty (30) nor more than sixty (60) days prior to the prepayment or purchase date, or, if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Each notice of prepayment or purchase shall state the date of such notice, the date of initial execution and delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each Certificate Payment Date or Dates, and, if less than all of the Certificates of any such Certificate Payment Date, the distinctive certificate numbers of the Certificates with such Certificate Payment Date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice. Conditional notice of prepayment may be given at the direction of the Authority and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee.

Failure by the Trustee to give notice to the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System or Securities Depositories, or failure by the Trustee to mail notice of prepayment or purchase to any one or more of the respective Owners of any Certificates designated for prepayment or purchase, shall not affect the sufficiency of the proceedings for prepayment or purchase.

Partial Prepayment or Purchase of Certificates

Upon surrender of any Certificate to be prepaid or purchased in part only, the Trustee will execute and deliver to the registered owner thereof, at the expense of the Authority, a new Certificate or Certificates of authorized denominations, and having the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid or unpurchased portion of the Certificate surrendered.

Effect of Prepayment

Notice of prepayment having been duly given as described above, and moneys for payment of the principal and prepayment premium, if any, represented by the Certificates (or portions thereof) so called for prepayment (the "Prepayment Price"), together with interest accrued to the prepayment date with respect to such Certificates (or portions thereof), being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and interest accrued with respect thereto to the prepayment date, interest with respect to the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

Book-Entry Only System

The following information regarding DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Authority or the City, and neither the Authority nor the City shall have any liability with respect thereto. Neither the Authority nor the City shall have any responsibility or liability for any aspects of the records maintained by DTC relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Certificates.

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (“SEC”). More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only and the information on the internet site is not a part of this Official Statement or incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information included in such internet site.*

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates except in the event that use of the book-entry system for the Certificates is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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.

Prepayment notices shall be sent to DTC. If less than all of the Certificates are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the

record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect the Certificates 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 Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE AUTHORITY BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE AUTHORITY TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

[Remainder of Page Intentionally Left Blank]

Debt Service

The table below presents the annual debt service with respect to the Certificates (including sinking account prepayments), assuming that there are no optional prepayments, for the year ending on June 1 in the years shown below:

Debt Service Schedule

<u>Date</u> <u>(June 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014		\$1,520,966.67	\$1,520,966.67
2015		1,711,087.50	1,711,087.50
2016	\$1,285,000.00	1,711,087.50	2,996,087.50
2017	1,340,000.00	1,659,687.50	2,999,687.50
2018	1,390,000.00	1,606,087.50	2,996,087.50
2019	1,445,000.00	1,550,487.50	2,995,487.50
2020	1,520,000.00	1,478,237.50	2,998,237.50
2021	1,595,000.00	1,402,237.50	2,997,237.50
2022	1,675,000.00	1,322,487.50	2,997,487.50
2023	1,760,000.00	1,238,737.50	2,998,737.50
2024	1,845,000.00	1,150,737.50	2,995,737.50
2025	1,945,000.00	1,053,875.00	2,998,875.00
2026	2,045,000.00	951,762.50	2,996,762.50
2027	2,155,000.00	844,400.00	2,999,400.00
2028	2,250,000.00	747,425.00	2,997,425.00
2029	2,355,000.00	643,362.50	2,998,362.50
2030	2,465,000.00	531,500.00	2,996,500.00
2031	2,590,000.00	408,250.00	2,998,250.00
2032	2,720,000.00	278,750.00	2,998,750.00
2033	<u>2,855,000.00</u>	<u>142,750.00</u>	<u>2,997,750.00</u>
Totals	\$35,235,000.00	\$21,953,916.67	\$57,188,916.67

Source: Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Installment Sale Payments

The Certificates evidence proportionate and undivided interests of the Owners thereof in the Installment Sale Payments to be made by the City pursuant to the 2013 Installment Sale Agreement. Pursuant to the 2013 Installment Sale Agreement, the City is required to pay to the Trustee, from a first lien on the Measure A Receipts, the Installment Sale Payments, which are designed to be sufficient in both time and amount, to pay, when due, the principal and interest evidenced and represented by the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Pledge of Measure A Receipts” below.

Pursuant to the Trust Agreement, the Authority will assign to the Trustee, for the benefit of the Owners, its rights under the 2013 Installment Sale Agreement, including, but not limited to, the Authority’s security interest in and lien upon the Measure A Receipts. See “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Pledge of Measure A Receipts

All Measure A Receipts held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Acquisition Fund and the Rebate Fund established under the Trust Agreement) will be irrevocably pledged to the payment of the principal, interest, and prepayment premium, if any, evidenced and represented by the Certificates as provided in the Trust Agreement, and the Measure A Receipts will not be used for any other purpose while any of the Certificates remain outstanding; provided, however, that out of the Measure A Receipts there may be applied such sums for such purposes as are permitted under the Trust Agreement and the 2013 Installment Sale Agreement. Such pledge will constitute a first pledge of and charge and lien upon the Measure A Receipts on deposit in the funds and accounts established under the Trust Agreement (other than amounts on deposit in the Acquisition Fund and the Rebate Fund) for the payment of the interest and principal with respect to the Certificates in accordance with the terms of the Trust Agreement. Pursuant to the Trust Agreement, the Authority will assign to the Trustee all of the Authority's rights and remedies under the 2013 Installment Sale Agreement, including, but not limited to, the Authority's security interest in and lien upon the Measure A Receipts.

The term "Measure A Receipts" is defined in the 2013 Installment Sale Agreement to mean Measure A Revenues allocated by the Commission to the City pursuant to the Measure A Ordinance, to the extent the Project constitutes a Measure A Project, for deposit in the Pledged Tax Fund in accordance with the 2013 Installment Sale Agreement. The entire Project constitutes a Measure A Project. See "THE CITY AND THE PROJECT – The Project."

The term "Measure A Revenues" is defined in the 2013 Installment Sale Agreement to mean revenues of the Commission derived from the Measure A Sales Tax imposed in the County pursuant to the Measure A Sales Tax Act and the Measure A Ordinance. Measure A Revenues are allocated by the Commission to the City on a basis that is subordinate to the Commission's payment with respect to its Senior Lien Measure A Obligations, as described herein. See "MEASURE A REVENUES; MEASURE A RECEIPTS – Senior Lien Measure A Obligations" and "– Collection and Allocation of Measure A Revenues" and "RISK FACTORS – Senior Lien Measure A Obligations." Also, only the portion of Measure A Revenues allocated by the Commission to the City constituting Measure A Receipts may be applied to pay the Installment Sale Payments. See "RISK FACTORS – Limitations on Use of Measure A Revenues."

For more information regarding the portion of Measure A Revenues historically allocated by the Commission to the City, see "MEASURE A REVENUES; MEASURE A RECEIPTS – Historical 1988 Sales Tax and Measure A Revenues." See also "RISK FACTORS."

Pledged Tax Fund

In order to carry out and effectuate the pledge, charge, and lien contained in the Trust Agreement, the Authority will covenant that all Measure A Receipts when and as received shall be received by the Authority, as payment of Installment Sale Payments, in trust for the benefit of the Owners and shall be deposited when and as received by the Authority in the Revenue Fund created and maintained by the Trustee under the Trust Agreement. All Measure A Receipts shall be accounted separately for the City and held in trust in the Pledged Tax Fund and applied as provided in the 2013 Installment Sale Agreement.

The following funds and accounts will be established within the Revenue Fund: (i) Interest Fund and, within the Interest Fund, an Interest Payment Account for the City; (ii) Principal Fund and, within the Principal Fund, a Principal Payment Account for the City; (iii) Reserve Fund; (iv) Administration Fund; and (v) Surplus Account.

In order to carry out and effectuate the obligation of the City contained in the 2013 Installment Sale Agreement to pay the Installment Sale Payments and the Administration Fee (as defined below), the City will agree and covenant in the 2013 Installment Sale Agreement that it has established a Pledged Tax Fund (the "Pledged Tax Fund") and within the Pledged Tax Fund, a "Measure A Receipts Account," which fund and account therein the City will agree and covenant to maintain so long as any 2013 Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided in the 2013 Installment Sale Agreement. The City will agree and covenant that all Measure A Receipts received by it shall be deposited when and as received in the Measure A Receipts Account. All of the Revenues (which term is defined in the 2013 Installment Sale Agreement to mean all Measure A Receipts) and all money in the Pledged Tax Fund and in the funds or accounts so specified and provided for the 2013 Installment Sale Agreement will be irrevocably pledged to the punctual payment of the Installment Sale Payments and the Administration Fee, and the Revenues and such other money shall not be used for any other purpose while any of the Installment Sale Payments remain outstanding; subject to the provisions of the 2013 Installment Sale Agreement permitting application thereof for the purposes and on the terms and conditions set forth therein. Such pledge shall constitute a first lien on the Revenues and such other money for the payment of the Installment Sale Payments and the Administration Fee in accordance with the terms of the 2013 Installment Sale Agreement.

Pursuant to the 2013 Installment Sale Agreement, all money on deposit in the Pledged Tax Fund shall be set aside and deposited by the City in the various funds and accounts within the Revenue Fund at the following times in the following order of priority:

Interest Fund and Principal Fund Deposits. On or before the 15th day preceding each Interest Payment Date, the City shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Interest Payment Account in the Interest Fund within the Revenue Fund, a sum equal to the interest becoming due and payable on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in such Interest Payment Account equal to the amount of interest becoming due and payable with respect to the City on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Certificate Payment Date, the City shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Principal Payment Account in the Principal Fund within the Revenue Fund, a sum equal to the principal becoming due and payable on the next succeeding Certificate Payment Date, except that no such deposit need be made if the Trustee then holds money in such Principal Payment Account equal to the amount of principal becoming due and payable with respect to the City on the next succeeding Certificate Payment Date.

Reserve Fund Deposit. On or before the 15th day of each month, the City shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Reserve Fund that sum, if any, necessary to restore such Reserve Fund to an amount equal to the Reserve Fund Requirement, all in accordance with and subject to the terms and conditions of the Trust Agreement. All money in the Reserve Fund shall be used and withdrawn by the Trustee for the purposes specified in the Trust Agreement.

Administration Fund Deposit. On or before the 15th day preceding each Certificate Payment Date, the City shall, from the remaining money on deposit in the Pledged Tax Fund, transfer to the Trustee for deposit in the Administration Fund within the Revenue Fund, a sum equal to the Administration Fee becoming due and payable under the Trust Agreement on the next Certificate Payment Date, and all money on deposit in the Administration Fund shall be used to pay the Administration Fee due on such Certificate Payment Date, in accordance with the terms of the Trust Agreement. "Administration Fee" means an amount equal to the sum of the respective annual administration fees charged by the Authority, the Trustee, and the Rebate Analyst, payable on the 15th day of the month preceding each Principal Payment Date.

Notwithstanding the foregoing, provided all transfers described above under the subheadings “Reserve Fund Deposit” and “Administrative Fund Deposit” have been made, on any Business Day moneys on deposit in the Pledged Tax Fund in excess of the sum of (i) interest becoming due and payable under the 2013 Installment Sale Agreement on the next succeeding Interest Payment Date (less amounts then held by the Trustee in the Interest Payment Account) and (ii) the Pro Rata Share of Principal (less amounts then held by the Trustee in the Principal Payment Account) may be expended by the City at any time for any purpose permitted by law. “Pro Rata Share of Principal” is defined in the 2013 Installment Sale Agreement to mean, during any month, an amount of principal becoming due and payable thereunder on the next succeeding Certificate Payment Date that would have accrued if such principal were deemed to accrue monthly in equal amounts from the preceding Certificate Payment Date.

Deposit of Other Available Revenues

Notwithstanding the pledge of Measure A Receipts as described above, the City may satisfy its obligation to deposit Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee and, if and when so deposited, such Other Available Revenues shall be irrevocably pledged to the payment of Installment Sale Payments. Unless and until deposited with the Trustee, such Other Available Revenues are not pledged to the payment of Installment Sale Payments. The term “Other Available Revenues” is defined in the 2013 Installment Sale Agreement as revenues, other than Measure A Receipts, legally available to the City to make Installment Sale Payments.

Additional Contracts

So long as the City is not in default under the 2013 Installment Sale Agreement, the City may at any time execute any installment sale contracts, capital leases, or similar obligations of the City (each, a “Contract”), authorized and executed by the City under and pursuant to applicable law, that constitute additional charges against its Measure A Receipts without the consent of Owners of the Certificates. See “APPENDIX A – Summary of Principal Legal Documents – 2013 Installment Sale Payments; Administration Fee – Additional Contracts.” To the extent that other Contracts are executed by the City, the funds available to pay the Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

Reserve Fund

The Trustee will set aside from amounts deposited by the City in the Revenue Fund that amount of money (or other authorized deposit of security) that shall be required to maintain the Reserve Fund in the full amount of the Reserve Fund Requirement. No deposit need be made in the Reserve Fund so long as there shall be on deposit therein a sum equal to the Reserve Fund Requirement. All money in the Reserve Fund (including all amounts that may be obtained from any insurance policy on deposit in the Reserve Fund) shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Payment Account or the Principal Payment Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest, principal, or prepayment premiums, if any, payable in connection with the 2013 Installment Sale Agreement, except that any cash amounts in the Reserve Fund in excess of the amount required to be on deposit therein shall be withdrawn from the Reserve Fund on each Interest Payment Date and deposited in the Interest Payment Account.

In lieu of making a Reserve Fund Requirement deposit or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the City upon delivery of an insurance policy satisfying the requirements stated below), the City may also deliver to the Trustee an insurance policy (a “Qualified Reserve Instrument”) securing an amount, together with moneys or

Permitted Investments on deposit in the Reserve Fund, no less than the Reserve Fund Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest components of the 2013 Installment Sale Agreement and whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated in the two highest rating categories (without respect to any modifier) of the Rating Agency. The prior written consent of the Certificate Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Certificates.

If and to the extent that the Reserve Fund has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) shall be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the Qualified Reserve Instrument shall be made prior to any replenishment of any cash (or Permitted Investments). If the Reserve Fund is funded, in whole or in part, with more than one Qualified Reserve Instrument, then any draws made against such Qualified Reserve Instrument shall be made pro-rata.

The term "Reserve Fund Requirement" is defined in the Trust Agreement to mean, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the 2013 Installment Sale Payments under the 2013 Installment Sale Agreement; (ii) 125% of the average annual 2013 Installment Sale Payments under the 2013 Installment Sale Agreement; or (iii) the Maximum Annual Debt Service.

See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement."

Reserve Policy

The Certificate Insurer will issue a Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy") for the purpose of funding the Reserve Fund for the Certificates. The Reserve Policy will be issued by the Certificate Insurer in an amount equal to the Reserve Fund Requirement applicable to the Certificates. The Reserve Policy is a Qualified Reserve Instrument. The premium for the Reserve Policy is to be fully paid at or prior to the execution and delivery of the Certificates. See "APPENDIX G – Specimen Municipal Bond Debt Service Reserve Insurance Policy."

As long as the Reserve Policy shall be in full force and effect, the City and the Trustee, as appropriate, shall comply with the following provisions:

(a) The City shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Certificate Insurer and shall pay interest thereon from the date of payment by the Certificate Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest with respect to the Certificates and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Certificate Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness described herein,

then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party related to such indebtedness, be applied as additional interest for any later periods of time when amounts are outstanding to the extent that interest otherwise due for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied to principal immediately upon receipt of such moneys by the Certificate Insurer, with the same force and effect as if the City had specifically designated such extra sums to be so applied and the Certificate Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed to or actual exaction as consideration for the indebtedness described herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to one twelfth of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Certificate Insurer shall be credited first to interest due, then to the expenses due, and then to principal due. As and to the extent that payments are made to the Certificate Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the payment of Installment Sale Payments (subject only to the priority of payment provisions set forth in the Trust Agreement). All cash and investments in the Reserve Fund shall be transferred to the Interest Fund or Principal Fund, as applicable, for payment of debt service with respect to the Certificates before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) in applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the City shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) above, the Certificate Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement, other than (i) acceleration of the maturity of the Certificates or (ii) remedies which would adversely affect owners of the Certificates.

(c) The Trust Agreement shall not be discharged until all Policy Costs owing to the Certificate Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Installment Sale Payments.

(d) The City shall include any Policy Costs then due and owing to the Certificate Insurer in the calculation of the additional Contracts test in the Trust Agreement.

(e) The Trust Agreement shall require the Trustee to ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) above and to provide notice to the Certificate Insurer accordance with the terms of the Reserve Policy at least five business days prior to

each date upon which interest or principal is due with respect to the Certificates. Where deposits are required to be made by the City with the Trustee to the Interest Fund or Principal Fund, as applicable, more often than semi-annually, the Trustee shall be instructed to give notice to the Certificate Insurer of any failure of the City to make timely payment in full of such deposits within two business days of the date due.

Certificate Insurance Policy

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under the Certificate Insurance Policy to be issued concurrently with the delivery of the Certificates by the Certificate Insurer. For a more detailed description of the Certificate Insurance Policy and the Certificate Insurer, see “CERTIFICATE INSURANCE POLICY” and “APPENDIX F – Specimen Municipal Bond Insurance Policy.”

THE CITY AND THE PROJECT

The City of Riverside

Certain economic and demographic information regarding the City is included in Appendix B. See “MEASURE A REVENUES; MEASURE A RECEIPTS” for a discussion of the portion of Measure A Revenues that has historically been allocated by the Commission to the City. Only the portion of Measure A Revenues allocated by the Commission to the City constituting Measure A Receipts may be applied to pay the Installment Sale Payments.

The Project

The City is undertaking the Project as part of the City’s ongoing effort to accelerate street system improvements within its jurisdiction. The Project is expected to include the components described below.

The Project will be comprised of facilities that are eligible for expenditure of Measure A Receipts under applicable laws of the State. The entire Project constitutes a Measure A Project. The Project is expected to cost between \$30,000,000 and \$34,000,000, which cost is expected to be paid from proceeds from the sale of the Certificates. The Project is expected to include the rehabilitation of public arterial and local roads in accordance with Measure A funding requirements established by the Commission. The streets to be improved are expected to include arterial and local roads. The initial list of Project components is set forth in Appendix E and includes the local streets in most need of repair and which are anticipated to be repaired within one year. Specific local roads will be identified annually for improvement during years two and three of the planned three year rehabilitation program. The arterial roads identified in Appendix E are anticipated to be constructed over the entire three year period. The Project components listed in Appendix E are subject to change as additional needs are identified.

MEASURE A REVENUES; MEASURE A RECEIPTS

Pledge of Measure A Receipts

Pursuant to the 2013 Installment Sale Agreement, the City will pledge its Measure A Receipts for the payment of Installment Sale Payments. The term “Measure A Receipts” is defined in the 2013 Installment Sale Agreement to mean Measure A Revenues allocated by the Commission to the City pursuant to the Measure A Ordinance, to the extent the Project constitutes a Measure A Project, for deposit in the Pledged Tax Fund in accordance with the 2013 Installment Sale Agreement. The term “Measure A Project” is defined in the 2013 Installment Sale Agreement to mean a capital project for

which Measure A Receipts may be expended. The entire Project constitutes a Measure A Project. See “THE CITY AND THE PROJECT – The Project.”

The term “Measure A Revenues” is defined in the 2013 Installment Sale Agreement to mean revenues of the Commission derived from the Measure A Sales Tax imposed in the County pursuant to the Measure A Sales Tax Act and the Measure A Ordinance. In accordance with the Measure A Sales Tax Act, on November 5, 2002, more than two-thirds of the voters of the County voting on the measure approved the Measure A Ordinance, which authorized the imposition of the Measure A Sales Tax, a one-half of one percent (0.5%) retail transactions and use tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use, or other consumption in the County of such property purchased from any retailer for storage, use, or other consumption in the County, subject to certain limited exceptions described below. The Measure A Sales Tax commenced on July 1, 2009, is administered by the Commission, and will be collected for a thirty-year period ending on June 30, 2039.

For more information regarding the portion of Measure A Revenues historically allocated by the Commission to the City, see “ – Historical 1988 Sales Tax and Measure A Revenues” below. See also ‘RISK FACTORS.’

The Measure A Sales Tax

On November 8, 1988, more than two-thirds of the voters approved Ordinance No. 88-01, the Riverside County Transportation Commission Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance, which authorized the imposition of a one-half of one percent (0.5%) retail transactions and use tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use, or other consumption in the County of such property purchased from any retailer for storage, use, or other consumption in the County, subject to certain limited exceptions (the “1988 Sales Tax”). The 1988 Sales Tax ceased to be effective on June 30, 2009, and the 1988 Sales Tax does not secure payment of the Certificates. The 1988 Sales Tax was levied by the Commission at the same rate and on the same types of transactions as the Measure A Sales Tax. See “ – Historical 1988 Sales Tax and Measure A Revenues” below.

The Measure A Sales Tax imposed in the County for transportation purposes and administered by the Commission is in addition to the sales or use tax levied statewide by the State. On November 6, 2012, State voters approved Proposition 30, which, among other things, increased the statewide tax rate by one quarter of one percent – increasing the statewide rate from 7.25% to 7.50% – for four years, effective January 1, 2013, through December 31, 2016. In general, the State Sales Tax (as defined below) applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State.

The Measure A Sales Tax is generally imposed upon the same transactions and items subject to the sales and use tax levied by the State (hereinafter collectively referred to as the “State Sales Tax”), with generally the same exceptions. Many categories of transactions are exempt from the State Sales Tax and the Measure A Sales Tax. The most important of these exemptions are: sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax and from the Measure A Sales Tax; however, the “Occasional Sales” exemption

does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax and from the Measure A Sales Tax.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure A Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Measure A Revenues. Neither the Authority nor the City is currently aware of any proposed legislative change that would have a material adverse effect on Measure A Revenues.

Riverside County Transportation Commission

The State Legislature created the Commission in 1976 as one of four transportation commissions designed to provide more local participation in and control of transportation matters in the southern California area. The Commission is charged with a number of responsibilities in serving the residents of the County, the most prominent of which is administering the sales tax program created by the Measure A Sales Tax Act. The Commission's other responsibilities include: (1) serving as the congestion management agency for the County and (2) serving as the Service Authority for Freeway Emergencies, which operates the freeway service patrol for the County.

Senior Lien Measure A Obligations

The Measure A Ordinance provides that not more than \$975,000,000 in aggregate principal amount of bonds or other evidence of indebtedness secured by Measure A Revenues may be outstanding at any one time. The Commission presently intends to issue \$462,200,000 in original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2013 Series A (the "2013 Bonds"). In addition, the Commission has previously issued \$37,630,000 in original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Tax-Exempt), \$112,370,000 in original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds), and \$185,000,000 in original, aggregate principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series A, 2009 Series B, and 2009 Series C (the "2009 Bonds" and, collectively, with the 2013 Bonds and the other bonds listed in this sentence, the "Senior Lien Bonds"). After the 2013 Bonds have been issued, the Senior Lien Bonds will be outstanding in the aggregate principal amount of approximately \$773,600,000. All Senior Lien Bonds are secured by a first lien pledge of Measure A Revenues. The Senior Lien Bonds were and will be issued pursuant to an Indenture dated as of June 1, 2008, as supplemented from time to time (collectively, the "Measure A Revenues Indenture"), by and between the Commission and U.S. Bank National Association, as trustee ("the Measure A Revenues Trustee").

Pursuant to the Measure A Revenues Indenture, the Commission may issue from time to time additional bonds or other obligations on a parity with the Senior Lien Bonds (collectively, "Parity Obligations"). The Commission may also issue from time to time obligations payable out of Measure A Revenues on a basis subordinate to the payment of the principal, premium, interest, and reserve fund requirements for the Senior Lien Bonds and all Parity Obligations (collectively, "Subordinate Obligations"). For example, the Commission has instituted a program pursuant to which it may issue commercial paper notes as Subordinate Obligations in an aggregate principal amount of up to \$120,000,000. \$60,000,000 in principal amount of such Subordinate Obligations are presently outstanding, but a portion of the proceeds of the 2013 Bonds, when issued, will be used to retire all of such outstanding Subordinate Obligations.

The Commission has also entered into swap agreements with respect to the Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series A, 2009 Series B, and 2009 Series C (collectively, the “Swap Agreements”). The Commission’s obligation to make early termination payments under the Swap Agreements is secured by a pledge of the Measure A Revenues that is subordinate to the pledge in favor of the Senior Lien Bonds, any Parity Obligations, and any Subordinate Obligations.

The Commission may also obtain liquidity facilities or credit enhancement (“Liquidity Facilities/Credit Enhancement”) for its Senior Lien Bonds and all Parity Obligations. The Commission has obtained such Liquidity Facilities/Credit Enhancement for its outstanding 2009 Bonds.

All payments with respect to the Senior Lien Bonds, Parity Obligations, Subordinate Obligations, the Swap Agreements, and the Liquidity Facilities/Credit Enhancement (collectively, the “Senior Lien Measure A Obligations”) will be made from Measure A Revenues before any remaining Measure A Revenues will be transferred to the Commission for allocation by the Commission to the City. See “ – Collection and Allocation of Measure A Revenues” below. See also ‘RISK FACTORS.’”

Collection and Allocation of Measure A Revenues

Collection of the Measure A Sales Tax is administered by the California Board of Equalization (the “Board of Equalization”). The Commission and the Board of Equalization have entered into an agreement for state administration of district transactions and use taxes to authorize payment of Measure A Revenues directly to the Measure A Revenues Trustee, as trustee under the Measure A Revenues Indenture. The Board of Equalization, after deducting amounts payable to itself, is required to remit the balance of amounts received from the Measure A Sales Tax directly to the Measure A Revenues Trustee. The Measure A Revenues Trustee is required to apply the Measure A Revenues to make deposits to the funds and accounts established under the Measure A Revenues Indenture to pay the Senior Lien Bonds and any Parity Obligations and to transfer the remaining amounts to make payments with respect to any Subordinate Obligations, Swap Agreements, and Liquidity Facilities/Credit Enhancement. After payments have been made with respect to the Senior Lien Measure A Obligations, the remaining unapplied Measure A Revenues, if any, are transferred to the Commission for use for any purpose contemplated by the Measure A Ordinance.

Pursuant to the Measure A Ordinance, the Commission, after making a deduction for administration, first allocates such remaining unapplied Measure A Revenues to be applied for transportation purposes to the Western County, Coachella Valley, and Palo Verde Valley areas within the County in proportion to the Measure A Revenues generated within those areas. Currently, the Commission allocates such remaining unapplied Measure A Revenues as follows: (i) approximately 75.2% to the Western County area; (ii) approximately 24.1% to the Coachella Valley; and (iii) approximately 0.7% to the Palo Verde Valley area.

The City is within the Western County area of the County. Approximately 29% of the portion of the Measure A Revenues allocated by the Commission to the Western County area is applied to the local streets and roads program within such area. To the extent any portion of the Project to be constructed by the City is designated by the Commission as a qualified project for purposes of the local streets and roads program established under the Measure A Ordinance, such portion will constitute a Measure A Project. The entire Project constitutes a Measure A Project. See “THE CITY AND THE PROJECT – The Project.” The funds made available in the Western County area for purposes of the local streets and roads program are distributed to the cities in the Western County area and the County by a formula based 75% on proportionate population and 25% on proportionate revenues generated by the Measure A Ordinance within each jurisdiction. In order to be eligible for these funds, the City is required to: (i) file a Five-Year Capital Improvement Plan for the use of these, updated annually, with the Commission, (ii) participate in a Transportation Uniform Mitigation Fee (“TUMF”) Program developed and administered by the Western

Riverside Council of Governments, (iii) participate in the Multi-Species Habitat Conservation Plan (“MSHCP”) developed and administered by the Western Riverside County Regional Conservation Authority, and (iv) comply with a maintenance of effort requirement. See “ – Historical 1988 Sales Tax and Measure A Revenues” below for a table setting forth the portion of the 1988 Sales Tax revenues and the portion of the Measure A Revenues historically allocated by the Commission to the City for fiscal years 2001-02 through 2012-13. The portion of such Measure A Revenues allocated by the Commission to the City, to the extent the Project constitutes a Measure A Project, for deposit in the Pledged Tax Fund in accordance with the 2013 Installment Sale Agreement, constitutes Measure A Receipts. Measure A Receipts are pledged to make the Installment Sale Payments.

Historical 1988 Sales Tax and Measure A Revenues

The following table sets forth the portion of the 1988 Sales Tax revenues (the 1988 Sales Tax was effective through June 30, 2009) and the portion of the Measure A Revenues (the Measure A Sales Tax became effective on July 1, 2009) historically allocated by the Commission to the City for fiscal years 2001-02 through 2012-13. The 1988 Sales Tax was levied by the Commission at the same rate and on the same types of transactions as the Measure A Sales Tax.

**PORTION OF 1988 SALES TAX REVENUES AND MEASURE A REVENUES
HISTORICALLY ALLOCATED TO THE CITY OF RIVERSIDE
Fiscal Years 2001-02 through 2012-13**

<u>Fiscal Year</u>	<u>Portion of 1988 Sales Tax Revenues/Measure A Revenues Allocated</u>	<u>Percent Change from Prior Fiscal Year</u>
2001-02	\$ 6,109,846	10.03%
2002-03	6,674,114	9.24
2003-04	9,233,266	38.34
2004-05	8,604,770	-6.81
2005-06	9,609,376	11.67
2006-07	10,969,258	14.15
2007-08	7,338,959	-33.10
2008-09	6,237,601	-15.01
2009-10	4,657,070 ⁽¹⁾	-25.34 ⁽¹⁾
2010-11	5,445,040	16.92
2011-12	5,425,886	-0.35
2012-13	5,711,000	5.25

(1) In 2009, upon the expiration of the 1988 Sales Tax and the implementation of the 2009 Measure A Sales Tax extension, the direct subvention to local agencies for local street and road improvements decreased from approximately 40% to approximately 29% of such revenues.

Source for fiscal year 2001-02 through 2011-12 data: City historical data.

Source for fiscal year 2012-13 data: City, based on mid-year projections presented by Commission staff to Commission on January 9, 2013.

The City is unable to predict whether annual Measure A Revenues will increase or decrease or what portion, if any, of such Measure A Revenues it will receive. For a summary of historical taxable retail sales within the City, see the table entitled “Taxable Retail Sales” in “APPENDIX B – General Information Regarding the City.”

Measure A Fund Financial Statements

The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Fund Balances relating to the City’s Measure A Fund for the fiscal years ended June 30, 2009, through June 30, 2012.

BALANCE SHEET
CITY OF RIVERSIDE MEASURE A FUND
For the Fiscal Years Ended June 30, 2009, through June 30, 2012

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
ASSETS:				
Cash and Investments	\$ 4,506,757	\$10,052,934	\$ 9,631,345	\$16,334,763
Accounts Receivable, net	10,797,540	769,273	7,744,793	4,334,290
Deposits	<u>176,348</u>	<u>176,348</u>	<u>176,348</u>	<u>176,348</u>
Total Assets	\$15,480,645	\$10,998,555	\$17,552,486	\$20,845,401
LIABILITIES AND FUND BALANCES:				
Liabilities				
Accounts Payable and Accrued Liabilities	<u>\$1,711,577</u>	<u>\$516,945</u>	<u>\$506,545</u>	<u>\$642,758</u>
Total liabilities	\$1,711,577	\$516,945	\$506,545	\$642,758
Fund Balances:				
Reserved for Encumbrances	\$ 4,329,391	\$ 4,168,849	\$ 1,593,000	\$ 4,106,902
Reserved for Prepaid Items	176,348	176,348	176,348	176,348
Designated for Future Operations	6,219,993	6,136,413	14,132,991	12,467,596
Unreserved; Undesignated	<u>3,043,336</u>	<u>0</u>	<u>1,143,603</u>	<u>3,451,796</u>
Total Fund Balances	\$13,769,068	\$10,481,610	\$17,045,941	\$20,202,643
Total Liabilities and Fund Balances	\$15,480,645	\$10,998,555	\$17,552,486	\$20,845,401

Source: City historical accounting records.

SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
CITY OF RIVERSIDE MEASURE A FUND
For the Fiscal Years Ended June 30, 2009, through June 30, 2012

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
REVENUES				
From Other Agencies	\$15,896,052 ⁽¹⁾	\$4,657,070	\$12,732,200 ⁽¹⁾	\$8,401,595 ⁽¹⁾
Sale of Land and Buildings	200	0	0	0
Use of Money and Property	<u>632,220</u>	<u>296,910</u>	<u>1,329,799</u>	<u>207,889</u>
Total Revenues	\$16,528,472	\$4,953,981	\$14,061,999	\$8,609,485
EXPENDITURES				
Capital Outlay	<u>\$21,491,223</u>	<u>\$8,241,439</u>	<u>\$7,497,668</u>	<u>\$5,233,743</u>
Total Expenditures	\$21,491,223	\$8,241,439	\$7,497,668	\$5,233,743
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
Fund Balance (deficit), Beginning of Year (July 1)	\$18,731,819	\$13,769,068	\$10,481,610	\$17,045,941
Fund Balance (deficit), End of Year (June 30)	\$13,769,068	\$10,481,610	\$17,045,941	\$20,421,683

(1) Revenue from Other Agencies amounts include project-specific revenues for the La Sierra CA-91 Van Buren/CA 91 interchange and BNSF Quiet Zone projects in fiscal years 2008-09, 2010-11, and 2011-12.

Source: City historical accounting records.

MAXIMUM ANNUAL DEBT SERVICE COVERAGE

The following table sets forth the maximum annual debt service coverage with respect to the Certificates. The maximum annual debt service coverage is based upon Measure A Revenues allocated to the City for fiscal year 2012-13. See "MEASURE A REVENUES; MEASURE A RECEIPTS – Historical 1988 Sales Tax and Measure A Revenues." Measure A Receipts constitute the portion of the Measure A Revenues allocated by the Commission to the City pursuant to the Measure A Ordinance, to the extent the Project constitutes a Measure A Project, for deposit in the Pledged Tax Fund in accordance with the 2013

Installment Sale Agreement. The entire Project constitutes a Measure A Project. See “THE LOCAL AGENCY AND THE PROJECT – The Project.”

**MAXIMUM ANNUAL DEBT SERVICE COVERAGE
BASED UPON FISCAL YEAR 2012-13 MEASURE A REVENUES
CITY OF RIVERSIDE**

2012-13 Measure A Revenues ⁽¹⁾	Maximum Annual Debt Service ⁽²⁾	Debt Service Coverage ⁽²⁾
\$5,711,000	\$2,999,687.50	1.904x

(1) Source: City, based on mid-year projections presented by Commission staff to Commission January 9, 2013.

(2) Source: Underwriter.

CERTIFICATE INSURANCE POLICY

The following information has been furnished by Assured Guaranty Municipal Corp. (referred to herein as the “Certificate Insurer” or “AGM”) for use in this Official Statement. Reference is made to Appendix G for a specimen of the Certificate Insurance Policy.

Certificate Insurance Policy

Concurrently with the execution and delivery of the Certificates, the Certificate Insurer will issue its Certificate Insurance Policy for the Certificates. The Certificate Insurance Policy guarantees the scheduled payment of principal and interest with respect to the Certificates when due as set forth in the form of the Certificate Insurance Policy included as Appendix G to this Official Statement.

The Certificate Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure, and structured finance markets. Neither AGL nor any of the shareholders of AGL or AGM is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA–” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”), and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell, or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such

amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the report, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013.

Capitalization of AGM

At March 31, 2013, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,468,362,848 and its total net unearned premium reserve was approximately \$1,990,661,506, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100).

Any information regarding AGM included herein under the caption "CERTIFICATE INSURANCE POLICY – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference)

modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Certificates or any uninsured Certificates offered under this Official Statement and such purchases may constitute a significant proportion of the Certificates offered. AGM or such affiliate may hold such Certificates or uninsured Certificates for investment or may sell or otherwise dispose of such Certificates or uninsured Certificates at any time or from time to time.

AGM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "CERTIFICATE INSURANCE POLICY."

RISK FACTORS

Investment in the Certificates involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Certificates for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Installment Sale Payments Constitute Limited Obligations

The obligation of the City to make Installment Sale Payments under the 2013 Installment Sale Agreement is a special obligation of the City and does not constitute a debt of the City, the Authority, the State, or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the City, the State, or any political subdivision of the State is obligated to levy or pledge any form of taxation or for which the City, the State, or any political subdivision of the State has levied or pledged any form of taxation. The Authority has no taxing power.

Passive Revenue Source

The payment of principal and interest with respect to the Certificates is secured solely by a pledge by the City of the Measure A Receipts and certain funds under the 2013 Installment Sale Agreement. The City does not have any control over the amount of Measure A Receipts to be received by the City because (1) Measure A Revenues constitute revenues of the Commission derived from a retail transactions and use tax imposed in the County pursuant to the Measure A Sales Tax Act and the Measure A Ordinance, the number of transactions and revenues generated under which tax the City has no ability to control, and Measure A Receipts are allocated by the Commission to the City only after the payment of all Senior Lien Measure A Obligations, and (2) the City does not have any control over the collection or distribution procedures related to any State taxes or local retail transactions and use taxes.

There can be no assurance that Measure A Receipts will be available in the amounts estimated in this Official Statement. A decrease in Measure A Revenues would adversely affect the amount and/or

availability of Measure A Receipts. In addition, the City must continuously meet certain requirements set forth in the Measure A Ordinance in order to be eligible to receive Measure A Revenues from the Commission and apply Measure A Receipts to pay the Installment Sale Payments. Such requirements include the annual adoption by the City of a resolution approving the City's Five-Year Capital Improvement Plan, participation by the City in the TUMF and MSHCP Programs, and compliance by the City with a maintenance of effort requirement. See "MEASURE A REVENUES; MEASURE A RECEIPTS – Collection and Allocation of Measure A Revenues."

Allocation of Measure A Revenues to City is Subordinate to Payment of Senior Lien Measure A Obligations

Collection of the Measure A Sales Tax is administered by the Board of Equalization. The Commission and the Board of Equalization have entered into an agreement for state administration of district transactions and use taxes to authorize payment of Measure A Revenues directly to the Measure A Revenues Trustee, as trustee under the Measure A Revenues Indenture. The Board of Equalization, after deducting amounts payable to itself, is required to remit the balance of amounts received from the Measure A Sales Tax directly to the Measure A Revenues Trustee. The Measure A Revenues Trustee is required to apply the Measure A Revenues to make deposits to the funds and accounts established under the Measure A Revenues Indenture to pay the Senior Lien Bonds and any Parity Obligations and to transfer the remaining amounts to make payments with respect to any Subordinate Obligations and Swap Agreements. All payments with respect to the Senior Lien Bonds, Parity Obligations, Subordinate Obligations, and the Swap Agreements will be made from Measure A Revenues before any remaining Measure A Revenues will be released by the Measure A Revenues Trustee and transferred to the Commission for allocation by the Commission for use for any purpose contemplated by the Measure A Ordinance, including, without limitation, the allocation of Measure A Revenues to the City. The Measure A Ordinance provides that not more than \$975,000,000 in aggregate principal amount of bonds or other evidences of indebtedness secured by Measure A Revenues may be outstanding at any one time. See "MEASURE A REVENUES; MEASURE A RECEIPTS – Senior Lien Measure A Obligations" and " – Collection and Allocation of Measure A Revenues."

Limitations on Use of Measure A Revenues

Not all of the Measure A Revenues allocated by the Commission to the City may be applied to pay the Installment Sale Payments. Only the Measure A Receipts may be so applied. See "MEASURE A REVENUES; MEASURE A RECEIPTS – Collection and Allocation of Measure A Revenues."

Additional Contracts

Subject to certain restrictions, the City is permitted to enter into other Contracts that constitute additional charges against its Measure A Receipts without the consent of Owners of the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Additional Contracts." To the extent that other Contracts are executed by the City, the funds available to pay the Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," certain acts or omissions of the City in violation of its covenants in the Trust Agreement and the 2013 Installment Sale Agreement could result in the interest represented by the Certificates being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain outstanding.

Should such event of taxability be attributable solely to the acts or omissions of the City, such violation could result in the interest represented by the Certificates (attributable on a pro rata basis to the Installment Sale Payments) being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities 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 Certificates, and enforcement of the City's obligations under the 2013 Installment Sale Agreement, may become subject to 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 that 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, 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 cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City and the Commission, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates 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.

Special Counsel has limited its opinion as to the validity and enforceability of the 2013 Installment Sale Agreement and the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of the rights of the Owners.

Constitutional Limitations on Appropriations

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the City. See "CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS" herein for a discussion of these limitations.

California State Legislature or Electorate May Change Items Subject to Measure A Sales Tax

With limited exceptions, the Measure A Sales Tax will be imposed upon the same transactions and items subject to the sales tax levied statewide by the State. In the past, the California State Legislature and the State electorate have made changes to the transactions and items subject to the State's general sales tax and, therefore, the Measure A Sales Tax. In 1991, the California State Legislature enacted legislation that expanded the transactions and items subject to the general statewide sales tax to include fuel for aviation and shipping, bottled water, rental equipment, and newspapers and magazines. In 1992, the State electorate approved an initiative that eliminated candy, gum, bottled water, and confectionery items as items subject to the State's general sales tax. In each case, the same changes were made to transactions or items then subject to the 1988 Sales Tax, a tax similar to the Measure A Sales Tax. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure A Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Measure A Revenues collected and the

portion of such Measure A Revenues, and, correspondingly, the portion of Measure A Receipts, allocated by the Commission to the City. For a further description of the Measure A Sales Tax, see “MEASURE A REVENUES; MEASURE A RECEIPTS.”

Increases in Sales Tax Rate May Cause Declines in Measure A Revenues

The 0.5% Measure A Sales Tax imposed in the County for transportation purposes and administered by the Commission is in addition to the sales or use tax levied statewide by the State. On November 6, 2012, State voters approved Proposition 30, which, among other things, increased the statewide tax rate by one quarter of one percent (increasing the statewide rate from 7.25% to 7.50%) for four years, effective January 1, 2013, through December 31, 2016, and the total County tax rate to 8%. Additional future increases, if any, in the State sales tax or the sales tax levied in the County could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Measure A Revenues.

Increased Internet Use May Reduce Measure A Sales Tax

The increasing use of the Internet to conduct electronic commerce may affect the levels of Measure A Sales Tax receipts. Internet sales of physical products by businesses located in the State, and Internet sales of physical products delivered to the State by businesses located outside of the State are generally subject to the Measure A Sales Tax. It is possible, however, that some of these transactions may avoid taxation either through error or deliberate nonreporting and this potentially reduces the amount of the Measure A Sales Tax. As a result, the more that Internet use increases, along with the failure to collect sales taxes on such Internet purchases, the more Measure A Revenues may be reduced.

No Liability of Authority to Owners

Subject to any provisions in the Trust Agreement to the contrary, the Authority has no obligation or liability to the Owners of the Certificates with respect to the payment when due of the Installment Sale Payments by the City or with respect to the performance by the City of other agreements and covenants required to be performed by the City under the 2013 Installment Sale Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any of the Trustee’s rights or obligations under the Trust Agreement.

Economic, Political, Social, and Environmental Conditions

The level of Measure A Sales Tax revenues collected depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County and the State generally. Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

CONSTITUTIONAL PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII B of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111, which is described below under the caption “Proposition 111.” Article XIII B limits the annual appropriations of the State and of 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 annually for changes in the cost of living, population, and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies, so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIII B allows voters to approve a temporary waiver of a government’s Article XIII B limit. Such a waiver is often referred to as a “Gann limit waiver.” The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services.

Installment Sale Payments are subject to the Article XIII B appropriations limitations. For fiscal year 2010-11, the City calculated its appropriations limit at \$235,712,034. For fiscal year 2011-12, the City calculated its appropriations limit at \$243,798,121. For fiscal year 2012-13, the City calculated its appropriations limit at \$254,368,971. For fiscal year 2013-14, the City has budgeted its appropriations limit at \$270,378,217. The City has never made appropriations that exceeded the limitation on appropriations under Article XIII B. The impact of the appropriations limit on the City’s financial needs in the future is unknown.

Articles XIII C and XIII D of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Article XIII C (“Article XIII C”) and Article XIII D (“Article XIII D”) to the California Constitution, which Articles contain a number of provisions affecting

the ability of local agencies to levy and collect both existing and future taxes, assessments, fees, and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of the City to meet certain obligations.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as a general fund of the City, require a two-thirds vote. Article XIIC further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996. The City has not imposed, extended, or increased any such taxes that are currently in effect without voter approval.

Article XIIC 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, and charges were imposed. Article XIIC expands 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 Article XIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of the City's general fund. "Assessments," "fees," and "charges" are not defined in Article XIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIC as for Article XIID described below. If not, the scope of the initiative power under Article XIIC potentially could include any general fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income. The City does not levy any property related "fees" or "charges" that it considers are subject to challenge under Article XIIC.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for its general fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIID also added several new provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a "special benefit," as defined in Article XIID, over and above any general benefits conferred, and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. "Assessment" in Article XIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIID added several provisions affecting "fees" and "charges," defined for purposes of Article XIID to mean "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 existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (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, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIID, there could be future restrictions on the ability of the City to charge its respective enterprise funds for various services provided. 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 City must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water, and refuse collection services, or fees for electrical and gas service, which fees or charges are not treated as “property related” for purposes of Article XIID, 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 City, two-thirds voter approval by the electorate residing in the affected area.

The City does not believe that the provisions of Article XIIC or Article XIID will directly impact the Measure A Receipts available to the City to make its Installment Sale Payments required pursuant to the 2013 Installment Sale Agreement.

Future Initiatives

Article XIIB, Article XIIC, and Article XIID were each adopted as measures that qualified for the ballot pursuant to the State’s Constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase or apply revenues and to make or increase appropriations or the ability of the Commission to levy, collect, or allocate Measure A Sales Tax, all of which could adversely impact the amount of Measure A Revenues received by the City.

THE AUTHORITY

The Authority was organized pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code and a Joint Exercise of Powers Agreement, dated as of December 15, 1987 (the “Original JPA”), by and between the City and the Redevelopment Agency of the City of Riverside (the “RDA”). The California Legislature adopted Assembly Bill ABx1 26 on June 28, 2011 (“ABx1 26”), pursuant to which the RDA was dissolved. The City currently acts as successor agency to the RDA (the “Successor Agency”). Pursuant to Section 34178(b)(3) of the Community Redevelopment Law, as amended by ABx1 26, the Original JPA was not invalidated as a result of the dissolution of the RDA. On August 16, 2012, the City, the Successor Agency, and the Parking Authority of the City of Riverside entered into an Amended and Restated Joint Exercise of Powers Agreement (the “JPA”), which JPA replaces the Original JPA.

The Authority has no financial liability to the owners of the Certificates with respect to the payment of Installment Sale Payments by the City or with respect to the performance by the City of the other agreements and covenants it is required to perform.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Special Counsel”), Special Counsel to the City, 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, the interest on the Installment Sale Payments paid by the City under the 2013 Installment Sale Agreement and received by the owners of the Certificates is excluded from gross income for federal income tax

purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Special Counsel is of the further opinion that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix C hereto.

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

Certificates purchased, whether at original execution and delivery or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier repayment date) (“Premium Certificates”) will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like the Premium Certificates, the interest on the Installment Sale Payments of which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an Owner’s basis in a Premium Certificate, will be reduced by the amount of amortizable premium properly allocable to such Owner. Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable 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 the interest on the Installment Sale Payments. Each of the Authority and the City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that the interest on the Installment Sale Payments will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in the interest on the Installment Sale Payments being included in gross income for federal income tax purposes, possibly from the date of original delivery of the Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special 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 Special Counsel’s attention after the date of delivery of the Certificates may adversely affect the value of, or the tax status of the interest on, the Installment Sale Payments. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

Although Special Counsel is of the opinion that the interest on the Installment Sale Payments is excluded from gross income for federal income tax purposes and are exempt from State of California

personal income taxes, the ownership or disposition of, or the accrual or receipt of the interest on the Installment Sale Payments may otherwise affect an Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Owner or the Owner's other items of income or deduction. Special 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 the interest on the Installment Sale Payments 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 Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration's proposed 2014 budget includes a legislative proposal which, for tax years beginning after December 1, 2013, would limit the exclusion from gross income of interest on obligations like the interest on the Installment Sale Payments to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. 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 Certificates. Prospective purchasers of the Certificates 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 Special Counsel is expected to express no opinion.

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

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

RATINGS

It is anticipated that S&P will assign its municipal bond rating of "AA-" (stable outlook) to the Certificates, based on the issuance of the Certificate Insurance Policy by the Certificate Insurer. In addition, such rating agency has assigned an underlying municipal bond rating of "A" (stable outlook) to the Certificates. There is no assurance that any such ratings will be in effect for any given period of time or that either or both such ratings will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Certificates. Such ratings reflect only the views of the rating agency furnishing such ratings and an explanation of the significance of a rating may be obtained only from such rating agency.

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate to provide certain financial information and operating data and notices of certain listed events and to file such information and notices with the Municipal Securities Rulemaking Board. The specific nature of the information required to be provided is set forth in the Continuing Disclosure Certificate, a form of which is attached hereto as Appendix D. These covenants are being made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended (the "Rule"). See "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City and its related governmental entities, which include entities (such as the RDA) for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings (collectively, the "Related Entities"), have previously entered into disclosure undertakings pursuant to the Rule in connection with the issuance of long-term obligations. The City and/or the Related Entities previously retained third-party entities, including corporate trust banks, to act as dissemination agent to assist the City or the applicable Related Entity in meeting such entity's continuing disclosure obligations. On several occasions during the prior five years, the City and the Related Entities have not complied in all material respects with their applicable disclosure undertakings. For example, in some instances an annual report or a material event notice was not filed on a timely basis. In other instances, an annual report or a material event notice was not properly filed with the appropriate information repository. The City believes that each failure to file an annual report on a timely basis was the result of dissemination agent error; in each case, the City or the applicable Related Entity had prepared compliant annual reports and submitted such reports to the applicable dissemination agent on or before the applicable deadline. In addition, prior to February 2009, the City failed to file materials event notices on a timely basis relating to bond insurer rating downgrades. The City was unaware of such rating downgrades at the time such notices were due. The City subsequently filed a corrective notice regarding such bond insurer rating downgrades and has filed notices regarding each subsequent bond insurer rating downgrade on a timely basis.

As of the date of this Official Statement, the City and the Related Entities have made appropriate filings to correct all known instances of non-compliance with continuing disclosure undertakings during the prior five years. The City has terminated all third-party dissemination agent contracts and City staff currently coordinates all continuing disclosure compliance matters. In addition, the City has established internal procedures that are expected to ensure that the City and its Related Entities will meet all future material obligations under their existing and future continuing disclosure undertakings.

UNDERWRITING

The Certificates are being purchased by E. J. De La Rosa & Co., Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Certificates at a price of \$ 36,225,783.60 (which represents the aggregate principal amount represented by the Certificates, plus a net original issue premium of \$1,211,002.35, less an Underwriter's discount of \$220,218.75).

The contract of purchase pursuant to which the Certificates are being purchased by the Underwriter provides that the Underwriter will purchase all of the Certificates if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriter may offer and sell the Certificates to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Although the Underwriter expects to maintain a secondary market in the Certificates after the initial offering, no guaranty can be made that such a market will develop or be maintained by the Underwriter or others.

NO LITIGATION

The Authority

The Authority will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the knowledge of the Authority, threatened, seeking to restrain or enjoin the execution, delivery, or sale of the Certificates, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Certificates, the validity or enforceability of the documents executed by the Authority in connection with the Certificates, the completeness or accuracy of this Official Statement, or the existence or powers of the Authority relating to the sale of the Certificates.

The City

The City will certify that there is no action, suit, or proceeding known to the pending against the City or, to the best knowledge of the City, threatened against the City, seeking to restrain or enjoin the execution or delivery of the Certificates, the Trust Agreement, or the 2013 Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City taken with respect to any of the foregoing or that will materially affect the ability of the City to pay its Installment Sale Payments when due.

CERTAIN LEGAL MATTERS

The validity and enforceability of the 2013 Installment Sale Agreement and the Trust Agreement and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the City. A complete copy of the proposed form of Special Counsel opinion is contained in Appendix C hereto. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority and the City by Gregory P. Priamos, Esq., City Attorney for the City, and for the Underwriter by Goodwin Procter LLP, Los Angeles, California, as Underwriter's Counsel.

[Remainder of Page Intentionally Left Blank]

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Certificates. Quotations from and summaries and explanations of the Certificates and other documents contained herein do not purport to be complete and reference is made to said documents for full and complete statements of their provisions.

This Official Statement and its distribution have been duly authorized and approved by the Authority and the City.

RIVERSIDE PUBLIC FINANCING AUTHORITY,
for itself and on behalf of the City of Riverside

By: /s/ Brent A. Mason
Treasurer

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected provisions of the Trust Agreement and the 2013 Installment Sale Agreement is made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Certificates are referred to the complete texts of said documents, copies of which are available upon request sent to the Trustee.

DEFINITIONS

Unless the context otherwise requires, the terms defined in this section shall for all purposes of the Trust Agreement and the 2013 Installment Sale Agreement and of any amendment thereof or supplement thereto and of any opinion or report or other document mentioned herein have the meanings defined below, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Acquisition Fund” means the fund by that name established and maintained pursuant to the Trust Agreement.

“Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

“Administration Fee” means an amount equal to the sum of the Trustee’s fees, the Rebate Analyst Fee and any other similar fee payable in connection with the administration of this Certificate financing program, payable by the City, in accordance with the Agreement, on the 15th day of the month preceding each Certificate Payment Date.

“Administration Fund” means the fund by that name established and maintained pursuant to the Trust Agreement.

“Agreement” means the 2013 Installment Sale Agreement, dated as of July 1, 2013, between the Authority and the City as originally executed and as may from time to time be amended or supplemented pursuant to the provisions of the Trust Agreement and of the Agreement.

“Authority” means the Riverside Public Financing Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California and that certain Joint Exercise of Powers Agreement, between the City and the Redevelopment Agency of the City of Riverside, dated December 15, 1987, as amended and restated by an Amended and Restated Joint Exercise of Powers Agreement, dated August 16, 2012, by and among the City of Riverside, the City of Riverside as the Successor Agency for the Redevelopment Agency of the City of Riverside, and the Parking Authority of the City of Riverside.

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

“Authorized City Representative” means the person or persons designated in the Agreement or any other person at the time designated to act on behalf of the City by written certificate furnished to the

Trustee, containing the specimen signature of such person and signed on behalf of the City by an Authorized City Representative.

“Business Day” means any day on which the Trustee is open for business at its corporate trust office in Los Angeles, California.

“Cash Flow Report” means a report prepared by the Cash Flow Consultant identifying Certificates to be prepaid as a result of any prepayment pursuant to the Trust Agreement. In the case of any optional prepayment, such report shall demonstrate that Revenues expected to be received following such prepayment shall be sufficient to pay the regularly scheduled principal and interest represented by the Certificates as such amounts become due and payable. In the case of a mandatory prepayment, such report shall identify maturities of principal evidenced by the Certificates to be prepaid in a manner consistent with the Trust Agreement and the 2013 Installment Sale Agreement relating to the application of Revenues upon Acceleration.

“Cash Flow Consultant” means E. J. De La Rosa & Co., Inc. or any successor thereto appointed by the Authority.

“Certificates” means the Riverside Public Financing Authority Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013 (Riverside Pavement Rehabilitation Project), executed and delivered in accordance with the Trust Agreement. The term “Serial Certificates” means Certificates for which no sinking fund payments are provided. The term “Term Certificates” means Certificates which are payable on or before their specified payment dates from sinking fund payments established for that purpose and calculated to prepay such Certificates on or before their specified payment dates.

“Certificate Payment Date” means a date on which principal evidenced and represented by the Certificates is due and payable, being June 1 of each year, commencing June 1, 2016.

“City” means the City of Riverside, California, a municipal corporation organized and existing under the Constitution of the State of California.

“Code” means the Internal Revenue Code of 1986, as amended and the regulations issued thereunder.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated July 11, 2013, executed by the City, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“Contracts” means all installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Revenues on a parity with the 2013 Installment Sale Payments.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City, or the Authority and related to the authorization, execution and delivery of the Certificates, including, but not limited to, costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees of rating agencies, fees and charges for preparation, execution and safekeeping of the Certificates and any other costs, charges or fees in connection with the original execution, delivery, marketing and sale of the Certificates.

“Cost of Issuance Fund” means the fund by that name established and maintained pursuant to the Trust Agreement.

“Debt Service” means, for any Fiscal Year, the sum of that portion of the Installment Sale Payments required to be made at the times provided in the Contracts that would have accrued during such Fiscal Year if such Installment Sale Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding Installment Sale Payment Date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that (a) if any of the Installment Sale Payments due under any of such Contracts are evidenced by Capital Appreciation Certificates, then the accreted value payment shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Certificate; (b) if any of the Installment Sale Payments due under any such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Contracts for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (i) the actual rate on the date of calculation, or if such Contracts are not yet outstanding, the initial rate (if then established and binding), (ii) if the Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii)(1) if interest on such Contracts is excludable from gross income under the applicable provisions of the Code, the most recently published “Bond Buyer 25 Bond Revenue Index” (or comparable index if no longer published), or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities; (c) if any of the Contracts is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least \$75,000,000, the principal payments or deposits with respect to such Contracts nominally due in the last Fiscal Year in which such Contracts mature may, at the option of the City, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Contracts after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions and (d) if any of such Contracts is not secured by a letter of credit as described in clause (c) of this definition and 20% or more of the original principal of the Installment Sale Payments due under such Contracts is not due until the final stated maturity of the Installment Sale Payments due under such Contracts, such principal may, at the option of the City, be treated as if it were due based upon a level amortization of such principal over the term of such Installment Sale Payments or 30 years, whichever is greater.

“Defeasance Obligations” means the following: (1) cash, (2) non callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Certificates.

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal and interest strips of the Resolution Funding Corporation for which separation of principal and interest is maintained in book-entry form.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the governing body of the City as the Fiscal Year of the City.

“Gas Tax Account” means the account established pursuant to State law by ordinance adopted by the governing body of the City and pursuant to the Agreement.

“Gas Tax Revenues” means all amounts received by the City from the State in accordance with Streets and Highways Code Sections 2103, 2104(d),(e) and (f), 2105, 2106 and 2107, as such provisions may be amended, and all other revenues (except revenues received by the City in accordance with Streets and Highways Code Section 2107.5), if any, received by the City from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions or reimbursements received by the City from the State in lieu of such revenues.

“Independent Certified Public Accountant” as used in the Trust Agreement means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the City, and who, or each of whom -

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Independent Certified Public Accountant” as used in the 2013 Installment Sale Agreement means any firm of certified public accountants appointed by the City which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Installment Sale Payments” means the installment sale, rental or other periodic payments scheduled to be paid by the City under and pursuant to the Contracts.

“Installment Sale Payment Date” means any date on which Installment Sale Payments are scheduled to be paid by the City under and pursuant to any Contract.

“Insurance Agreement” means the insurance agreement, dated as of July 1, 2013, by and between the City and the Insurer.

“Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Certificates when due.

“Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“Interest Fund” means the fund by that name established pursuant to the Trust Agreement.

“Interest Payment Date” means a date on which interest evidenced and represented by the Certificates is due and payable, being June 1 and December 1 of each year, commencing December 1, 2013.

“Maximum Annual Debt Service” means the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the Fiscal Year in which payments are due under the last Contract.

“Measure A Ordinance” means Ordinance No. 02-001, the Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance, adopted by the Riverside County Transportation Commission on May 8, 2002, and approved by at least two-thirds of electors voting on such proposition in the November 5, 2002 election, as supplemented and amended.

“Measure A Project” means a capital project for which Measure A Receipts may be expended.

“Measure A Receipts” means Measure A Revenues allocated by the Riverside County Transportation Commission to the City pursuant to the Measure A Ordinance, to the extent the Project constitutes a Measure A Project, for deposit in the Pledged Tax Fund in accordance with the 2013 Installment Sale Agreement.

“Measure A Receipts Account” means the account by that name established pursuant to the 2013 Installment Sale Agreement.

“Measure A Receipts Coverage Amount” means an amount in any Fiscal Year equal to Measure A Revenues allocated to the City in excess of Measure A Receipts but not more than 50% of Measure A Receipts for such Fiscal Year.

“Measure A Revenues” means revenues of the Riverside County Transportation Commission derived from a retail transactions and use tax (Measure A funds) imposed in the County of Riverside pursuant to the Riverside County Transportation Sales Tax Act, Division 25 (Section 240000 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure A Ordinance. Collection of the Measure A Revenues terminates on June 30, 2039.

“Office of the Trustee” means the corporate trust office of the Trustee in Los Angeles, California.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal obligations, appointed and paid by the City and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

“Other Available Revenues” means revenues, other than Revenues as defined in the Trust Agreement, legally available to the City to make Installment Sale Payments, if any.

“Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates except

(1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates paid or deemed to have been paid within the meaning of the Trust Agreement; and

(3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

“Owner” means any person who shall be the registered owner of any Outstanding Certificate.

“Permitted Investments” means any of the following to the extent permitted by the laws of the State and the City’s Investment Policy:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues.)
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
4. Resolution Funding Corp. (REFCORP) obligations
5. Farm Credit System
Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

E. Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 or better by S&P, Moody’s and Fitch.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF which may include the Trustee and its affiliates.

G. Investment Agreements, including GIC’s, Forward Purchase Agreements, Repurchase Agreements with a maturity over 30 days and Reserve Fund Put Agreements.

H. Commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.

J. Unsecured certificates of deposit, time deposits and bankers’ acceptance (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated on the date of purchase “A-1+” or better by S&P and “P-1” by Moody’s which may include the Trustee, its parent and its affiliates.

K. The City Investment Fund (LAIF) administered by the State of California.

L. Repurchase Agreements for 30 days or less must follow the following criteria.

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal

entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A- or better by Standard & Poor's Corporation and A3 or better by Moody's Investor Services, or
 - b. Banks rated A- or better by Standard & Poor's Corporation and A3 or better by Moody's Investor Services.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the repo may be up to 30 days
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
 - (2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
3. Legal opinion which must be delivered to the municipal entity:
 - a. Repo meets guidelines under state law for legal investment of public funds.

"Policy Costs" has the meaning set forth in the Insurance Agreement.

"Prepayment Price" means, with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Principal Fund” means the account by that name established and maintained pursuant to the Trust Agreement.

“Pro Rata Share of Principal” means during any month an amount of principal becoming due and payable under the Agreement on the next succeeding Certificate Payment Date that would have accrued if such principal were deemed to accrue monthly in equal amounts from the preceding Certificate Payment Date.

“Project” means the design, engineering, permitting and construction by the Authority, for sale to the City, of certain street and roadway improvements and resurfacing, all as described more particularly in the Agreement.

“Project Costs” means all costs of payment of, or reimbursement for, the engineering, design, acquisition, installation, provision and financing of the Project, including but not limited to, engineering and installation management costs, administrative costs and capital expenditures relating to financing payments, costs of accounting, feasibility, environmental and other reports, interest during the period of acquisition and installation of the Project, insurance costs, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs, initial fees and charges of the Authority and the Trustee, escrow fees, financing discounts, legal fees and charges, financial and other professional consultant fees and charges in connection with the foregoing.

“Purchase Agreement” means that certain Purchase Agreement by and between the City and the Purchaser relating to the Agreement and the Certificates.

“Purchaser” means E. J. De La Rosa & Co., Inc. as Purchaser of the Certificates.

“Purchase Price” means the total of all 2013 Installment Sale Payments owed by the City to the Authority under the conditions and terms of the 2013 Installment Sale Agreement for the repayment of the costs of the design, acquisition and construction of the Project and the incidental costs and expenses related thereto paid by the Authority.

“Qualified Reserve Instrument” means an insurance policy meeting the requirements of the Trust Agreement.

“Rating Agency” means Standard & Poor’s Corporation or, in the event that Standard & Poor’s Corporation no longer maintains a rating on the Certificates, any other nationally recognized bond rating agency then maintaining a rating on the Certificates, but, in each instance, only so long as Standard & Poor’s Corporation, or other nationally recognized rating agency then maintains a rating on the Certificates.

“Rebate Amount” means, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Certificates.

“Rebate Analyst” means BLX Group.

“Rebate Analyst Fee” means the fee payable to the Rebate Analyst, payable by the City in accordance with the Agreement.

“Rebate Fund” means the fund by that name established and maintained pursuant to the Trust Agreement.

“Record Date” means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a business day.

“Request” or “Certificate” means with respect to the City means an instrument in writing signed on behalf of the City by an Authorized City Representative, and with respect to the Authority means an instrument in writing signed on behalf of the Authority by an Authorized Authority Representative or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

“Reserve Fund” means the fund by that name established and maintained pursuant to the Trust Agreement.

“Reserve Fund Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the 2013 Installment Sale Payments under the Agreement; (ii) 125% of the average annual 2013 Installment Sale Payments under the Agreement; or (iii) the Maximum Annual Debt Service, as defined in the Agreement.

“Reserve Policy” means the debt service reserve fund insurance policy issued by the Insurer and credited to the Reserve Fund. The Reserve Policy is a Qualified Reserve Instrument.

“Revenues” as used in the Trust Agreement means all 2013 Installment Sale Payments and other payments paid by the City and received by the Authority pursuant to the Agreement and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to the Trust Agreement.

“Revenues” as used in the 2013 Installment Sale Agreement means all Gas Tax Revenues and Measure A Receipts; provided, however, that Revenues shall not include Gas Tax Revenues with respect to the 2013 Installment Sale Payments, and Gas Tax Revenues are not pledged to the payment of the 2013 Installment Sale Payments.

“Revenue Fund” means the fund by that name established and maintained pursuant to the Trust Agreement.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory under the Trust Agreement or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

“Surplus Account” means the account by that name established and maintained pursuant to the Trust Agreement.

“Tax Certificate” means the Tax Certificate dated the date of initial delivery of the Certificates and executed and delivered by the Authority and the City.

“Trust Agreement” means that certain Trust Agreement, dated as of July 1, 2013, among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

“Trustee” means U.S. Bank National Association, or any successor thereto appointed pursuant to the Trust Agreement.

“2013 Installment Sale Agreement” means the installment sale agreement by and between the City and the Authority, dated as of July 1, 2013, as originally executed and as may from time to time be amended or supplemented in accordance with the Trust Agreement and the 2013 Installment Sale Agreement.

“2013 Installment Sale Payments” means the Installment Sale Payments scheduled to be paid by the City under and pursuant to the 2013 Installment Sale Agreement.

“2013 Installment Sale Payment Date” means any date on which 2013 Installment Sale Payments are scheduled to be paid by the City under and pursuant to the 2013 Installment Sale Agreement.

TRUST AGREEMENT

ISSUANCE OF CERTIFICATES

Equal Security. In consideration of the acceptance of the Certificates by the Owners, the Trust Agreement shall be deemed to be and shall constitute a contract among the Trustee, the City and the Owners to secure the full and final payment of the interest and principal evidenced and represented by the Certificates, subject to the Agreement, conditions, covenants and terms contained in the Trust Agreement; and all agreements, conditions, covenants and terms contained therein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever.

Transfer and Payment of Certificates. Any Certificates may, in accordance with its terms, be transferred in the records maintained pursuant to the Trust Agreement by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificates shall be surrendered for transfer, the Trustee shall execute and deliver to the transferee a new Certificate or Certificates of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any Certificates as the absolute owner of such Certificates for the purpose of receiving payment thereof and for all other purposes, whether such Certificates shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by such Certificates shall be made only to

such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Certificates to the extent of the sum or sums so paid.

The Trustee shall not be required to execute, register the transfer of or exchange any Certificates during the fifteen (15) days preceding each Interest Payment Date or the date of selection by the Trustee of Certificates for prepayment, or to register the transfer of or exchange any Certificates which have been selected for prepayment in whole or in part.

Exchange of Certificates. Certificates may be exchanged at the office of the Trustee for a like aggregate principal amount of Certificates of the same series and payment date of other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

Certificate Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Certificates which shall at all times be open to inspection by the City or any Owner on reasonable notice during regular business hours on any Business Day, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates in such books as provided in the Trust Agreement.

Mutilated, Destroyed, Stolen or Lost Certificates. If any Certificate shall become mutilated the Trustee at the expense of the Owner shall thereupon execute and deliver, a new Certificate of like tenor and number in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and the Authority and indemnity satisfactory to the Trustee and the Authority shall be given, the Trustee, at the expense of the Owner, shall thereupon execute and deliver, a new Certificate of like tenor and number in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Certificate executed and delivered under this section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Certificate executed and delivered under the provisions of this section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Certificates of the same series secured by the Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Certificate and any duplicate Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered under the Trust Agreement or for the purpose of determining any percentage of Certificates Outstanding under the Trust Agreement, but both the original and duplicate Certificate shall be treated as one and the same.

Temporary Certificates. The Certificates executed and delivered under the Trust Agreement may be initially executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. The temporary Certificates may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and may contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates it will execute and furnish definitive Certificates without delay and thereupon the temporary

Certificates may be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under the Trust Agreement as definitive Certificates delivered under the Trust Agreement.

Procedure for the Execution and Delivery of Certificates; Establishment of Funds and Accounts. At any time after the sale of the Certificates, the Trustee shall execute the Certificates for delivery under the Trust Agreement, and thereupon the Certificates shall be delivered by the Trustee to the purchaser thereof upon the Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Certificates from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall deposit in the Reserve Fund within the Revenue Fund established pursuant to the Trust Agreement a sum equal to the Reserve Fund Requirement.

(b) The “Cost of Issuance Fund” is established as a separate trust fund with the Trustee. The Trustee shall deposit a sum equal to the amount set forth in such Request of the Authority in the Cost of Issuance Fund. The moneys in the Cost of Issuance Fund shall be disbursed, upon the Request of the Authority, to pay Costs of Issuance. Upon the payment in full of the Costs of Issuance or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Authority to the Trustee, any balance remaining in such Fund shall be transferred to the Acquisition Fund, and pending such transfer and application, the moneys in such Fund may be invested as permitted by the Trust Agreement as summarized under the caption “TRUST AGREEMENT – REVENUES – Deposit and Investments of Money in Accounts and Funds” herein; provided, however, that investment income resulting from any such investment shall be retained in the Cost of Issuance Fund. Any residual earnings received after the transfer referenced above will, as and when convenient, be transferred to the Acquisition Fund.

(c) There shall be further created a special trust fund to be held by the Trustee called the “Acquisition Fund.” The Trustee shall deposit a sum equal to the amount set forth in such Request of the Authority in the Acquisition Fund. Moneys in the Acquisition Fund shall be disbursed to the City in the amounts set forth in the Trust Agreement. Such Requisition shall be in the form of a sequentially numbered requisition and shall set forth the name and address of the person or persons to whom said amounts are to be disbursed and state the amounts to be disbursed are for Project Costs properly chargeable to the Acquisition Fund and have not been the subject of any previous requisition. Upon delivery to the Trustee of a Request of the City, any Certificate proceeds remaining in the Acquisition Fund upon completion of its Project (which completion shall be evidenced by such Request of the City) shall be applied by the Trustee to offset scheduled 2013 Installment Sale Payments required to be paid by the City under the Agreement or in such other manner as may be directed in such Request of the City.

Special Covenants as to Book-Entry Only System for Certificates. (a) Except as otherwise provided in subsections (b) and (c) of this section, all of the Certificates initially executed and delivered shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest evidenced and represented by any Certificate registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Certificates to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Certificates initially shall be executed and delivered in the form of a single fully registered certificate for each stated payment date of such Certificates, representing the aggregate

principal amount evidenced and represented by the Certificates payable on such payment date. Upon initial execution and delivery, the ownership of all such Certificates shall be registered in the registration records maintained by the Trustee pursuant to the Trust Agreement in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the City, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Certificates registered in its name or the name of its nominee for the purposes of payment of the principal or prepayment price and interest evidenced and represented by such Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners under the Trust Agreement, registering the transfer of Certificates, obtaining any consent or other action to be taken by Owners of the Certificates and for all other purposes whatsoever; and neither the Trustee or the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee, the City nor the Authority or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal, prepayment price or interest evidenced and represented by the Certificates, (iii) any notice which is permitted or required to be given to Owners of Certificates under the Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial prepayment of the Certificates, or (v) any consent given or other action taken by DTC as Owner of Certificates. The Trustee shall pay all principal, premium, if any, and interest evidenced and represented by the Certificates only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the obligations with respect to the principal, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Certificates will be transferable to such new nominee in accordance with subsection (f) of this section.

(c) In the event that the Authority determines that it is in the best interests of the City or the beneficial owners of the Certificates that they be able to obtain certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of such certificates. In such event, the Certificates will be transferable in accordance with subsection (f) of this section. DTC may determine to discontinue providing its services with respect to the Certificates at any time by giving written notice of such discontinuance to the Authority, the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Certificates will be transferable in accordance with subsection (f) of this section. Whenever DTC requests the Authority, the City and the Trustee to do so, the Trustee, the City and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Certificates then Outstanding. In such event, the Certificates will be transferable to such securities depository in accordance with subsection (f) of this section, and thereafter, all references in the Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal, premium, if any, and interest evidenced and represented by each such Certificate and all notices with respect to each such Certificate shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights and immunities with respect to its actions thereunder as it has with respect to its actions under the Trust Agreement.

(f) In the event that any transfer or exchange of Certificates is authorized under subsection (b) or (c) of this section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Owner thereof of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of the Trust Agreement. In the event Certificates are delivered to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Certificates, another securities depository as Owner of all the Certificates, or the nominee of such successor securities depository, the provisions of the Trust Agreement shall also apply to, among other things, the registration, exchange and transfer of the Certificates and the method of payment of principal, premium, if any, and interest evidenced and represented by the Certificates.

REVENUES

Pledge of Revenues; Assignments. All Revenues and any other amounts (including proceeds of the sale of the Certificates) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Acquisition Fund created pursuant to the Trust Agreement and the Rebate Fund created pursuant to the Trust Agreement) are irrevocably pledged to the payment of the principal, interest and premium, if any, evidenced and represented by the Certificates as provided in the Trust Agreement, and the Revenues shall not be used for any other purpose while any of the Certificates remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established under the Trust Agreement (other than amounts on deposit in the Acquisition Fund created pursuant to the Trust Agreement and the Rebate Fund created pursuant to the Trust Agreement) for the payment of the interest and principal evidenced and represented by the Certificates in accordance with the terms of the Trust Agreement and thereof.

The Authority assigns to the Trustee all of the Authority's rights and remedies under the Agreement, including, but not limited to, the Authority's security interest in and lien upon the Revenues.

Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained in the Trust Agreement, the Authority agrees and covenants that all Revenues when and as received shall be received by the Authority in trust under the Trust Agreement for the benefit of the Owners and shall be deposited when and as received by the Authority in the Revenue Fund which fund is created and which fund the Authority agrees and covenants to maintain with the Trustee so long as any Certificates shall be Outstanding under the Trust Agreement. All Revenues shall be accounted for separately and held in trust in the Revenue Fund. All Revenues, whether received by the Authority in trust or deposited with the Trustee as provided, shall nevertheless be allocated, applied and disbursed solely for the purposes and uses set forth in the Trust Agreement, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority, and the Authority shall have no beneficial right or interest in any of the Revenues except only as provided in the Trust Agreement.

Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. Subject to the Trust Agreement as summarized under the caption "TRUST AGREEMENT – COVENANTS OF THE AUTHORITY – Tax Covenants: Rebate Fund" herein, all money in the Revenue Fund shall be set

aside by the Trustee in the following respective special funds and accounts within the Revenue Fund in the following order of priority:

- (1) Interest Fund;
- (2) Principal Fund;
- (3) Reserve Fund;
- (4) Administration Fund; and
- (5) Surplus Account.

All money in each of such funds and accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(1) *Interest Fund.* On or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall set aside from amounts deposited by the City in the Revenue Fund and deposit in the Interest Fund that amount of money which is equal to the amount of interest becoming due and payable with respect to the Agreement on the next succeeding Interest Payment Date. No such deposit need be made if the amount contained in the Interest Fund is at least equal to the aggregate amount of interest becoming due and payable in connection with the Agreement on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by any Certificates purchased or prepaid prior to the payment dates thereof).

(2) *Principal Fund.* On or before the Business Day immediately preceding each Certificate Payment Date the Trustee shall set aside from amounts deposited by the City in the Revenue Fund and deposit in the Principal Fund an amount of money equal to the amount of principal becoming due and payable with respect to the Agreement on the next succeeding Certificate Payment Date. No such deposit need be made if the amount contained in the Principal Fund is at least equal to the aggregate amount of principal becoming due and payable in connection with the Agreement on such Certificate Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates as it shall become due and payable, whether on their respective Certificate Payment Dates or prepayment, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to prepay or to pay Term Certificates for which such sinking fund account was created.

(3) *Reserve Fund.* The Trustee shall set aside from amounts deposited by the City in the Revenue Fund and deposit in the Reserve Fund that amount of money (or other authorized deposit of security) which shall be required to maintain the Reserve Fund in the full amount of the Reserve Fund Requirement. No deposit need be made in the Reserve Fund so long as there shall be on deposit therein a sum equal to the Reserve Fund Requirement. All money in the Reserve Fund (including all amounts which may be obtained from any insurance policy on deposit in the Reserve Fund) shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Fund or the Principal Fund, in that order, in the event of any deficiency at any time in either of such Funds, but solely for the purpose of paying the interest, principal or prepayment premiums, if any, payable in connection with the Agreement, except that any cash amounts in the Reserve Fund in excess of the amount required to be on deposit therein shall be withdrawn from the Reserve Fund on each Interest Payment Date and deposited in the Interest Fund.

In lieu of making the Reserve Fund Requirement deposit or in replacement of moneys then on deposit in the Reserve Fund (which shall be transferred by the Trustee to the City upon delivery of an insurance policy satisfying the requirements stated below), the City may also deliver to the Trustee an insurance policy (a “Qualified Reserve Instrument”) securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Fund, no less than the Reserve Fund Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest components of the Agreement and whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated in the two highest rating categories (without respect to any modifier) of the Rating Agency. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Certificates.

If and to the extent that the Reserve Fund has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) shall be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the Qualified Reserve Instrument shall be made prior to any replenishment of any cash (or Permitted Investments). If the Reserve Fund is funded, in whole or in part, with more than one Qualified Reserve Instrument, then any draws made against such Qualified Reserve Instrument shall be made pro-rata.

The Reserve Policy has been credited to the Reserve Fund, and the Trustee shall make claims under the Reserve Policy in accordance with the terms of the Reserve Policy and the Insurance Agreement. The Reserve Policy is a Qualified Reserve Instrument.

(4) *Administration Fund.* On or before the Business Day immediately preceding each Certificate Payment Date, the Trustee shall set aside from amounts deposited in the Revenue Fund and deposit in the Administration Fund an amount equal to the Administration Fee. All money in the Administration Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the fees of the Trustee and the Rebate Analyst, payable with respect to the Agreement, except that any cash amounts in the Administration Fund in excess of the amount required to be on deposit therein shall be withdrawn from the Administration Fund on each Interest Payment Date and deposited in the Interest Fund.

(5) *Surplus Account.* On the Business Day immediately following each Interest Payment Date the Trustee shall deposit in the Surplus Account all money remaining in the Revenue Fund after the deposits required by the Trust Agreement have been made. On June 30 of each year, beginning on June 30, 2014, the Trustee shall disburse the money in the Surplus Account to the City to the extent the City’s deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by the Trust Agreement.

Deposit and Investments of Money in Accounts and Funds. Subject to the Trust Agreement as summarized under the caption “TRUST AGREEMENT – COVENANTS OF THE AUTHORITY – Tax Covenants: Rebate Fund” herein, all money held by the Trustee in any of the accounts or funds established pursuant to the Trust Agreement shall be invested and reinvested in Permitted Investments at the Request of the City received not less than two (2) Business Days prior to the date of making such investment. The Trustee shall notify the City no less than two (2) Business Days prior to the date moneys held under the Trust Agreement will be available for investment, requesting that the City deliver to the Trustee a Request of the City specifying the Permitted Investments to be acquired by the Trustee with such moneys. All money held in the Reserve Fund shall be invested and reinvested in Permitted Investments with a term to maturity not exceeding five years or on the final maturity date of the Certificates, whichever date is earlier; provided, however, that if an obligation may be prepaid at par on

the business day prior to each Interest Payment Date during which such obligation is outstanding, such obligation may have any maturity. All such Permitted Investments shall be valued by the Trustee not less frequently than semi-annually on each Interest Payment Date at the lower of the cost or market value thereof. Subject to the provisions of the Trust Agreement as summarized under subcaption (4) under the caption "TRUST AGREEMENT – REVENUES – Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund" as summarized under the caption "TRUST AGREEMENT – COVENANTS OF THE AUTHORITY – Tax Covenants: Rebate Fund" herein, all interest or profits received prior to the completion of each Project (as certified in writing by the City representative) on any money so invested shall be deposited in the Acquisition Fund, and all interest or profits received subsequent thereto on any money so invested shall be deposited in the Interest Fund. The Trustee may act as a principal or agent in making or disposing of any investment. The Trustee shall not be liable for any loss from investments made by the Trustee in accordance with the provisions of the Trust Agreement.

COVENANTS

Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions of the Trust Agreement; and the City will not suffer or permit any default to occur under the Trust Agreement, but will faithfully observe and perform all the Agreement, conditions, covenants and terms contained therein required to be observed and performed by them.

Amendment of Agreement. The City and the Authority will not amend or permit the amendment of the Agreement without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or (2) the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment will not cause interest payable with respect to the Agreement to be included in gross income for federal income tax purposes; provided that no such supplement, amendment, modification or termination shall reduce the amount of 2013 Installment Sale Payments to be made to the Authority or the Trustee by the City pursuant to the Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Agreement on Revenues (except as expressly provided in the Agreement), in each case without the written consent of all of the Owners of the Certificates then Outstanding.

Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Certificates.

Tax Covenants; Rebate Fund.

(a) In addition to the accounts created pursuant the Trust Agreement as summarized under the caption "TRUST AGREEMENT – REVENUES – Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund" herein, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained under the Trust Agreement designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts, including the Rebate Amount, as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of the Trust Agreement as summarized under the captions "TRUST AGREEMENT – REVENUES – Pledge of Revenues," "-Receipt and Deposit of Revenues in the Revenue Fund" and "-Deposit and Investments of Money in Accounts and Funds," the caption "TRUST AGREEMENT –

EVENTS OF DEFAULT AND REMEDIES OF OWNERS – Application of Funds Upon Acceleration” and the caption “TRUST AGREEMENT – DEFEASANCE – Discharge of Certificates” herein, relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Certificates, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this section and by the Tax Certificate (which is incorporated in the Trust Agreement by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority and the City with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund after prepayment and payment with respect to all of the Certificates or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the written direction of the Authority.

Accounting Records and Reports. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of all funds received by the Trustee under the Trust Agreement. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms’ length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the Authority and the City at any reasonable time during regular business hours on reasonable notice.

Observance of Laws and Regulations. The City will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such observance or performance is material to the transactions contemplated.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them.

Recordation and Filing. The City will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Agreement under and pursuant to the Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the rights of the Trustee under the Trust Agreement, and the City will do whatever else may be necessary or

be reasonably required in order to perfect and continue the pledge of and lien on the Agreement as provided in the Trust Agreement.

Acquisition of the Project. Subject to and as provided in the Agreement, the Authority will cause to be acquired and constructed the Project with all practicable dispatch and such acquisition will be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

THE TRUSTEE

The Trustee. U.S. Bank National Association shall serve as the Trustee for the Certificates for the purpose of receiving all money which the Authority and the City are required to deposit with the Trustee under the Trust Agreement and for the purpose of allocating, applying and using such money as provided in the Trust Agreement and for the purpose of paying the interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates presented for payment in Los Angeles, California, with the rights and obligations provided in the Trust Agreement. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in San Francisco or Los Angeles, California.

The Authority may at any time, unless there exists any event of default as defined in the Trust Agreement as summarized under the caption “TRUST AGREEMENT – EVENTS OF DEFAULT AND REMEDIES OF OWNERS – Events of Default and Acceleration of Maturities” herein, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall (i) be a bank or trust company doing business and having a principal office in San Francisco or Los Angeles, California, (ii) have (or in the case of a bank or trust company which is part of a bank holding company system, the related bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and (iii) be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required.

The Trustee is authorized to prepay the Certificates when duly presented for payment on their respective Certificate Payment Dates or on prior prepayment. The Trustee shall cancel all Certificates upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Certificates it has received in accordance with its retention policy then in effect. The Trustee shall keep accurate records of all Certificates paid and discharged and canceled by it.

The Authority, solely from amounts held in the Costs of Issuance Fund or paid by the City specifically for such purpose, shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures including but not limited to advances to and fees and expenses of independent accountants and in-house and other counsel or other experts employed by it and reasonably required in the

exercise and performance of its rights and obligations under the Trust Agreement, and, to the extent permitted by law, indemnify and hold the Trustee and its officers, directors, employees and agents harmless from and against any claim, loss, liability, damages, expenses (including legal fees and expenses) or advances not arising from the Trustee's own active or passive negligence, willful misconduct or breach of fiduciary duty, which the Trustee may incur in the exercise and performance of its rights and obligations under the Trust Agreement. The obligations of the Authority under this paragraph to compensate, indemnify, reimburse and hold the Trustee harmless shall constitute additional indebtedness under the Trust Agreement, and such indebtedness shall have priority over the Certificates in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the Owners of particular Certificates, including, without limitation, funds held by the Trustee in trust to prepay all or a portion of Outstanding Certificates prior to their respective Certificate Payment Dates for which a notice of prepayment has been sent as provided in the Trust Agreement.

Liability of Trustee. The recitals of facts, agreements and covenants in the Trust Agreement and in the Certificates shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the use of any proceeds of the Certificates, the correctness of the same, the collection of the Revenues or makes any representation as to the sufficiency or validity of the Trust Agreement, of the Certificates or any security therefor or any offering material distributed in connection with the Certificates and shall not incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it in the Trust Agreement, in the Certificates or in law or equity. The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement except for its own negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Owner of a Certificate unless and until such Certificate is submitted for inspection, if required, and such Certificate is registered in such person's name.

Whenever the Trustee shall deem it necessary or desirable that a factual or legal matter be established or proved prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Trust Agreement) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate conforming to the requirements in the Trust Agreement or an opinion of counsel, which certificate or opinion shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

In accepting the trust created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the Authority and the City, having any claim against the Trustee arising from the Trust Agreement not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee under the Trust Agreement for payment except as otherwise provided in the Trust Agreement. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Trust Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement, and no implied covenants or obligations (fiduciary or otherwise) shall be read into the Trust Agreement against the Trustee. The Trustee shall not be liable with respect to any action taken or not taken under the Trust Agreement in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding. The Trustee shall, during the existence of any event of default (which has not been cured), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of

care and skill in their exercise, as a prudent person would exercise of use under the circumstances in the conduct of its own affairs. The permissive right of the Trustee to do things enumerated in the Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Certificates. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates. The Trustee, in its individual or any other capacity, may become the Owner of any Certificates or other obligations of any party to the Trust Agreement with the same rights which it would have if not the Trustee. At any and all reasonable times, the Trustee, and its agents shall have the right to fully inspect the Project, including all books, papers and records of the City pertaining to the Project and the Certificates, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. The Trustee shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises. Before taking or refraining from any action under the Trust Agreement at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

None of the provisions contained in the Trust Agreement or in the Agreement shall require the Trustee to expend or risk its own funds or continue to do so or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee may rely and shall be protected in acting or failing to act upon any paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Trust Agreement except failure by the City to make any payment of principal or interest under the Agreement when due, unless the Trustee shall be specifically notified in writing at its corporate trust office of such default by the Owners of not less than 25% of the aggregate principal amount of Certificates then Outstanding. Notwithstanding any other provision of the Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or official action or evidence thereof, required as a condition of such action deemed by the Trustee to be desirable for the purpose of establishing the rights of the Trustee with respect to the authentication of any Certificates, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

AMENDMENT OF THE TRUST AGREEMENT

Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority, the City, the Trustee and the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Owners of a majority in aggregate principal amount evidenced and represented by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement as summarized under the caption “TRUST AGREEMENT – AMENDMENT OF THE TRUST AGREEMENT – Disqualified Certificates” herein, are filed with the Trustee. No such amendment shall (1) extend the Certificate Payment Date of or reduce the interest rate on or amount of interest or principal or prepayment premium, if any, evidenced and represented by any Certificate without the express written consent of the Owner of such Certificate, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created under the Trust Agreement for the benefit of the Certificates, or (3) reduce the percentage of Certificates required for the written consent to any such amendment or any amendment of an Agreement pursuant to the Trust

Agreement, or (4) modify any rights or obligations of the Trustee, the Authority or the City without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority, the City and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Owners, including (without limitation) for any one or more of the following purposes –

(a) to add to the Agreement and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority or the City, or to surrender any right or power reserved in the Trust Agreement to or conferred in the Trust Agreement on the Authority or the City;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority or the City may deem desirable or necessary and not inconsistent with the Trust Agreement;

(c) to add to the Agreement and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or

(d) for any other purpose that does not materially adversely affect the interests of the Owners.

Disqualified Certificates. Certificates owned or held by or for the account of the Authority or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates under the Trust Agreement.

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Events of Default. If any default in the payment of 2013 Installment Sale Payments or any other “Event of Default” defined in the Agreement shall occur and be continuing, or if any default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Trust Agreement and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to the City by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding, then such default shall constitute an “Event of Default” under the Trust Agreement, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding shall be entitled, upon notice in writing to the City, but subject to the provisions of the Trust Agreement, to exercise the remedies provided under the Agreement which are necessary or desirable to collect the City’s 2013 Installment Sale Payments. No grace period shall be permitted for payment defaults.

The Owners of Certificates, for purposes of the Trust Agreement and the Agreement, to the extent of their interest, shall be entitled to all rights and security of the Authority pursuant to the Agreement and the Trust Agreement. The City recognizes the rights of the Owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the Agreement and the Trust Agreement.

Application of Funds Upon Acceleration of Agreement. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement shall be deposited into a segregated payment account of the Revenue Fund and be applied by the Trustee in the following order; provided that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held under the Trust Agreement, any amount pursuant to such instructions required to be paid to the United States of America under the Code:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of the Trust Agreement, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses; and

Second, to the payment of the principal and interest payable with respect to the Certificates, in connection with a mandatory prepayment of Certificates pursuant to the Trust Agreement and the delivery of a Cash Flow Report.

Other Remedies of the Trustee. The Trustee shall have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights under the Trust Agreement against the City or any council member, board member, trustee, member, officer or employee thereof, and to compel the City or any such council member, board member, trustee, member, officer or employee thereof to observe or perform its or his or her duties under applicable law and the Agreement, conditions, covenants and terms contained in the Trust Agreement, or in the Agreement, required to be observed or performed by it or him or her;

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

(c) by suit in equity upon the happening of any default under the Trust Agreement to require the City and any supervisor, council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

Non-Waiver. A waiver by the Trustee of any default under the Trust Agreement or breach of any obligation under the Trust Agreement shall not affect any subsequent default under the Trust Agreement or any subsequent breach of an obligation under the Trust Agreement or impair any rights or remedies on any such subsequent default under the Trust Agreement or on any such subsequent breach of an obligation under the Trust Agreement. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default under the Trust Agreement shall impair any such right or remedy or shall be construed to be a waiver of any such default under the Trust Agreement or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by the Trust Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the City, the Trustee and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy under the Trust Agreement may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is an Owner, and the Trustee is appointed (and the successive Owners, by taking and holding the Certificates executed and delivered under the Trust Agreement, shall be conclusively deemed to have so appointed it) the true and

lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Owners in the Trust Agreement is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law. If any remedial action under the Trust Agreement is discontinued or abandoned, the Trustee and the Owners shall be restored to their former positions.

Limitation on Owners' Right to Sue. No Owner of any Certificate executed and delivered under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in the Trust Agreement as summarized under the caption "TRUST AGREEMENT – EVENTS OF DEFAULT AND REMEDIES OF OWNERS – Events of Default and Acceleration of Maturities" herein; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request and consent shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, consent, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any owner of Certificates of any remedy under the Trust Agreement; it being understood and intended that no one or more owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner provided in the Trust Agreement and for the equal benefit of all Owners of the Outstanding Certificates.

Limited Liability of the City. Except as expressly provided in the Agreement, the City shall not have any obligation or liability to the Authority, the Trustee or the Owners, with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the principal and interest payable with respect to the Agreement by the Trustee, or with respect to the performance by the Trustee of any obligation under the Trust Agreement required to be performed by it.

Limited Liability of the Authority. Except as expressly provided in the Trust Agreement, the Authority shall not have any obligation or liability to the Trustee or the Owners, with respect to the payment when due of the 2013 Installment Sale Payments by the City, or with respect to the observance or performance by the City of the other agreements, conditions, covenants and terms contained in the Agreement, or with respect to the performance by the Trustee of any obligation contained in the Trust Agreement required to be performed by it. Notwithstanding anything to the contrary contained in the Certificates, the Trust Agreement or any other document related thereto, the Authority shall not have any liability under the Trust Agreement or by reason thereof or in connection with any of the transactions

contemplated except to the extent payable from moneys received from or with respect to the Agreement and available thereof in accordance with the Trust Agreement.

DEFEASANCE

Discharge of Certificates. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest, principal and prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated in the Trust Agreement and therein, and the Insurer shall have been paid all amounts owed to the Insurer, then the Owners of such Certificates shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Certificates under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.

(b) Any Outstanding Certificates shall prior to the maturity date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their respective Certificate Payment Dates, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Obligations, in each case the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to such Certificates on and prior to the Certificate Payment Date or prepayment date thereof, as the case may be, and the principal and prepayment premiums, if any, evidenced and represented by such Certificates, and (2) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Certificates that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this section and stating the Certificate Payment Date or prepayment date upon which money is to be available for the payment of the principal and prepayment premiums, if any, with respect to such Certificates. In addition, the Authority shall cause to be delivered (i) a report of an Independent Certified Public Accountant or such other accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or prepayment date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer “Outstanding” under the Trust Agreement, and (iv) a certificate of discharge of the Trustee with respect to the Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority and Trustee.

Unclaimed Money. Anything contained in the Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Certificates which remains unclaimed for two (2) years after the date when such Certificates have become due and payable, either at their stated Certificate Payment Dates or by call for prepayment prior to such dates, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Certificates have become due and payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall

thereupon be released and discharged with respect thereto and the Owners shall not look to the Trustee for the payment of such Certificates. Any moneys held by the Trustee in trust for the payment and discharge of any Certificates shall not bear interest or be otherwise invested from and after such Certificate Payment Date or prepayment date.

PROVISIONS RELATED TO THE INSURER AND THE INSURANCE POLICY

General Provisions.

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any Qualified Reserve Instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of principal and interest due on the Certificates.

(b) The Insurer shall be deemed to be the sole Owner of the insured Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Certificates insured by it are entitled to take pursuant to the Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

(c) The Certificates shall not be accelerated without the consent of the Insurer and in the event the Certificates are accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date, the Insurer's obligations under the Insurance Policy with respect to the Certificates shall be fully discharged.

(d) The Insurer is a third party beneficiary of the Trust Agreement.

(e) Upon the occurrence of an optional or mandatory prepayment in part pursuant to the Trust Agreement, the selection of Certificates to be prepaid shall be subject to the approval of the Insurer. The exercise of any provision of the Trust Agreement which permits the purchase of Certificates in lieu of prepayment shall require the prior written approval of the Insurer if any Certificate so purchased is not cancelled upon purchase.

(f) Any amendment, supplement, modification to, or waiver of, the Trust Agreement or any other transaction document, including the Agreement and any underlying security agreement (each a "Related Document"), that requires the consent of Owners or adversely affects the rights and interests of the Insurer is subject to the prior written consent of the Insurer.

(g) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Acquisition Fund shall not be disbursed, but shall instead be applied to the payment of principal and interest due with respect to the Certificates or prepayment price of the Certificates.

(h) The rights granted to the Insurer under the Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(i) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Trust Agreement and the Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid in accordance with the Trust Agreement. The Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(j) The Authority covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Revenues under the Trust Agreement.

(k) The Insurer shall be provided with the following information by the Authority, the City or the Trustee, as the case may be:

(1) Annual audited financial statements within 150 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Installment Sale Agreement), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(2) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Fund Requirement and (ii) withdrawals in connection with a prepayment of Certificates;

(3) Notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof;

(4) Prior notice of the advance refunding or prepayment of any of the Certificates, including the principal amount, maturities and CUSIP numbers thereof;

(5) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(6) Notice of the commencement of any proceeding by or against the Authority or the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Certificates;

(8) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(9) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.

In addition, to the extent that the Authority or the City has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Certificates, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(l) The Insurer shall have the right to receive such additional information as it may reasonably request.

(m) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.

(n) The Trustee shall notify the Insurer of any failure of the City to provide notices, certificates and other information under the Trust Agreement or the Agreement.

(o) Notwithstanding satisfaction of the other conditions to the issuance of Additional Certificates set forth in the Trust Agreement, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Fund Requirement (including the proposed issue) upon the issuance of such Additional Certificates, in either case unless otherwise permitted by the Insurer.

(p) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Trust Agreement would adversely affect the security for the Certificates or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(q) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(r) Any interest rate exchange agreement (“Swap Agreement”) entered into by the City shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Certificates and on any debt on parity with the Certificates. The City shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Insurer prior to the payment of any such termination amount that such payment will not cause the City to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least “A-” and “A3” by Standard & Poor’s (“S&P”) and Moody’s Investors Service (“Moody’s”). If the counterparty or guarantor’s rating falls below “A-” or “A3” by either S&P or Moody’s, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Insurer. If the counterparty or the guarantor’s long term unsecured rating falls below “Baa1” or “BBB+” by either Moody’s or S&P, a replacement counterparty or guarantor, acceptable to the Insurer, shall be required.

Claims Upon the Insurance Policy and Payments by and to the Insurer.

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or Principal Payment Date (each, a “Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal of

and interest on the Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Certificates due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Certificates and the amount required to pay principal of the Certificates, confirmed in writing to the Insurer and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Certificates paid by the Insurer, whether by virtue of mandatory sinking fund prepayment, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable on any Certificate or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to in the Trust Agreement as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Certificates under the sections of the Trust Agreement regarding payment of Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Trust Agreement to the contrary, subject to the Trust Agreement as summarized under the caption “TRUST AGREEMENT – EVENTS OF DEFAULT AND REMEDIES OF OWNERS – Limited Liability of Authority” herein, the Authority agrees to pay to the Insurer, solely from Revenues, (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. Subject to the Trust Agreement as summarized under the caption “TRUST AGREEMENT – EVENTS OF DEFAULT AND REMEDIES OF OWNERS – Limited Liability of Authority” herein, the Authority covenants and agrees that the Insurer Reimbursement

Amounts are secured by a lien on and pledge of the Revenues and payable from the Revenues on a parity with debt service due on the Certificates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Certificate payment date shall promptly be remitted to the Insurer.

(b) The Insurer shall, to the extent it makes any payment of principal or interest on the Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Authority and the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(c) The City shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document.

(d) The Insurer shall be entitled to pay principal or interest on the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Certificates as a result of acceleration of the maturity thereof in accordance with the Trust Agreement, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(e) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 215709-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

MISCELLANEOUS

Liability of Authority Limited to Revenues. The Certificates are limited obligations of the Authority and are payable, as to interest, principal and any premiums upon the prepayment of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Certificates are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest, principal and prepayment premiums, if any, with respect to the Certificates as provided in the Trust Agreement. The Certificates are not a debt of the Authority, the City, the State of California or any of its political subdivisions, and neither the Authority, the City, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Certificates be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The Certificates do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Benefits of the Trust Agreement Limited to Parties. Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the City, the Authority, the Trustee, the Insurer and the Owners any right, remedy or claim under or by reason of the Trust Agreement. Any agreement or covenant required in the Trust Agreement to be performed by or on behalf of the City or the Authority shall be for the sole and exclusive benefit of the Trustee, the Authority, the Insurer and the Owners.

Successor Is Deemed Included In All References To Predecessor. Whenever either the City, the Authority, or the Trustee or any officer thereof is named or referred to in the Trust Agreement, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the Authority or the Trustee or such officer, and all agreements, conditions, covenants and terms contained therein required to be observed or performed by or on behalf of the City, the Authority or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required in the Trust Agreement to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Certificates and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Certificates at the office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the City, the Authority or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability; No Liability of Authority Members. No member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of the interest, principal or prepayment premiums, if any, with respect to the Certificates by reason of their execution and delivery, but nothing in the Trust Agreement contained shall relieve any such member, officer or employee from the performance of any official duty provided by any applicable provisions of law, the Agreement or the Trust Agreement.

Acquisition of Certificates by Authority. All Certificates acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Destruction of Canceled Certificates. Whenever provision is made in the Trust Agreement for the cancellation of any Certificates, the Trustee shall destroy such Certificates in accordance with its retention policy then in effect.

Content of Certificates; Post-Issuance Legal Opinions. Every Certificate of the Authority or the City with respect to compliance with any agreement, condition, covenant or term contained in the Trust Agreement shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions in the Trust Agreement relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they

have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not the City or the Authority has complied with such agreement, condition, covenant or term; and (d) a statement as to whether, in the opinion of the signers, the City or the Authority has complied with such agreement, condition, covenant or term.

Any Certificate of the Authority or the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the City or the Authority, upon a representation by an officer or officers of the City or the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Publication for Successive Weeks. Any publication required to be made under the Trust Agreement for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

Accounts and Funds; Business Days. Any account or fund required in the Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the requirements of the Trust Certificates and sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. Any action required to occur under the Trust Agreement on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Partial Invalidity. If any one or more of the Agreement or covenants or portions thereof required under the Trust Agreement to be performed by or on the part of the City, the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Trust Agreement or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The City, the Authority and the Trustee declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase of the Trust Agreement and would have authorized the execution and delivery of the Certificates pursuant to the Trust Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases of the Trust Agreement or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

INSTALLMENT SALE AGREEMENT

THE PROJECT

Design, Acquisition, Construction and Sale of the Project. The Authority agrees to cause the design, acquisition and construction of the Project for, and to sell the Project to, the City, and the City

agrees to transfer whatever real or personal property interest it may possess which may be required in order for the Authority to cause such design, acquisition and construction of the Project. In order to implement this provision, the Authority appoints the City as its agent for the purpose of such design, acquisition and construction, and the City agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the Authority, to provide for the complete design, acquisition and construction of the Project. The City agrees that as such agent it will cause the acquisition and construction of the Project to be diligently completed. The Authority agrees to sell, and sells, the Project to the City. The City agrees to purchase, and purchases, the Project from the Authority. Notwithstanding the foregoing, it is expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the City (whether as agent for the Authority or otherwise) for the acquisition and construction of the Project and that all such costs and expenses shall be paid by the City, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs.

2013 INSTALLMENT SALE PAYMENTS; ADMINISTRATION FEE

Purchase Price and Administration Fee. The Purchase Price to be paid by the City to the Authority under the 2013 Installment Sale Agreement is the sum of the principal amount of the City's obligation under the 2013 Installment Sale Agreement plus the interest to accrue on the unpaid balance of such principal amount from the date of the 2013 Installment Sale Agreement over the term of the 2013 Installment Sale Agreement, subject to prepayment as provided in the 2013 Installment Sale Agreement as summarized under the caption "INSTALLMENT SALE AGREEMENT – 2013 Installment Sale Payments; ADMINISTRATION FEE -- Prepayment of 2013 Installment Sale Payments" herein.

The interest to accrue on the unpaid balance of such principal amount shall be paid by the City as and shall constitute interest paid on the principal amount of the City's Purchase Price obligation under the 2013 Installment Sale Agreement.

Payment of 2013 Installment Sale Payments and Administration Fee. The City shall, subject to prepayment as provided in the 2013 Installment Sale Agreement as summarized under the caption "INSTALLMENT SALE AGREEMENT – 2013 Installment Sale Payments; ADMINISTRATION FEE – - Prepayment of 2013 Installment Sale Payments" herein, pay the Authority or the Trustee, as appropriate, (i) the Purchase Price, without offset or deduction of any kind, by paying the principal installments of the 2013 Installment Sale Payments, which principal installments shall be due annually on each Certificate Payment Date, (ii) the interest installments of the 2013 Installment Sale Payments, which interest installments shall be due semiannually on each Interest Payment Date and (iii) the Administration Fee which shall be due annually on each Certificate Payment Date. The 2013 Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding its due date.

The obligation of the City to pay the Purchase Price by paying the 2013 Installment Sale Payments and the Administration Fee is, subject to the 2013 Installment Sale Agreement as summarized under the caption "INSTALLMENT SALE AGREEMENT – MISCELLANEOUS – Liability of City Limited to Revenues" herein, absolute and unconditional, and until such time as the 2013 Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to the 2013 Installment Sale Agreement as summarized under the caption "INSTALLMENT SALE AGREEMENT – DISCHARGE OF OBLIGATIONS" herein), the City will not discontinue or suspend any 2013 Installment Sale Payments or Administration Fee required to be paid by it under this section when due, whether or not the Project or any part thereof is complete, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be

subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

In order to carry out and effectuate the obligation of the City contained in the 2013 Installment Sale Agreement to pay the Purchase Price by paying the 2013 Installment Sale Payments and the Administration Fee, the City established a "Pledged Tax Fund" (the "Pledged Tax Fund" and within the Pledged Tax Fund, the "Gas Tax Account" and the "Measure A Receipts Account," and if at some later date, Gas Tax Revenues are included as Revenues, the "Gas Tax Account") which fund and accounts therein the City agrees and covenants to maintain so long as any 2013 Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided in the 2013 Installment Sale Agreement. The City agrees and covenants that (i) all Gas Tax Revenues received by it shall be deposited when and as received in the City's Gas Tax Account and (ii) all Measure A Receipts received by it shall be deposited when and as received in the Measure A Receipts Account.

All of the Revenues and all money in the Pledged Tax Fund, exclusive of Gas Tax Revenues, and in the funds or accounts so specified and provided for in the 2013 Installment Sale Agreement, are irrevocably pledged to the punctual payment of the 2013 Installment Sale Payments and the Administration Fee, and the Revenues shall not be used for any other purpose while any of the 2013 Installment Sale Payments remain outstanding; subject to the provisions of the 2013 Installment Sale Agreement permitting application thereof for the purposes and on the terms and conditions set forth in the Agreement. This pledge shall constitute a first lien on the Revenues for the payment of the 2013 Installment Sale Payments and the Administration Fee in accordance with the terms thereof.

Notwithstanding the foregoing, the City may satisfy its obligation to deposit 2013 Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee, and if and when so deposited, shall be irrevocably pledged to the payment of 2013 Installment Sale Payments.

All Revenues on deposit in the Pledged Tax Fund shall be set aside and deposited by the City in the various funds and accounts within the Revenue Fund at the following times in the following order of priority:

(a) *Interest and Principal Fund Deposits.* On or before the 15th day preceding each Interest Payment Date, the City shall, from the Revenues in the Pledged Tax Fund, transfer to the Trustee for deposit in the City's Interest Payment Account in the Interest Fund within the Revenue Fund established under the Trust Agreement (the "Interest Payment Account"), a sum equal to the interest becoming due and payable under the Trust Agreement on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Interest Payment Account equal to the amount of interest becoming due and payable on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Certificate Payment Date, the City shall, from the Revenues in the Pledged Tax Fund, transfer to the Trustee for deposit in the Principal Payment Account in the Principal Fund within the Revenue Fund established under the Trust Agreement (the "Principal Payment Account"), a sum equal to the principal becoming due and payable under the Agreement on the next succeeding 2013 Installment Sale Payment Date, except that no such deposit need be made if the Trustee then holds money in the Principal Payment Account equal to the amount of Principal becoming due and payable under the Agreement on the next succeeding 2013 Installment Sale Payment Date; and all money on deposit in the Interest Payment Account and the Principal Payment Account shall be used to make and satisfy the 2013 Installment Sale Payments due on each date and such payments shall be deposited by the Trustee to the Interest Account or the Principal Account, as the case may be, as defined in, created under and in accordance with the terms of, the Trust Agreement.

(b) *Reserve Fund Deposit.* On or before the 15th day of each month, the City shall, from the Revenues in the Pledged Tax Fund, transfer to the Trustee for deposit in the Revenue Fund that sum, if any, necessary to restore the Reserve Fund to an amount equal to the Reserve Fund Requirement, all in accordance with and subject to the terms and conditions of the Trust Agreement as summarized under the caption “TRUST AGREEMENT – REVENUES – Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund” herein. All money in the Reserve Fund shall be used and withdrawn by the Trustee for the purposes specified under such provisions of the Trust Agreement. The City further agrees to pay to the Insurer all amounts owed to it under the Insurance Agreement in connection with any draw on the Reserve Policy, solely from available Revenues and subject to the first pledge of and lien upon the Revenues for the payment of the Certificates.

(c) *Administration Fund Deposit.* On or before the 15th day preceding each Certificate Payment Date, the City shall, from the remaining Revenues on deposit in the Pledged Tax Fund, transfer to the Trustee for deposit in the Administration Fund, a sum equal to the Administration Fee becoming due and payable under the Agreement on the next Certificate Payment Date, and all money on deposit in the Administration Fund shall be used to pay the Administration Fee due on such Certificate Payment Date, in accordance with the terms of the Trust Agreement.

Notwithstanding the foregoing, provided all transfers required by subparagraphs (b) and (c) above have been made, on any Business Day moneys on deposit in the Pledged Tax Fund in excess of the sum of (i) interest becoming due and payable under the 2013 Installment Sale Agreement on the next succeeding Interest Payment Date (less amounts then held by the Trustee in the Interest Payment Account) and (ii) the Pro Rata Share of Principal (less amounts then held by the Trustee in the Principal Payment Account) may be expended by the City at any time for any purpose permitted by law.

Prepayment of 2013 Installment Sale Payments. The City may prepay from any source of available funds as a whole or in part on any date, on or after June 1, 2023, all or any part of the principal amount of the unpaid 2013 Installment Sale Payments becoming due on or after June 1, 2024, in such order of prepayment as the City may determine upon written direction to the Authority and the Trustee (or, if the City fails to designate the order of prepayment, on a proportionate basis among the 2013 Installment Sale Payments and by lot within an Installment Payment Date), at a prepayment price equal to the principal amount prepaid, plus accrued interest to the date of prepayment. Before making any prepayment pursuant to this section, the City shall give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid and the order thereof, which date shall be not less than thirty (30) days nor more than sixty (60) days from the date such notice is given.

Additional Contracts. So long as the City is not in default under the Agreement, the City may at any time execute any Contract the Installment Sale Payments under and pursuant to which, as the case may be, are payable from the Revenues on a parity with the payment by the City of the 2013 Installment Sale Payments as provided in the Agreement; provided, that the audited Revenues, less Policy Costs, plus the Measure A Receipts Coverage Amount for the Fiscal Year next preceding the date of the adoption by the governing body of the City of the resolution authorizing the execution of such Contract, as evidenced by both a calculation prepared by the City and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the City shall have produced a sum equal to at least 150% of the Maximum Annual Debt Service on all Contracts outstanding after the execution of such amendment or Contract.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the City to execute any Contract at any time to refund any outstanding Contract.

REPRESENTATIONS AND COVENANTS OF THE CITY AND THE AUTHORITY

Authority; Compliance with 2013 Installment Sale Agreement and Trust Agreement. The City is a municipal corporation organized and existing under the Constitution of the State of California, with full legal right, power and authority to execute, deliver and perform its obligations under the 2013 Installment Sale Agreement, and compliance with the provision of the 2013 Installment Sale Agreement will not materially conflict with or constitute a material breach of or default under any applicable provision of law or any applicable regulation or agreement to which the City is a party or may be subject.

The City will punctually pay the 2013 Installment Sale Payments in strict conformity with the terms of the 2013 Installment Sale Agreement, and will faithfully observe and perform all the Agreement, conditions, covenants and terms contained in the 2013 Installment Sale Agreement required to be observed and performed by it, and will not terminate the 2013 Installment Sale Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained in the 2013 Installment Sale Agreement required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with the 2013 Installment Sale Agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any *force majeure*, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Authority will faithfully observe and perform all the Agreement, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to the 2013 Installment Sale Agreement and the Trust Agreement that each of the Agreement, conditions, covenants and terms contained in each such agreement is an essential and material term of the obligation of the City to repay the costs of the acquisition and construction of the Project and the costs and expenses incidental thereto paid by the Authority pursuant to, and in accordance with, and as authorized under law and the 2013 Installment Sale Agreement.

Use of Proceeds of Certificates. The Authority and the City agree that the proceeds of the Certificates deposited in the Acquisition Fund will be used by the City, as agent for the Authority, to pay the costs of the acquisition and construction of the Project and to pay the incidental costs and expenses related thereto as provided in the 2013 Installment Sale Agreement and in the Trust Agreement.

Against Encumbrances. The City will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the City payable from the Revenues or which may impair the security for the 2013 Installment Sale Payments and will keep the Revenues free of any and all liens against any portion of the Revenues. In the event any such lien attaches to or is filed against any portion of the Revenues, the City will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City will forthwith pay or cause to be paid and discharged such judgment. The City will, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee harmless from, and defend each of them against, any claim, demand, loss, damage,

liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Revenues.

The City may pledge, encumber or otherwise secure its obligations with the Revenues, provided, that except as permitted under the 2013 Installment Sale Agreement as summarized under the caption "INSTALLMENT SALE AGREEMENT – 2013 INSTALLMENT PAYMENTS; ADMINISTRATION FEE – Additional Contracts" herein, in all instances any such pledge, lien or security is wholly subordinate and junior to the obligations of the City contained in the 2013 Installment Sale Agreement.

Maintenance of Revenues. The City will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Revenues, including, but not limited to, the Measure A Ordinance, Sections 2119 and 2151 through 2155 of the California Streets and Highways Code and Sections 65089.3 and 65089.4 of the California Government Code relating to conformance with the congestion management program relating to the City, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Revenues and apply the same as provided in the 2013 Installment Sale Agreement; provided, that nothing in the 2013 Installment Sale Agreement shall require the City to take any action or expend any City funds to comply with any such requirements deemed unreasonable in the sole discretion of the City, so long as failure to take such action or expend such funds will not cause the amount of estimated Revenues to be received by the City in the next Fiscal Year to be less than 150% of the Maximum Annual Debt Service as of the date of calculation.

Tax Covenants. The City will not directly or indirectly use or permit the use of the proceeds of the obligation provided in the 2013 Installment Sale Agreement or any other funds of the City or take or omit to take any action which would cause such obligation to be an "arbitrage bond" within the meaning of Section 148 of the Code, or a "federal-guaranteed obligation" under Section 149(b) of the Code, or a "private activity bond" as described in Section 141 of the Code. To that end, so long as any 2013 Installment Sale Payment are unpaid, the City will comply with all requirements of such sections of the Code to the extent applicable to the obligation provided in the 2013 Installment Sale Agreement and with the provisions of the Tax Certificate. Upon calculation by the Rebate Analyst of a Rebate Amount, the City shall, from any source of available funds, immediately transfer an amount of money equal to the Rebate Amount to the Trustee for deposit in the Rebate Fund established pursuant to the Trust Agreement.

The Authority and the City will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest evidenced and represented by the Certificates will not be included in the gross income of the owners of such certificates for federal income tax purposes under the Code and will take no action that would result in such interest being so included.

Prompt Acquisition and Construction of the Project. The City will take all necessary and appropriate steps to acquire and construct the Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Accounting Records and Financial Statements.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Revenues and the Project, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The City will prepare and file with the Trustee annually within six months after the close of each Fiscal Year or, if not then available, as soon thereafter as possible, audited financial statements of the City for the preceding Fiscal Year.

Continuing Disclosure. The City covenants and agrees that it will enter into and comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the 2013 Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the 2013 Installment Sale Agreement; however, the Trustee shall at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owner of at least 25% aggregate principal amount in Outstanding Certificates, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries).

EVENTS OF DEFAULT AND REMEDIES

Events of Default and Acceleration of Principal. If one or more of the following "Events of Default" shall happen, that is to say --

(1) if default shall be made in the due and punctual payment of any 2013 Installment Sale Payment when and as the same shall become due and payable;

(2) if default shall be made by the City in the performance of any of the Agreement or covenants contained in the 2013 Installment Sale Agreement required to be performed by it, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Authority or the Trustee; or

(3) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default specified in clause (1) above, the Trustee shall, and for any other such Event of Default the Trustee may, by notice in writing to the City, declare the entire principal amount of the unpaid 2013 Installment Sale Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained in the 2013 Installment Sale Agreement to the contrary notwithstanding. This subsection is subject to the condition, however, that if at any time after the entire principal amount of the unpaid 2013 Installment Sale Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the City shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the 2013 Installment Sale Payments due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal amounts of the 2013 Installment Sale Payments if paid in accordance with their terms, and the reasonable expenses of the Trustee, and any and all other defaults known to the

Trustee (other than in the payment of the entire principal amount of the unpaid 2013 Installment Sale Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Revenues Upon Acceleration. All Revenues upon the date of the declaration of acceleration by the Trustee as provided in the 2013 Installment Sale Agreement as summarized under the caption "INSTALLMENT SALE AGREEMENT – EVENT OF DEFAULT AND REMEDIES – Events of Default and Acceleration of Principal" herein and all Gas Tax Revenues thereafter received shall be applied in the following order --

First, to the payment of the costs and expenses of the Trustee and the Authority, if any, in carrying out the provisions of the 2013 Installment Sale Agreement, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the interest then due and payable on the entire principal amount of the unpaid 2013 Installment Sale Payments, and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference; and

Third, to the payment of the unpaid principal amount of the 2013 Installment Sale Payments which has become due and payable, whether on the original due date or upon acceleration, with interest on the overdue principal and interest amounts of the unpaid 2013 Installment Sale Payments at the rate or rates of interest then applicable to such 2013 Installment Sale Payments if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the 2013 Installment Sale Payments on any date, together with such interest, then to the payment thereof ratably, according to the principal amount due on such date, without any discrimination or preference.

Other Remedies. The Trustee shall have the right --

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any councilmember, officer or employee thereof, and to compel the City or any such councilmember, officer or employee to perform and carry out its or his duties under law and the Agreement and covenants required to be performed by it or him contained in the 2013 Installment Sale Agreement;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority or the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its council members, officers and employees to account as the trustee of an express trust.

Non-Waiver. No provision of the 2013 Installment Sale Agreement shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the 2013 Installment Sale Payments from the Revenues to the Trustee at the respective due dates or upon prepayment, or shall affect or impair the right of the Trustee, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the 2013 Installment Sale Agreement.

A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by the Trust Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee, the Authority and the City and the Trustee shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy in the 2013 Installment Sale Agreement conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the 2013 Installment Sale Agreement or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law. The exercise of remedies under the 2013 Installment Sale Agreement shall be subject to the provisions of the Trust Agreement, including the articles summarized under the captions “TRUST AGREEMENT – EVENTS OF DEFAULT AND REMEDIES OF OWNERS” and “– PROVISIONS RELATED TO THE INSURER AND THE INSURANCE POLICY.”

DISCHARGE OF OBLIGATIONS

(a) If the City shall pay or cause to be paid all the 2013 Installment Sale Payments at the times and in the manner provided in the 2013 Installment Sale Agreement, and all amounts owed the Insurer shall have been paid in full, the right, title and interest of the Authority in the 2013 Installment Sale Agreement and the obligations of the City under the 2013 Installment Sale Agreement shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) Any unpaid principal installment of the 2013 Installment Sale Payments shall on its payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the City makes payment of such 2013 Installment Sale Payments and the prepayment premium, if applicable, in the manner provided in the 2013 Installment Sale Agreement.

(c) All or any portion of unpaid principal installments of the 2013 Installment Sale Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (i) notice is provided by the City to the Trustee as required by the Trust Agreement, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Permitted Investments (as that term is defined in the Trust Agreement) of the type described in clause (1) of the definition of Permitted Investments and which are not subject to redemption prior to maturity (including any such Permitted Investments issued or held in book entry form on the books of the Treasury of the United States of America) or tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Permitted Investments and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to the principal installments of such 2013 Installment Sale Payments and the principal installments of such 2013 Installment Sale Payments or such portions thereof on and prior to

their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto and (iii) an opinion of nationally recognized bond counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection will not cause the interest evidenced and represented by the Certificates to be includable in gross income under the Code for federal income tax purposes.

(d) After the payment of all 2013 Installment Sale Payments and prepayment premiums, if any, as provided in this section, and payment of all fees and expenses of the Trustee, the Trustee, upon request of the City, shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and the Authority and shall execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of the 2013 Installment Sale Agreement, and the Trustee shall pay over and deliver to the City, as an overpayment of 2013 Installment Sale Payments, all such money or investments held by it pursuant to the 2013 Installment Sale Agreement other than such money and such investments as are required for the payment or prepayment of the 2013 Installment Sale Payments, which money and investments shall continue to be held uninvested by the Trustee in trust for the payment of the 2013 Installment Sale Payments and shall be applied by the Trustee pursuant to the Trust Agreement.

MISCELLANEOUS

Liability of City Limited to Revenues. Notwithstanding anything contained in the 2013 Installment Sale Agreement, the City shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the 2013 Installment Sale Payments or for the performance of any agreements or covenants required to be performed by it contained in the 2013 Installment Sale Agreement.

The obligation of the City to make the 2013 Installment Sale Payments is a special obligation of the City payable solely from the Revenues as provided in the 2013 Installment Sale Agreement, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Benefits of 2013 Installment Sale Agreement. Nothing contained in the 2013 Installment Sale Agreement, expressed or implied, is intended to give to any person other than the Authority, the City, the Insurer or the Trustee any right, remedy or claim under or pursuant to the 2013 Installment Sale Agreement, and any agreement or covenant required in the 2013 Installment Sale Agreement to be performed by or on behalf of the Authority, the City or the Trustee shall be for the sole and exclusive benefit of the other parties.

Successor Is Deemed Included in all References to Predecessor. Whenever either the Authority or the City or the Trustee is named or referred to in the 2013 Installment Sale Agreement, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or the City or the Trustee, and all agreements and covenants required to be performed under the 2013 Installment Sale Agreement by or on behalf of the Authority or the City or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Waiver of Personal Liability. No councilmember, officer or employee of the City shall be individually or personally liable for the payment of the 2013 Installment Sale Payment, but nothing contained in the 2013 Installment Sale Agreement shall relieve any councilmember, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or by the 2013 Installment Sale Agreement.

Partial Invalidity. If any one or more of the Agreement or covenants or portions thereof required by the 2013 Installment Sale Agreement to be performed by or on the part of the Authority or the City shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the 2013 Installment Sale Agreement. The Authority and the City declare that they would have executed the 2013 Installment Sale Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase of the 2013 Installment Sale Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases of the 2013 Installment Sale Agreement or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Assignment. The 2013 Installment Sale Agreement and any rights under the 2013 Installment Sale Agreement shall be assigned by the Authority to the Trustee as provided in the Trust Agreement; to which assignment the City expressly acknowledges and consents. Any other assignment without the consent of the Trustee and the Insurer shall be void.

Net Contract. The 2013 Installment Sale Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term of the 2013 Installment Sale Agreement the 2013 Installment Sale Payments and all other payments required under the 2013 Installment Sale Agreement, free of any deductions and without abatement, diminution or set-off whatsoever.

California Law. The 2013 Installment Sale Agreement shall be construed and governed in accordance with the laws of the State of California.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF RIVERSIDE

The following information regarding the City is presented for informational purposes only. The Certificates do not constitute a general obligation debt of the City, and the City has not pledged its full faith and credit to the repayment of the Certificates. Neither the General Fund nor the taxing power of the City, the County of Riverside, the State of California, or any political subdivision of the State of California is pledged to the payment of the Installment Sale Payments or the Certificates. The Certificates are payable solely from the sources described in the Official Statement. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” and “MEASURE A REVENUES; MEASURE A RECEIPTS” herein.

General

The City of Riverside, California (the “City”), is the county seat of Riverside County, California (the “County”), and is located in the western portion of the County approximately 60 miles east of downtown Los Angeles and approximately 90 miles north of the City of San Diego. Located within 10 miles of the City are the cities of San Bernardino, Loma Linda, Corona, Norco, Fontana, Ontario, Rialto, Colton, Moreno Valley, and Redlands, among others. These cities and the City are located in the Counties of Riverside and San Bernardino and comprise the Riverside-San Bernardino Primary Metropolitan Statistical Area (the “PMSA”). The Riverside-San Bernardino PMSA represents a significant economic area of the State of California (the “State”) and of Southern California. The Riverside-San Bernardino PMSA is located to the west and south, respectively, of the strategic San Gorgonio and Cajon Passes, from which three transcontinental railroads and interstate highways converge to connect the Los Angeles metropolitan area with the other areas of the nation. The City is situated in close proximity to the metropolitan centers of Los Angeles and Orange Counties.

The County and San Bernardino County collectively cover approximately 27,400 square miles. As of January 1, 2011, according to the California Employment Development Department, the County had a population of approximately 2,226,552 and San Bernardino County had a population of approximately 2,059,630. With a population of approximately 4.3 million, the Riverside-San Bernardino-Ontario Metropolitan Statistical Area ranks as one of the largest Metropolitan Statistical Areas in the United States.

Municipal Government

The City was incorporated in 1883 and covers approximately 81.5 square miles. The City is a charter city and has a council-manager form of government with a seven-member council (the “City Council”) being elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the City Council, but does not have a vote except in case of a tie. The position of City Manager is filled by appointment of the City Council to serve as administrator of the staff and to carry out the policies of the City Council.

Functions of the City government are carried out by approximately 2,693 full time equivalent (“FTE”) personnel. The City operates and maintains sewer, water, and electrical systems. Other City services include diversified recreation programs, police, fire, airport, parks, a museum, and libraries.

Population

As of January 1, 2012, the population of the City was approximately 308,511, an increase of approximately 0.8% over the estimated population of the City in calendar year 2011. The following table presents population data for both the City and County through January 1, 2012.

Population of City and County (1950 through 2012)

<u>Year</u>	<u>City of Riverside</u>	<u>Riverside County</u>
1950	46,764	170,046
1960	84,332	306,191
1970	140,089	459,074
1980	165,087	663,923
1990	226,505	1,170,413
2000	255,166	1,545,387
2010	302,597	2,179,692
2011	306,069	2,205,731
2012	308,511	2,227,577

Source: City (based on U.S. Census for 1950 through 2010 data; based on California Department of Finance (Demographic Research Unit) for 2011 through 2012 data).

Labor Force and Employment

The following table presents the labor force, employment, and unemployment data, as well as the average distribution of employment in various wage and salary categories, for the Riverside-San Bernardino PMSA for calendar years 2007 through 2011.

Riverside-San Bernardino Primary Metropolitan Statistical Area Labor Force, Employment, Unemployment, and Average Employment by Category (2007 through 2011)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Civilian Labor Force ⁽¹⁾	1,766,900	1,776,000	1,774,800	1,798,200	1,799,000
Employment	1,664,000	1,629,500	1,541,300	1,540,500	1,557,800
Unemployment	102,900	146,500	233,500	257,700	241,200
Unemployment Rate	5.8%	8.3%	13.2%	14.3%	13.4%
Wage and Salary Employment: ⁽²⁾					
Agriculture	16,400	15,900	14,900	15,000	14,900
Mining and Logging	1,300	1,200	1,100	1,000	1,000
Construction	112,500	90,700	67,900	59,700	58,700
Manufacturing	118,500	106,900	88,800	85,100	85,800
Wholesale Trade	56,800	54,100	48,900	48,600	49,400
Retail Trade	175,600	168,600	156,200	155,500	157,200
Transportation, Warehousing and Utilities	69,500	70,200	66,800	66,600	68,500
Information	15,400	14,900	15,100	15,800	15,000
Finance and Insurance	30,300	27,400	26,000	25,500	25,000
Real Estate and Rental and Leasing	19,500	18,700	16,600	15,500	14,200
Professional and Business Services	145,200	137,700	124,300	123,400	126,100
Educational and Health Services	127,200	131,800	133,600	133,800	137,900
Leisure and Hospitality	132,600	131,000	123,800	122,800	124,300
Other Services	41,200	40,800	37,300	38,200	39,300
Federal Government	19,400	19,600	20,600	22,700	21,200
State Government	28,700	29,600	29,800	29,300	29,100
Local Government	177,200	180,700	178,100	182,300	177,000
Total All Industries	1,287,300	1,239,700	1,149,700	1,140,900	1,144,600

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: City (based on State of California Employment Development Department data).

Major Employers

The following table describes the 10 largest employers within the City as of June 30, 2012.

City of Riverside Top Ten Employers (as of June 30, 2012)

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total City-wide Employment</u>
County of Riverside	11,187	7.8%
Riverside Unified School District	5,580	3.9
University of California Riverside	5,554	3.9
Kaiser Permanente	4,500	3.1
City of Riverside	2,693	1.9
Riverside Community College District	2,087	1.4
Riverside Community Hospital	1,880	1.3
Alvord Unified School District	1,654	1.1
Riverside County Office of Education	1,627	1.1
Parkview Community Hospital	<u>1,350</u>	<u>0.9</u>
Total	38,112	26.5%

Source: City.

Property Taxes

General. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the County assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over other liens (except certain federal claims) on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Property Tax Collection Procedures. In the County, property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll becomes tax delinquent on June 30. Such property may thereafter be prepaid by payment of the delinquent taxes plus the delinquency penalty, plus a prepayment penalty of one and one-half percent per month to the time of prepayment. If taxes remain unpaid for a period of five years or more, the property is subject to sale by the Riverside County Tax Collector.

In the County, property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the office of the Riverside County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (3) filing a certificate of delinquency for record in the Riverside County Recorder’s office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements, or possessory interests belonging or assessed to the taxpayer.

County Teeter Plan. The County has adopted the Teeter Plan pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code (the “Teeter Plan”). The Teeter Plan permits counties to use a method of apportioning taxes whereby all local agencies, including cities, receive from such counties 100% of their respective share of the amount of secured *ad valorem* taxes levied, without regard to actual collections of the taxes levied. So long as the Teeter Plan is continued within the County, participating local agencies within the County are, in effect, guaranteed the full amount of their respective share of the amount of secured *ad valorem* property taxes levied. Historically, the City has not participated in the Teeter Plan. Consequently, property tax collections allocated to the City, as described below, reflect actual collections for the applicable fiscal years. On May 28, 2013, the City Council adopted Resolution No. 22531 authorizing the City to request the Riverside County Board of Supervisors to authorize acceptance of the City into the County’s Teeter Plan. As of the date of this Official Statement, however, the City has not been accepted into the County’s Teeter Plan.

Property Tax Levies and Collections. The following table details the City’s property tax levies and collections for fiscal years 2002-03 through 2011-12.

**City of Riverside
Property Tax Levies and Collections
(Fiscal Years 2002-03 through 2011-12)**

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Current Tax Collections ⁽²⁾</u>	<u>Percentage of Total Tax Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Tax Collections as of June 30, 2012</u>	<u>Percentage of Total Tax Levy Collected as of June 30, 2012</u>
2002-03	\$25,809,000	\$25,479,000	98.72%	\$ 318,000	\$25,797,000	99.95%
2003-04	31,829,000	31,429,000	98.74	376,000	31,805,000	99.93
2004-05	36,825,000	36,332,000	98.66	469,000	36,801,000	99.94
2005-06	52,532,000	51,815,000	98.64	681,000	52,496,000	99.93
2006-07	69,246,000	67,046,000	96.82	2,141,000	69,187,000	99.91
2007-08	83,996,000	82,345,000	98.03	1,556,000	83,901,000	99.89
2008-09	86,251,000	84,134,000	97.55	1,939,000	86,073,000	99.79
2009-10	77,228,000	74,491,000	96.46	2,476,000	76,967,000	99.66
2010-11	74,608,000	72,327,000	96.94	1,842,000	74,169,000	99.41
2011-12 ⁽³⁾	46,059,000	45,379,000	98.52	0	45,379,000	98.52

(1) Includes collection of property tax revenue allocated to the City’s Redevelopment Agency (the “RDA”) prior to the RDA’s dissolution. The amounts collected by the RDA include monies that were passed-through to other State agencies. Current tax levies are the original charge as provided by the County

(2) Collected in the year of levy; does not include supplemental taxes, aircraft taxes, or other property taxes.

(3) The reduction in the City’s property tax levy in fiscal year 2011-12 resulted primarily from the dissolution of the City’s Redevelopment Agency pursuant to ABx1 26.

Source: City.

Assessed Property Values

The following table details the assessed value of the secured and unsecured real property within the City for fiscal years 2001-02 through 2011-12.

City of Riverside Assessed Value of Taxable Property (Fiscal Years 2001-02 through 2011-2012)

<u>Fiscal Year</u>	<u>Assessed Value of Secured Real Property</u>	<u>Assessed Value of Unsecured Real Property</u>	<u>Less: Exemptions ⁽¹⁾</u>	<u>Total Assessed Value</u>
2001-02	\$12,103,179,000	\$ 799,322,000	\$(2,239,115,000)	\$10,773,387,000
2002-03	13,071,415,000	980,529,000	(2,406,961,000)	11,644,984,000
2003-04	14,188,658,000	845,858,000	(2,526,503,000)	12,508,013,000
2004-05	15,540,982,000	951,211,000	(2,751,844,000)	13,740,349,000
2005-06	17,557,341,000	1,058,995,000	(4,002,177,000)	14,614,159,000
2006-07	20,672,126,000	1,140,891,000	(5,417,388,000)	16,395,629,000
2007-08	23,618,776,000	1,291,972,000	(6,960,666,000)	17,950,082,000
2008-09	24,428,633,000	1,330,053,000	(7,515,667,000)	18,243,019,000
2009-10	22,644,262,000	1,299,353,000	(7,103,040,000)	16,840,575,000
2010-11	22,056,793,000	1,260,923,000	(6,920,720,000)	16,396,996,000
2011-12	22,031,328,000	1,264,151,000	(6,952,649,000)	16,342,830,000

(1) Includes homeowner, governmental, and non-profit exemptions.

Source: City of Riverside Comprehensive Annual Financial Report for Fiscal Year 2011-12.

Principal Taxpayers

The following table lists the top ten property taxpayers in the City as of June 30, 2012.

City of Riverside Top Ten Property Taxpayers (as of June 30, 2012)

<u>Taxpayer</u>	<u>Taxable Assessed Value of Secured Real Property</u>	<u>Percentage of Total Taxable Assessed Value</u>
Tyler Mall	\$186,759,000	0.8%
Tyler Mall	126,273,000	0.6
La Sierra University	107,935,000	0.5
Riverside Healthcare System	88,078,000	0.4
State Street Bank and Trust Co. of California	86,512,000	0.4
Rohr Inc.	76,314,000	0.3
Press Enterprise	74,739,000	0.3
JSP Corona Pointe, LLC	69,300,000	0.3
BRE Properties	67,991,000	0.3
Canyon Springs Marketplace Corp	<u>67,343,000</u>	<u>0.3</u>
Riverside Plaza	\$951,244,000	4.3%

Source: City of Riverside Comprehensive Annual Financial Report for Fiscal Year 2011-12.

Direct and Overlapping Debt

The ability of property owners within the City to pay property tax installments may be affected by the existence of other taxes and assessments imposed upon the applicable property. The following table described the direct and overlapping bonded debt applicable to the property within the City as of April 1, 2013.

City of Riverside Direct and Overlapping Bonded Debt (As of April 1, 2013)

2012-13 Assessed Valuation: \$22,561,900,077
 Redevelopment Incremental Valuation: 5,818,541,878
 Adjusted Assessed Valuation: \$16,743,358,199

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/13</u>
Metropolitan Water District	1.074%	\$ 1,773,013
Riverside City Community College District	30.024	68,863,740
Alvord Unified School District	70.989	144,083,501
Riverside Unified School District	86.884	124,513,460
Corona-Norco Unified School District	0.001	2,673
Jurupa Unified School District	0.002	981
Moreno Valley Unified School District	12.787	5,051,955
City of Riverside	100.	15,135,000
Alvord Unified School District Community Facilities District No. 2006-1	79.771	6,505,325
Riverside Unified School District Community Facilities Districts	89.192 -100.	85,545,309
City of Riverside Community Facilities Districts	100.	12,235,000
City of Riverside 1915 Act Bonds	100.	<u>27,865,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$491,574,957
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	11.188%	\$ 72,756,682
Riverside County Pension Obligations	11.188	38,798,865
Riverside County Board of Education Certificates of Participation	11.188	436,332
Alvord Unified School District Certificates of Participation	70.989	1,438,990
Corona Norco Unified School District Certificates of Participation	0.001	300
Jurupa Unified School District Certificates of Participation	0.002	137
Moreno Valley Unified School District Certificates of Participation	12.787	2,376,464
Riverside Unified School District General Fund Obligations	86.884	10,934,351
City of Riverside General Fund Obligations	100.	204,082,442
City of Riverside Pension Obligations	100.	127,480,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$458,304,563
Less: Riverside County self-supporting obligations		<u>1,304,266</u>
		\$457,000,297
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		
		\$267,653,578
 GROSS COMBINED TOTAL DEBT		\$1,217,533,098 (1)
NET COMBINED TOTAL DEBT		\$1,216,228,832

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2012-13 Assessed Valuation:

Direct Debt (\$15,135,000)0.07%
 Total Direct and Overlapping Tax and Assessment Debt2.18%
Combined Direct Debt (\$346,697,442)1.54%
 Gross Combined Total Debt5.40%
 Net Combined Total Debt.....5.39%

Ratios to Redevelopment Incremental Valuation (\$5,818,541,878):

Total Overlapping Tax Increment Debt 4.60%

Source: California Municipal Statistics, Inc.

Taxable Retail Sales

Consumer spending in calendar year 2011 resulted in approximately \$4,019,127,000 in taxable sales in the City. The following table describes the taxable sales in the City for each type of business for calendar year 2011.

City of Riverside Taxable Retail Sales Calendar Year 2011

Retail and Food Services:	
Motor Vehicle and Parts Dealers	\$ 887,001,000
Home Furnishings and Appliance Stores	137,320,000
Building Materials and Garden Equipment and Supplies	214,677,000
Food and Beverage Stores	188,834,000
Gasoline Stations	414,819,000
Clothing and Clothing Accessories Stores	228,574,000
General Merchandise Stores	400,316,000
Food Services and Drinking Places	386,135,000
Other Retail Group	<u>286,862,000</u>
Total Retail and Food Services	\$3,144,537,000
All Other Outlets	<u>874,589,000</u>
Total All Outlets ⁽¹⁾	\$4,019,127,000

(1) Totals may not add due to rounding.

Source: California State Board of Equalization.

Building Activity

The following table summarizes building permit valuations and number of new single-family and multifamily residential units constructed in the City during the fiscal years 2007-08 through 2011-12.

City of Riverside Building Activity Valuations and New Residential Construction (Fiscal Years 2007-08 through 2011-12) (000's)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
<u>Permit Valuation</u>					
New Single-family	\$23,168	\$15,420	\$27,882	\$ 8,311	\$15,590
New Multi-family	24,410	1,711	23,278	26,764	24,644
Residential Alterations/Additions	<u>16,864</u>	<u>6,812</u>	<u>7,603</u>	<u>8,298</u>	<u>7,565</u>
Total Residential ⁽¹⁾	\$64,444	\$23,944	\$58,764	\$43,372	\$47,800
New Commercial/Industrial	\$ 68,934	\$16,667	\$42,753	\$30,952	\$31,720
New Other	11,023	7,370	9,051	5,703	63,098
Com. Alterations/Additions	<u>59,695</u>	<u>21,845</u>	<u>35,463</u>	<u>56,555</u>	<u>50,458</u>
Total Nonresidential ⁽¹⁾	\$139,655	\$45,883	\$87,268	\$93,210	\$145,276
<u>New Dwelling Units</u>					
Single Family	69	56	107	43	62
Multiple Family	<u>216</u>	<u>23</u>	<u>266</u>	<u>236</u>	<u>216</u>
Total New Dwellings ⁽¹⁾	285	79	373	279	278

(1) Totals may not add due to rounding.

Source: City.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

PROPOSED FORM OF SPECIAL COUNSEL OPINION

Upon execution and delivery of the Certificates, Orrick, Herrington & Sutcliffe LLP, Special Counsel to the City, proposes to render their final approving opinion with respect thereto in substantially the following form:

[Date of Delivery]

City of Riverside
Riverside, California

Riverside Public Financing Authority
Local Measure A Sales Tax Revenue (Installment Sale)
Certificates of Participation, Series 2013
(Riverside Pavement Rehabilitation Project)
(Final Opinion)

Ladies and Gentlemen:

We have acted as special counsel to the City of Riverside, California (the “City”) in connection with the execution and delivery of Riverside Public Financing Authority Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013 (Riverside Pavement Rehabilitation Project), evidencing principal in the aggregate amount of \$35,235,000 (the “Certificates”). In such connection, we have reviewed the Installment Sale Agreement, dated as of July 1, 2013 (the “Installment Sale Agreement”), between the City and the Riverside Public Financing Authority (the “Authority”), the Trust Agreement, dated as of July 1, 2013 (the “Trust Agreement”), among the Authority, the City and U.S. Bank National Association, as trustee (the “Trustee”), the Tax Certificate, dated the date hereof (the “Tax Certificate”), opinions of counsel to the City, the Authority, the Trustee and others, certificates of the City, the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Installment Sale Agreement and the Trust Agreement.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including a default judgment rendered on April 30, 2013, by the Superior Court of the State of California for the County of Riverside in the action entitled *City of Riverside v. All Persons Interested in the Matter, etc.*, Case No. RIC 1301991, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Certificates has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the first paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Installment Sale Agreement, the Trust Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary

to assure that future actions, omissions or events will not cause interest on the Installment Sale Payments evidenced by the Certificates to be included in gross income for federal income tax purposes.

In addition, we call attention to the fact that the rights and obligations under the Certificates, the Installment Sale Agreement, the Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public entities such as cities in the State of California. We express no opinion with respect to the enforceability of any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), arbitration, judicial reference, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Installment Sale Agreement or the accuracy or sufficiency of the description contained therein of any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Certificates and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Installment Sale Agreement and the Trust Agreement have been duly executed and delivered by, and constitute the valid and binding obligations of, the City.
2. The obligation of the City to pay the Installment Sale Payments, and the interest thereon, and other payments required to be made by it under the Installment Sale Agreement is a special obligation of said City payable, in the manner provided in the Installment Sale Agreement, solely from Revenues and other funds provided for in the Installment Sale Agreement lawfully available therefor.
3. Assuming due authorization, execution and delivery of the Trust Agreement and the Certificates by the Trustee, the Certificates are entitled to the benefits of the Trust Agreement.
4. Interest on the Installment Sale Payments paid by the City under the Installment Sale Agreement and received by the registered owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the accrual or receipt of such interest or the ownership or disposition of the Certificates.

Faithfully yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Riverside (the “City”) in connection with the execution and delivery of the Riverside Public Financing Authority Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013 (Riverside Pavement Rehabilitation Project), in an aggregate principal amount of \$35,235,000 (the “Certificates”). The Certificates are being executed and delivered U.S. Bank National Association, as trustee (the “Trustee”), pursuant to the provisions of that certain Trust Agreement, dated as of July 1, 2013 (the “Trust Agreement”), by and among the Riverside Public Financing Authority (the “Authority”), the Trustee, and the City, in order to provide funds to finance the acquisition, construction, and improvement of certain public improvements within the jurisdiction of the City. The City hereby certifies, covenants, and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and in the 2013 Installment Sale Agreement, dated as of July 1, 2013 (the “2013 Installment Sale Agreement”), by and between the Authority and the City, which apply to any capitalized terms used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” shall mean the date in each year that is nine (9) months after the end of the City’s fiscal year, the end of which, as of the date of this Disclosure Certificate, is June 30.

“*Certificate Insurer*” shall mean Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof.

“*Dissemination Agent*” shall mean any Dissemination Agent designated in writing by the City and which has filed a written acceptance of such designation with the City. If no Dissemination Agent is designated by the City, the City shall serve as the Dissemination Agent.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Official Statement*” means the Official Statement dated June 27, 2013, relating to the Certificates.

“*Participating Underwriter*” shall mean E. J. De La Rosa & Co., Inc., the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

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

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2014, provide to MSRB and the Certificate Insurer an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 calendar days prior to said date, the City shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the City. The Annual Report must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as is prescribed by MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If the City is unable to provide to MSRB an Annual Report by the date required in subsection (a), the City shall send to MSRB a notice in substantially the form attached as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to MSRB and the Certificate Insurer by the date required in subsection (a); and
2. file a report with the City and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Certificate and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City, which include information regarding the funds and accounts of the City, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City and the Certificates for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for such fiscal year described in subsection (a) above:

1. Principal amount of the Certificates outstanding (including principal amount and years of maturity of Certificates, if any, called for prepayment in advance of

maturity) and any bonds or certificates of participation issued or executed and delivered, as applicable, to refund the same.

2. Balance in the funds and accounts established under the Trust Agreement or the 2013 Installment Sale Agreement.
3. If the amount on deposit in the Reserve Fund is not equal to the Reserve Fund Requirement, the amount of the delinquency or surplus, as applicable.
4. A description of the status of construction of the City's Project, including (i) a description of any land use entitlements acquired or amended with respect to any portion of the Project during the period covered by the Annual Report, and (ii) any previously undisclosed legislative, administrative, or judicial challenges to the development of the Project, if material.
5. Updated information set forth in the table of the Official Statement entitled "Portion of 1988 Sales Tax Revenues and Measure A Revenues Historically Allocated to the City of Riverside."
6. Any material changes to the City's allocation of Measure A Receipts or with respect to its expectations with regard to the anticipated or projected Measure A Receipts.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, that are available to the public on MSRB's Internet Web site or filed with the SEC. If the document included by reference is a final official statement, it must be available from MSRB. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, not in excess of ten business days after the occurrence of any of the following events, notice of the occurrence of such event with respect to the Certificates:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of any credit or liquidity providers, or their failure to perform.
6. 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 security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Certificate calls, if material, and tender offers.

9. Defeasances.
10. Release, substitution, or sale of property securing repayments of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the City or the Authority [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City or the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City or the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City or the Authority].
13. Consummation of a merger, consolidation, or acquisition involving the City or the Authority or the sale of all or substantially all of the assets of the City or the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), or (a)(14) above, the City shall as soon as possible determine if such event would be material under applicable federal securities laws. If the City determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the City shall file a notice of such occurrence with MSRB, with a copy to the Trustee, the Certificate Insurer, and the Participating Underwriter, within ten business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) Within ten business days after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), or (a)(14) above), the City shall file a notice of such occurrence with MSRB, with a copy to the Trustee, the Certificate Insurer, and the Participating Underwriter. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

Section 6. Termination of Reporting Obligation. The obligations of the City specified in this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment, or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If

at any time there is not any other designated Dissemination Agent, the City shall act as Dissemination Agent. The initial Dissemination Agent shall be the City.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City 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 annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of the City or nationally recognized bond counsel, materially impair the interest of Certificates owners.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to MSRB.

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

Section 10. Default. In the event of a failure of the City to comply with any provisions of this Disclosure Certificate any Participating Underwriter or any holder or beneficial owner of the Certificates, or the Trustee on behalf of the holders of the Certificates, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate

shall not be deemed a default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. 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 City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, 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 City under this Section shall survive resignation or removal of the Dissemination Agent (if other than the City) and payment of the Certificates. The Dissemination Agent (if other than the City) shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the City pursuant to this Disclosure Certificate. The City shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

[Remainder of Page Intentionally Left Blank]

Date: [Closing Date]

CITY OF RIVERSIDE

By: _____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Riverside

Name of Certificates: Riverside Public Financing Authority
Local Measure A Sales Tax Revenue (Installment Sale)
Certificates of Participation, Series 2013
(Riverside Pavement Rehabilitation Project)

Date of Execution and Delivery: [Closing Date]

NOTICE IS HEREBY GIVEN that the City of Riverside, California (the "City"), has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate, dated [Closing Date]. The City anticipates that the Annual Report will be filed by ____.

Dated: ____

CITY OF RIVERSIDE

By: _____
Authorized Signatory

APPENDIX E

DESCRIPTION OF PROJECT

The Project is expected to include the rehabilitation of public arterial and local roads in accordance with Measure A funding requirements established by the Commission. The streets that comprise the initial Project components, including arterial and local roads, are listed below.

LOCAL STREETS			
ROAD NAME	FROM	TO	MILES
KNOLL	MULBERRY	W. LA CADENA	0.129
MARSH	MULBERRY	MULBERRY	0.153
MULBERRY	SPRING GARDEN	END OF STREET	0.000
SPRING GARDEN	MULBERRY	END OF STREET	0.088
DIANA AV	POLK ST	TYLER ST	0.521
BONITA	TYLER ST	END OF STREET	0.227
CLARA VISTA	TYLER ST	END OF STREET	0.095
MARIPOSA AV	BONITA AV	THOMPSON WY	0.158
SELKIRK AV	TYLER ST	THOMPSON WY	0.196
THOMPSON WY	SELKIRK AV	MARIPOSA AV	0.079
BUFFALO DR	END OF STREET	SPRINGFIELD ST	0.114
COOLWATER DR	YEARLING ST	ARLINGTON AV	0.183
PLATTE DR	SPRINGFIELD ST	END OF STREET	0.120
SPRINGFIELD ST	SWEETWATER DR	YUCCA DR	0.154
YEARLING ST	YUCCA DR	CADBURY DR	0.107
YUCCA DR	SPRINGFIELD ST	YEARLING ST	0.128
AGNES PL	REXFORD DR	END OF STREET	0.074
REXFORD DR	ROCHESTER	DEWEY ST	0.408
ADELAIDE CT	END OF STREET	FAIRCHILD DR	0.064
FAIRCHILD DR	JANE ST	MOLLY ST	0.103
MOLLY ST	LINCOLN AV	END OF STREET	0.220
COMMERCE ST	MISSION INN BL	THIRD ST	0.304
COTTAGE ST	VICTORIA AV	PARK AV	0.205
DENTON ST	VICTORIA AV	COMMERCE ST	0.387
GROVE AV	DATE ST	CRIDGE ST	0.096
RED ROCK AV	NOBLE ST	END OF STREET	0.133
PICKER ST	CYPRESS AV	END OF STREET	0.043

ESSEX ST	CENTRAL AV	MAYBELLE ST	0.306
MOUNTAIN VIEW AV	JURUPA AV	HILLSIDE AV	0.641
EUREKA DR	TYLER ST	TAFORAN DR	0.115
MENDOCINO DR	TANFORAN DR	LEUCADIA LN	0.095
PRESIDIO CR	MENDOCINO DR	END OF STREET	0.044
TANFORAN DR	EUREKA DR	MENDOCINO DR	0.162
TORONTO RD	COPENHAGEN RD	END OF STREET	0.180
AMSTERDAM DR	TORONTO RD	MONROE ST	0.289
STRASBOURG DR	TOTONTO RD	COPENHAGEN RD	0.204
COPENHAGEN RD	STRASBOURG DR	TORONTO RD	0.204
COPENHAGEN RD	COPENHAGEN RD	MONROE ST	0.052
BURGE ST	MAGNOLIA AV	STARLIGHT CT	0.236
MERCER AV	BURGE ST	JONES AV	0.198
KLOIBER ST	BURGE AV	REDONDO ST	0.144
CARRICK ST	KLOIBER ST	COCHRAN AV	0.146
REDONDO ST	KLOIBER ST	COCHRAN AV	0.155
STARLIGHT CT	BURGE AV	SKOFSTAD ST	0.115
FOOTE CT	CARRICK ST	END OF STREET	0.023
FOOTE CT	SKOFSTAD ST	FURLONG ST	0.057
FURLONG ST	FOOTE CT	END OF STREET	0.038
FRUITWOOD DR	GALLION CR	INWOOD DR	0.104
GALLION CR	FRUITWOOD DR	FLEETWOOD DR	0.207
GRANMERE CT	FRUITWOOD DR	END OF STREET	0.115
ALITE WY	HARTFORD CT	GALLION CR	0.049
HARTFORD CT	FLEETWOOD DR	END OF STREET	0.203
FLEETWOOD DR	DELLWOOD DR	INGLEWOOD CT	0.159
INGLEWOOD CT	FILLMORE ST	END OF STREET	0.095
INWOOD DR	FILLMORE ST	SAYWARD CR	0.337
DELLWOOD DR	FILLMORE ST	160' EAST OF RAINFOREST DR	0.170
GALVESTON DR	GRAMERCY PL	STILLWELL DR	0.055
STILLWELL DR	DUNLOP DR	GALVESTON DR	0.080
GRIDLEY WY	GALVESTON DR	END OF STREET	0.110
TATE CT	MICHELIN DR	END OF STREET	0.035
MICHELIN DR	DUNLOP DR	GRIDLEY WY	0.099
DAWN DR	GOLDEN AVE	DUNLOP DR	0.054

DUNLOP DR (1/2 WAY TO DAWN)	STILLWELL DR	DAWN DR	0.104
STOCKTON COURT	LINCOLN AV	END OF STREET	0.099
WILBUR ST	INDIANA AV	END OF STREET	0.032
DONALD AV	INDIANA AV	END OF STREET	0.031
SIDNEY ST	INDIANA AV	END OF STREET	0.032
SIERRA VISTA AV	GRAMERCY PL	END OF STREET	0.338
BERTELLA WY	PEACOCK LN	SIERRA VISTA AV	0.064
ORION ST	PEACOCK LN	END OF STREET	0.235
AINSDALE WY	SIERRA GLEN DR	CIRCLE VIEW DR	0.053
ANN ARBOR CT	CIRCLE VIEW DR	END OF STREET	0.091
FORDHAM PL	CIRCLE VIEW DR	END OF STREET	0.109
CIRCLE VIEW DR	AINSDALE WY	CREIGHTON ST	0.268
VALIANT ST	COLLEGE AV	END OF STREET	0.057
VALIANT ST	COLLEGE AV	PEACOCK LN	0.056
COLLEGE AV	AINSDALE WY	CREIGHTON ST	0.272
CREIGHTON ST	PEACOCK LN	END OF STREET	0.263
PEACOCK LN	GRAMERCY PL	SIERRA GLEN DR	0.36
CAMPUS VIEW DR	BLAINE ST	SANTA CRUZ DR	0.66
CELESTE DR	CAMPUS VIEW DR	BLAINE ST	0.191
MARAVILLA DR	CAMPUS VIEW DR	VALENCIA HILL DR	0.232
BAHIA PL	CAMPUS VIEW DR	END OF STREET	0.027
DONDER CT	CAMPUS VIEW DR	END OF STREET	0.063
VALENCIA HILL DR	CAMPUS VIEW DR	BLAINE ST	0.173
SANDY GROVE DR	VALENCIA HILL DR	SOMIS DR	0.051
SOMIS DR	SANDY GROVE DR	MARAVILLA DR	0.067
MARAVILLA DR	SOMIS DR	SANTA CRUZ DR	0.050
SANTA CRUZ DR	CAMPUS VIEW DR	MARAVILLA DR	0.120
SHANDY GROVE DR	SANTA CRUZ DR	MT VERNON AV	0.151
GRAMPION RD	SHADY GROVE DR	BLAINE ST	0.132
INVERNESS ST	SHADY GROVE DR	BLAINE ST	0.132
Additional Local Roads to be identified for improvement in FY 13/14			4.00
Additional local Roads to be identified for improvement in FY 14/15			8.00
TOTAL ESTIMATED LOCAL MILES			26.283

ARTERIAL ROADS			
ROAD	FROM	TO	MILES
JACKSON ST	CALIFORNIA AV	VAN BUREN BL	1.030
JACKSON ST	INDIANA AV	LINCOLN AV	0.520
COLE AV	VAN BUREN BL	KRAMERIA AV	0.590
LA SIERRA AV	COCHRAN AV	SCHUYLER AV	0.710
TRAUTWEIN RD	ALESSANDRO BL	VAN BUREN BL	2.630
MISSION GROVE PK	CANYON CREST	ALESSANDRO BL	1.880
CANYON SPRINGS PK	EASTRIDGE AF	DAY ST	1.270
MAGNOLIA AV	14TH ST	WESTERLY CITY LIMITS	9.300
MONROE ST	ARLINGTON AV	LINCOLN AV	2.470
LINCOLN AV	VICTORIA AV	MARY ST	1.180
MAIN ST	SR60 FWY	COLUMBIA AV	0.700
ADAMS ST	MAGNOLIA AV	ARLINGTON AV	1.080
SPRUCE ST	CHICAGO AV	RUSTIN AV	0.740
LIME ST	UNIVERSITY AV	3RD ST	0.390
TOTAL ESTIMATED ARTERIAL MILES			24.490
TOTAL ESTIMATED MILES			50.773

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

APPENDIX G

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.:

BONDS:

Effective Date:

Premium: \$

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 826-0100