

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

DATE:	October 13, 2010
TO:	Riverside County Transportation Commission
FROM:	Theresia Trevino, Chief Financial Officer
THROUGH:	Anne Mayer, Executive Director
SUBJECT:	Sales Tax Revenue Bonds

STAFF RECOMMENDATION:

This item is for the Commission to:

- 1) Receive and file the presentation regarding the issuance of the 2010 Series A (Tax-Exempt) and Series B (Taxable Build America Bonds) Sales Tax Revenue Bonds (2010 Bonds);
- 2) Adopt Resolution No. 10-030, *"Resolution Authorizing the Issuance and Sale of Not to Exceed \$150,000,000 Aggregate Principal Amount of Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) in One or More Series, the Execution and Delivery of a Third Supplemental Indenture, a Purchase Contract, an Official Statement and Continuing Disclosure Agreement, and the Taking of All Other Actions Necessary in Connection Therewith"*;
- 3) Approve the draft Official Statement for the issuance of \$150 million in 2010 Series A and Series B Sales Tax Revenue Bonds and authorize the Executive Director to approve and execute the printing and distribution of the Official Statement;
- 4) Approve the draft Third Supplemental Indenture between the Riverside County Transportation Commission and U.S. Bank National Association, as Trustee, and authorize the Executive Director to approve and execute the final Third Supplemental Indenture;
- 5) Approve the draft Bond Purchase Agreement between the Riverside County Transportation Commission and Barclays Capital Inc. (Barclays), as Underwriter Representative acting on behalf of itself and E.J. De La Rosa & Co. Inc. (De La Rosa), (collectively the Underwriters), and authorize the Executive Director to approve and execute the final Bond Purchase Agreement;
- 6) Approve the revised Debt Management Policy; and
- 7) Approve the estimated costs of issuance to be paid from the bond proceeds and execution of related agreements, as required.

BACKGROUND INFORMATION:

At its September 8 meeting, the Commission received an overview of the proposed issuance of sales tax revenue bonds and the various structuring considerations being evaluated such as the type of bonds, term of bonds, debt service structure, and call features. Drafts of the various financing documents were also provided for an initial review.

The purpose for the proposed issuance of the 2010 bonds in an amount not to exceed \$150 million is threefold:

- To retire all or a portion of the \$103,284,000 of outstanding commercial paper notes;
- To pay a portion of the costs related to Measure A projects; and
- To pay the costs of issuance.

The financing team has continued to analyze the various structuring considerations and review and revise the various financing documents. Additionally, First Vice Chair Greg Pettis, Executive Director Anne Mayer, Chief Financial Officer Theresia Trevino, Toll Projects Director Michael Blomquist, and certain members of the finance team participated in presentations to the three rating agencies – Standard & Poor’s, Fitch Ratings, and Moody’s Investors Service. These meetings were held in New York on September 27-28. The team also met with representatives of JPMorgan Chase Bank, the liquidity provider for the 2009 variable rate sales tax revenue bonds, to provide an update on the Commission. A summary of these meetings is included as an attachment. The financing team expects that the rating agencies will confirm the strong credit ratings on the Commission’s outstanding bonds; an update on any ratings received will be provided at the Commission meeting.

Plan of Finance

Based on the need for additional financing capacity in the commercial paper program and for additional funds to finance 2009 Measure A project costs, staff has prepared a plan of finance with the assistance of its financing team to issue \$150 million of sales tax revenue bonds. The combination of the commercial paper program maximum debt capacity of \$120 million, the outstanding 2009 Bonds, and the proposed 2010 Bonds will not exceed the \$500 million debt limitation currently specified in the 2009 Measure A.

The 2010 Bonds are proposed to be issued as fixed rate, long-term sales tax revenue bonds with a 29-year maturity through June 2039. The bonds will be repaid solely from 2009 Measure A sales tax revenues and will be issued as a hybrid structure with tax-exempt and taxable bonds.

The taxable bonds would be issued as part of the Build America Bonds (BABs) program established under the American Recovery and Reinvestment Act of 2009 (ARRA). The policy goal of the BABs program was to provide municipalities a cost-effective financing alternative to tax-exempt bonds as a result of a subsidy on the bond interest rate provided by the federal government to the Commission. The subsidy level for most BABs is 35% of the interest cost.

A component of the BABs program is Recovery Zone Economic Development Bonds (RZEDBs) to promote job creation and economic recovery in areas particularly affected by employment decline. RZEDBs are limited in total principal amount, with the authority to issue allocated under regulations developed by the Internal Revenue Service (IRS). The county of Riverside (County) received an allocation of \$49,501,000 and declared the entire County as a recovery zone. It waived \$44,801,000 of its allocation. Following the September 8 Commission meeting, the financing team contacted the County's Economic Development Agency (EDA) and the California Debt Limit Allocation Committee (CDLAC) staff regarding this waived bond allocation. An application was prepared and submitted on the deadline of September 9. This was an intensive 24-hour effort by all members of the financing team and the County EDA. A recommendation was made by CDLAC staff to allocate the \$44,801,000 back to the County for use by the Commission as issuer of the RZEDBs for its Measure A projects. On September 22, the CDLAC approved the allocation. This is an important achievement as the RZEDBs have a 45% issuer subsidy, compared with the typical 35% subsidy, which will decrease the cost of the 2010 Bonds to the Commission.

The financing team is continuously monitoring the BABs market as the economic benefit/cost of BABs relative to tax-exempt debt changes daily. Due to the strength in the taxable debt market and low U.S. Treasury benchmark rates, there is a larger pool of investors and tax-exempt investors seeking to diversify their holdings by including high quality taxable debt, like the Commission's 2010 Bonds. The current legislation for BABs expires in December 2010, and an extension of the BABs program at a lower subsidy rate is pending in Congress. For this reason, the financing team has developed a schedule under which the 2010 Bonds will be issued in calendar year 2010.

As a part of the September 2010 presentation, staff noted the procedural requirements of the BABs program. These include the need to regularly file forms with the IRS to receive the interest subsidy. Accordingly, staff and the financial advisors have updated and revised the Commission's debt management policy.

The financing team that participated in the development of this proposed plan of finance includes the following key members:

- Financial Advisor – Fieldman, Rolapp & Associates;
- Bond Counsel – Orrick Herrington & Sutcliffe LLP;
- Disclosure Counsel – Fulbright & Jaworski LLP;
- General Counsel – Best, Best & Krieger LLP; and
- Underwriters – Barclays and De La Rosa

Drafts of the near final documents for the proposed 2010 Bonds are included as attachments to this staff report for approval and consist of the following:

- Resolution No. 10-030 (draft) authorizing the issuance and sale of a not to exceed amount of sales tax revenue bonds; the execution and delivery of an indenture, supplemental indenture, purchase contract, and official statement; and the taking of all other actions necessary in connection with this transaction;
- Third supplemental indenture between the Commission and the trustee (draft) regarding the terms and conditions of the issuance of the 2010 Bonds;
- Preliminary official statement (draft);
- Continuing Disclosure Agreement (draft) between the Commission and the dissemination agent; and
- Purchase contract (draft) between the Commission and the underwriters regarding the purchase of the 2010 Bonds.

As part of the action to authorize the issuance of the 2010 Bonds, the Commission will approve the form of the Preliminary Official Statement and authorize its distribution in connection with the sale of the 2010 Bonds, as well as the preparation of a final Official Statement once the 2010 Bonds have been priced. These offering documents are required under state and federal securities laws prohibiting the offer and sale of securities such as the 2010 Bonds, unless all matters that would be material to an investor in the 2010 Bonds have been adequately disclosed and that there is no omission of material facts. Furthermore, under rules of the Securities and Exchange Commission, the underwriters cannot purchase the 2010 Bonds unless they have received a substantially final offering document, which discloses all material information that they reasonably believe to be true and correct.

The Commissioners serving on the Board as the governing body of the issuer of the 2010 Bonds are expected to read and be familiar with the information described in the draft Preliminary Official Statement included with this staff report. The Commissioners may employ the services of experts to take the lead in the drafting and review of the Official Statement; however, the Commissioners have the duty

to review the information and bring to the attention of those responsible for the preparation of the offering document any misstatements or omissions in the draft and to ask questions if they are unclear about the information or their role. The financing team will be available at the Commission meeting to respond to the identification of any misstatements or omissions or to such questions.

Anticipating approval for this transaction, the sale and pricing activities related to the 2010 Bonds are expected to occur through mid-November with a closing date of November 30 for the issuance of the 2010 Bonds. Prior to the sale of the bonds, management will participate in an investor roads show that will be recorded and accompany the preliminary official statement. In mid-November, Anne Mayer, Deputy Executive Director John Standiford, and Theresia Trevino will be in New York for investor meetings just prior to the sale of the bonds.

Significant changes to these documents are not anticipated, with the exception of the details of the bond pricing scheduled for November 18. Since general legal counsel is a key member of the financing team, staff recommends that the executive director be authorized to approve and execute the final documents.

Staff recommends adoption of draft Resolution 10-030; approval of the draft Third Supplemental Indenture, Official Statement, Continuing Disclosure Agreement, and Bond Purchase Agreement; approval of the revisions to the debt management policy; approval of the estimated costs of issuance and execution of related agreements, as required; and authorization of the Executive Director to approve and execute the final documents. The estimated costs of issuance do not exceed the Commission's debt management policy that limits such costs to 2%.

Financial Information					
In Fiscal Year Budget:	Yes	Year:	FY 2010/11	Amount:	\$150,000,000 bond proceeds; \$1,500,000 costs of issuance
Source of Funds:	Sales tax revenue bonds			Budget Adjustment:	No
GL/Project Accounting No.:	305 31 59102	\$150,000,000	Bond Proceeds		
	305 31 96103	\$ 1,500,000	Costs of Issuance		
Fiscal Procedures Approved:	<i>Theresia Trevino</i>			Date:	09/16/10

Attachments:

- 1) Resolution No. 10-030 (Draft)
- 2) Third Supplemental Indenture (Draft)
- 3) Preliminary Official Statement (Draft)
- 4) Continuing Disclosure Agreement (Draft)
- 5) Purchase Contract (Draft)
- 6) Revised Debt Management Policy
- 7) Summary of New York Meetings

NO. 10-030

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$150,000,000 AGGREGATE PRINCIPAL AMOUNT OF RIVERSIDE COUNTY TRANSPORTATION COMMISSION SALES TAX REVENUE BONDS (LIMITED TAX BONDS) IN ONE OR MORE SERIES, THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE, A PURCHASE CONTRACT, AN OFFICIAL STATEMENT AND CONTINUING DISCLOSURE AGREEMENT, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

WHEREAS, the Riverside County Transportation Commission (the “Commission”) is a county transportation commission duly organized and existing pursuant to the County Transportation Commissions Act, being Division 12 of the Public Utilities Code of the State of California (Section 130000 *et seq.*);

WHEREAS, the Commission is authorized pursuant to the Riverside County Transportation Sales Tax Act, being Division 25 of the Public Utilities Code of the State of California (Section 240000 *et seq.*) (the “Act”), to, among other things, and with voter approval, levy a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code (the “Sales Tax Law”) and to issue limited tax bonds payable from the proceeds of such tax;

WHEREAS, the Commission adopted Ordinance No. 02-001, named the “Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance” (the “Ordinance”) on May 8, 2002, pursuant to the provisions of the Act, which Ordinance provides for the imposition of a retail transactions and use tax (the “Sales Tax”) applicable in the incorporated and unincorporated territory of the County in accordance with the provisions of the Sales Tax Law at the rate of one-half of one percent (1/2%) commencing July 1, 2009 and continuing for a period not to exceed thirty (30) years;

WHEREAS, by its terms, the Ordinance became effective at the close of the polls on November 5, 2002, the day of the election at which the proposition imposing the Sales Tax was approved by more than two-thirds of the electors voting on the measure;

WHEREAS, the Ordinance empowers the Commission to sell or issue, from time to time, on or before the collection of the Sales Tax, bonds, or other evidences of indebtedness, in the aggregate principal amount at any one time outstanding not to exceed \$500 million for capital expenditures for various purposes, including to carry out the transportation projects described in the Riverside County Transportation Improvement Plan, adopted as part of the Ordinance, including any future amendments thereto (the “Expenditure Plan”);

WHEREAS, the Commission is authorized by Section 240309 of the California Public Utilities Code to issue from time to time limited tax bonds (defined to include indebtedness and securities of any kind or class, including sales tax revenue bonds), secured and payable in whole or in part from revenues of the Sales Tax (“Sales Tax Revenues”);

WHEREAS, the Commission has authorized the issuance of its Commercial Paper Notes (Limited Tax Bonds), Series A and Series B (collectively, the “CP Notes”), in an aggregate principal amount not to exceed \$200,000,000, pursuant to Resolution 05-001 (the “CP Resolution”), duly adopted by a vote of the Board of Commissioners of the Commission (the “Board”) on February 9, 2005, and an Indenture dated as of March 1, 2005, by and between the Commission and U.S. Bank National Association, as successor trustee;

WHEREAS, the Commission desires to decrease the aggregate principal amount of CP Notes authorized to be issued and outstanding at any one time to an amount not to exceed \$120,000,000;

WHEREAS, the Commission has heretofore issued its Sales Tax Revenue Bonds (Limited Tax Bonds), 2009 Series A, 2009 Series B and 2009 Series C (collectively, the “Series 2009 Bonds”) in the aggregate principal amount of \$185,000,000 pursuant to an Indenture, dated as of June 1, 2008, as amended and supplemented, including by a Second Supplemental Indenture, dated as of October 1, 2009 (collectively, and as subsequently amended from time to time, the “Indenture”), each by and between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), which Series 2009 Bonds are currently outstanding in the aggregate principal amount of \$181,000,000;

WHEREAS, the Commission has heretofore executed and delivered interest rate swap agreements in an aggregate notional amount of \$185 million (the “Existing Swaps”), which Existing Swaps became effective on October 1, 2009 and are currently outstanding in an aggregate notional amount of \$181,000,000;

WHEREAS, the Commission hereby determines that one or more new series or subseries of bonds in an aggregate principal amount not to exceed one hundred fifty million dollars (\$150,000,000) and payable on a parity with the Series 2009 Bonds is necessary in order to finance (i) funds for projects authorized in the Expenditure Plan, (ii) the refunding of all or a portion of the outstanding CP Notes, (iii) capitalized interest and a reserve fund for such bonds, if any, and (iv) the costs of issuance incurred in connection with such bonds, and the Commission has determined that such bonds in an amount not to exceed such principal amount shall be issued, secured by the Sales Tax Revenues and entitled, “Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010” (the “Series 2010 Bonds”);

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) permits the Commission to issue all or a portion of the 2010 Bonds in the form of taxable build america bonds under the Recovery Act and, upon satisfaction of certain criteria, to receive an interest subsidy payment from the federal government equal to 35% of the interest costs of such bonds, or 45% of the interest costs of bonds which have additionally been designated “recovery zone economic development bonds” under the Recovery Act (the “Recovery Zone Bonds”), pursuant to the provisions of the Internal Revenue Code of 1986 (the “Code”), including Sections 54AA, 6431 and 1400U-2 thereof or any other provisions of the Code that create, in the determination of the Executive Director of the Commission, a similar direct-pay subsidy program (collectively, the “Build America Bonds”);

WHEREAS, the Commission has received an allocation of \$44,801,000 of Recovery Zone Bonds from the California Debt Limit Allocation Committee to be used to finance projects in Riverside County authorized in the Expenditure Plan;

WHEREAS, the Commission finds and determines that issuing one or more series or subseries of the Series 2010 Bonds as Build America Bonds, including a portion thereof which may also be designated as Recovery Zone Bonds, could produce economic benefits for the Commission;

WHEREAS, the Commission hereby further determines that the Series 2010 Bonds shall be issued pursuant to a Third Supplemental Indenture, amending and supplementing the Indenture (the “Third Supplemental Indenture”), by and between the Commission and the Trustee;

WHEREAS, there has been prepared and presented to the Commission a proposed form of Third Supplemental Indenture;

WHEREAS, in order to set forth the terms of sale of the Series 2010 Bonds, the Commission proposes to enter into a bond purchase agreement (the “Purchase Contract”) with Barclays Capital Inc., as representative, acting on behalf of itself and E.J. De La Rosa & Co., Inc. (collectively, the “Underwriters”);

WHEREAS, the Underwriters have caused to be prepared and submitted to the Commission a proposed form of the Purchase Contract;

WHEREAS, there has been prepared and presented to the Commission a proposed form of official statement in preliminary form to be distributed in connection with the offering and sale of the Series 2010 Bonds (the “Official Statement”);

WHEREAS, there has been prepared and presented to the Commission a proposed form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be executed and delivered by the Commission to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission;

WHEREAS, the Commission has been presented with proposed forms of the Third Supplemental Indenture, the Purchase Contract, the Continuing Disclosure Agreement and the Official Statement relating to the financing described herein (the “Financing”), and the Commission has examined and approved each document and desires to authorize and direct the execution of such documents as are specified herein and such other documents as are necessary in connection with the Financing and to authorize and direct the consummation of the Financing; and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Series 2010 Bonds and consummation of the Financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Financing and to

authorize the execution of the Third Supplemental Indenture, the Purchase Contract, the Official Statement in final form and the Continuing Disclosure Agreement for the purposes, in the manner and upon the terms provided;

NOW THEREFORE, THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION RESOLVES:

Section 1. The Commission finds and determines that the foregoing recitals are true and correct.

Section 2. The issuance by the Commission of not to exceed \$150,000,000 aggregate principal amount of Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010, in accordance with the provisions set forth in the Indenture, in one or more series or subseries, is hereby authorized and approved.

Section 3. The proposed form of Third Supplemental Indenture presented to this meeting and the terms and conditions thereof are hereby approved. The structure, date, maturity date or dates (not to exceed June 1, 2039), federally taxable or tax-exempt fixed interest rate or rates (such federally taxable interest rate or rates, if any, not to exceed a maximum of 8% per annum and such federally tax-exempt interest rate or rates, if any, not to exceed a maximum of 6% per annum) or methods of determining the same, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption, mandatory purchase, additional series designation and number thereof and other terms of the Series 2010 Bonds shall be (subject to the foregoing limitations) as provided in the Indenture and the Third Supplemental Indenture as finally executed and delivered.

The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Commission, to execute and deliver the Third Supplemental Indenture, in substantially said form, with such changes therein, including without limitation changes necessary to designate one or more series or subseries of the Series 2010 Bonds as Build America Bonds and to designate a portion thereof as Recovery Zone Bonds, as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of the Purchase Contract presented to this meeting and the terms and conditions thereof are hereby approved. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Commission, to sell the Series 2010 Bonds to the Underwriters pursuant to a Purchase Contract, with the Underwriters' compensation not to exceed 0.65% of the principal amount of the Series 2010 Bonds and the costs of issuance to be financed with respect to any series of Series 2010 Bonds designated as Build America Bonds, including Recovery Zone Bonds, not to exceed 2% of the proceeds of the sale of such series of Series 2010 Bonds, and to execute and deliver a Purchase Contract, in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed form of Official Statement presented to this meeting is hereby approved. The Executive Director is hereby authorized and directed to execute and

deliver the Official Statement in substantially said form with such changes, insertions and deletions as may be approved by the Executive Director, said execution being conclusive evidence of such approval; and the Executive Director is hereby authorized to execute a certificate confirming that the Official Statement in preliminary form is “deemed final” by the Commission for purposes of Securities and Exchange Commission Rule 15c2-12. The distribution by the Underwriters of copies of the Official Statement in final form to all actual purchasers of the Series 2010 Bonds and the distribution by the Underwriters of the Official Statement in preliminary form to potential purchasers of the Series 2010 Bonds are hereby authorized and approved.

Section 6. The proposed form of Continuing Disclosure Agreement presented to this meeting is hereby approved. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Commission, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Executive Director is hereby authorized to negotiate with financial institutions and/or insurance companies, as applicable, a surety bond or an insurance policy, and, if the Executive Director, with the advice of the Financial Advisor, determines that doing so is in the best interest of the Commission, to secure on such terms as the Executive Director, with the advice of the Financial Advisor, determines are appropriate such insurance policy or surety bond in order to secure payment of the principal of, or interest on, the Series 2010 Bonds or to fund any bond reserve fund established pursuant to the Indenture or the Third Supplemental Indenture.

Section 8. The Executive Director is hereby authorized to enter into or to instruct the Trustee to enter into one or more investment agreements (hereinafter collectively referred to as the “Investment Agreement”) providing for the investment of moneys in any of the funds and accounts created under the Indenture or the Third Supplemental Indenture, on such terms as the Executive Director shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the Commission hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Series 2010 Bonds or enhance the relationship between risk and return with respect to investments.

Section 9. The Commission’s authorization to issue CP Notes in a maximum aggregate principal amount not to exceed \$200,000,000 issued and outstanding at any one time, as provided in the CP Resolution, is hereby amended and decreased to an amount not to exceed \$120,000,000 of such CP Notes issued and outstanding at any one time.

Section 10. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, the CP Notes or the Existing Swaps, whether before or after the issuance of the Series 2010 Bonds, including, without limitation, any amendment of any of the documents authorized by this Resolution or other agreement related thereto or related to the Existing Swaps or the CP Notes,

and any of the foregoing that may be necessary or desirable in connection with any reserve facility, any investment of proceeds of the Series 2010 Bonds, or in connection with the addition, substitution or replacement of underwriters, or any agreements with paying agents, escrow agents or verification agents, the removal or replacement of the Trustee or any similar action may be given or taken by an Authorized Representative (as such term is defined in the Indenture), without further authorization or direction by the Commission, and each Authorized Representative is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, or other action and to execute such documents and take any such action which such Authorized Representative may deem necessary or desirable to further the purposes of this Resolution.

Section 11. All actions heretofore taken by the officers and agents of the Commission with respect to the Financing and the issuance and sale of the Series 2010 Bonds are hereby ratified, confirmed and approved. If at the time of execution of any of the documents authorized herein, the Executive Director is unavailable, such documents may be executed by the Deputy Executive Director of the Commission or the Chief Financial Officer in lieu of the Executive Director. The Chair of the Board or, in his absence, a Vice Chair of the Board, is hereby authorized to execute and deliver the Series 2010 Bonds. The Chief Financial Officer of the Commission shall act as the Auditor-Controller of the Commission for execution of the Series 2010 Bonds and is hereby authorized to execute and attest to the execution of such Series 2010 Bonds. The Clerk of the Board is hereby authorized to attest to the execution by the Executive Director or the Deputy Executive Director or the Chief Financial Officer of any of such documents as said officers deem appropriate.

The officers and agents of the Commission are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Commission, to adopt written procedures relating to its bonds and to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, signature certificates, certificates concerning the contents of the Official Statement and the representations and warranties in the Purchase Contract, any tax certificates or agreements, any insurance commitments or any agreements required in connection with obtaining a surety bond or an insurance policy, any agreements for depository or verification services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate the Financing and the issuance and sale of the Series 2010 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, this Resolution, the Series 2010 Bonds and the documents approved hereby.

Section 12. This Resolution shall take effect immediately upon its adoption and approval.

APPROVED AND ADOPTED by the Riverside County Transportation Commission at its meeting on October 13, 2010.

By: _____
Chair, Board of Commissioners

ATTEST:

By: _____
Clerk of the Board of the Commission

CERTIFICATE OF THE CLERK OF THE BOARD OF THE
RIVERSIDE COUNTY TRANSPORTATION COMMISSION

I, Jennifer Harmon, Clerk of the Board of the Riverside County Transportation Commission (the "Commission"), hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the governing board of said Commission duly and regularly held in Riverside, California, on October 13, 2010, of which meeting all of the members of said Commission had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

I further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in Riverside, California, freely accessible to the public and a brief general description of the resolution to be adopted at said meeting appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate hereto as of this date,
_____, 2010.

By _____
Clerk

THIRD SUPPLEMENTAL INDENTURE

between

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of November 1, 2010

Relating to

RIVERSIDE COUNTY TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2010 SERIES A (TAX-EXEMPT)
AND
2010 SERIES B (TAXABLE BUILD AMERICA BONDS)

(Supplementing the Indenture
Dated as of June 1, 2008)

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THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE, dated as of November 1, 2010 (this “Third Supplemental Indenture”), between the RIVERSIDE COUNTY TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, this Third Supplemental Indenture is supplemental to the Indenture, dated as of June 1, 2008 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Commission and the Trustee;

WHEREAS, the Indenture provides that the Commission may issue Bonds from time to time as authorized by a Supplemental Indenture, which Bonds are to be payable from Revenues and from such other sources as may be specified with respect to a particular Series of Bonds in the Supplemental Indenture authorizing such Series;

WHEREAS, the Commission has heretofore issued its Sales Tax Revenue Bonds (Limited Tax Bonds), 2009 Series A, 2009 Series B and 2009 Series C, in the aggregate principal amount of \$185,000,000, secured by the pledge of Revenues and other monies as set forth in the Indenture;

WHEREAS, the Commission has determined to issue one or more additional series of Bonds as taxable build america bonds under the American Recovery and Reinvestment Act of 2009 which, upon satisfaction of certain criteria, would qualify the Commission or its agent to receive an interest subsidy payment from the federal government equal to 35% of the interest costs of such bonds, or 45% of the interest costs of bonds which have additionally been designated “recovery zone economic development bonds” (the “Recovery Zone Bonds”), pursuant to the provisions of the Internal Revenue Code of 1986 (the “Code”), including Sections 54AA, 6431 and 1400U-2 thereof or any other provisions of the Code that create a similar direct-pay subsidy program (collectively, the “Build America Bonds”);

WHEREAS, the Commission has received an allocation of \$44,801,000 of Recovery Zone Bonds from the California Debt Limit Allocation Committee to be used to finance projects in Riverside County authorized in the Expenditure Plan; and

WHEREAS, the Commission desires to provide at this time for the issuance of (i) an additional Series of Bonds to be designated “Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Tax-Exempt)” (the “2010 Series A Bonds”); and (ii) an additional Series of Bonds to be designated “Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds)” as Build America Bonds and, in part, Recovery Zone Bonds (the “2010 Series B Bonds” and, together with the 2010 Series A Bonds, the “2010 Bonds”) all for the purpose of providing funds to pay for a portion of the Costs of the Project, to retire

\$ _____ principal amount of the Commission's Outstanding Notes and to pay costs of issuance, all as provided in this Third Supplemental Indenture;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE XXVI **DEFINITIONS**

Section 26.01. Definitions.

(a) **Definitions.** Unless the context otherwise requires, or as otherwise provided in subsection (b) and (c) of this Section, all terms which are defined in Section 1.02 and Section 19.01 of the Indenture shall have the same meanings in this Third Supplemental Indenture.

(b) **Additional Definitions.** Unless the context otherwise requires, the following terms shall, for all purposes of this Third Supplemental Indenture, have the following meanings:

“Authorized Denominations” means, with respect to 2010 Bonds, \$5,000 and any integral multiple thereof.

“Comparable Treasury Issue” means, with respect to any 2010 Series B Bond to be redeemed, the United States Treasury security selected by the Independent Banking Institution as having a maturity comparable to the remaining term to maturity of the 2010 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2010 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2010 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Independent Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Independent Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Independent Banking Institution, at 5:00 p.m. New York City time on the third Business Day preceding the date fixed for redemption.

“Comparable Treasury Yield” means, with respect to any 2010 Series B Bond to be redeemed, the yield which represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Independent Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2010 Series B Bond being redeemed. The Comparable Treasury Yield will be determined as of the third Business Day immediately preceding the

applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2010 Series B Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2010 Series B Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2010 Series B Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) at the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption (which Comparable Treasury Price shall be determined based upon the bid and asked prices for the Comparable Treasury Issue on the third Business Day preceding the date fixed for redemption in accordance with the procedures prescribed in the definition herein of the term “Comparable Treasury Price”).

“**Independent Banking Institution**” means, with respect to any 2010 Series B Bond to be redeemed, an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the Commission (which may be one of the underwriters of the 2010 Series B Bonds). If the Commission fails to appoint an Independent Banking Institution at least 45 days prior to the date fixed for redemption, or if the Independent Banking Institution appointed by the Commission is unwilling or unable to determine the Comparable Treasury Yield, the Comparable Treasury Yield will be determined by an Independent Banking Institution designated by the Trustee.

“**Interest Payment Date**” means, with respect to 2010 Bonds, June 1 and December 1 of each year until the redemption or maturity of such 2010 Bonds, commencing with June 1, 2011.

“**Issue Date**” means, with respect to the 2010 Bonds, the date on which the 2010 Bonds are first delivered to the purchasers thereof.

“**Make-Whole Premium**” means, with respect to any 2010 Series B Bond to be redeemed, an amount calculated by an Independent Banking Institution (as defined herein) equal to the positive difference, if any, between:

(1) The sum of the present values, calculated as of the date fixed for redemption of:

(a) Each interest payment that, but for the redemption, would have been payable on the 2010 Series B Bond or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the date fixed for redemption through the maturity date of such 2010 Series B Bond (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly

scheduled interest payment date with respect to such 2010 Series B Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2010 Series B Bond to the date fixed for redemption; plus

(b) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2010 Series B Bond or portion thereof being redeemed; minus

(2) The principal amount of the 2010 Series B Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (1) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve (12) 30-day months) at a discount rate equal to the Comparable Treasury Yield (as defined herein), plus [_____] ([__]) basis points.

“Record Date” means, with respect to the 2010 Bonds, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

“Recovery Zone Bonds” means Build America Bonds which have additionally been designated “recovery zone economic development bonds” under the provisions of the American Recovery and Reinvestment Act of 2009, including as codified in Section 1400U-2 of the Code, or any successor thereto or replacement thereof.

“Redemption Price” means, with respect to any 2010 Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Third Supplemental Indenture.

“Reference Treasury Dealer” means, with respect to any 2010 Series B Bond to be redeemed, a primary United States Government securities dealer in the United States appointed by the Commission and reasonably acceptable to the Independent Banking Institution (which may be one of the underwriters of the 2010 Series B Bonds). If the Commission fails to select the Reference Treasury Dealers within a reasonable period of time, the Trustee will select the Reference Treasury Dealers in consultation with the Commission.

“Tax Law Change” means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which, as reasonably determined by the Commission, would be to suspend, reduce or terminate the Subsidy Payments from the United States Treasury to the Commission or the Trustee as its agent with respect to the 2010 Series B Bonds, or payments to state or local government issuers generally with respect to obligations of the general character of, and issued in the same calendar year as, the 2010 Series B Bonds, pursuant to Sections 54AA or 6431 of the Code of an amount

equal to 35% (45% for Recovery Zone Bonds) of the interest due thereon on each interest payment date; provided, that such suspension, reduction or termination is not due to a failure by the Commission to comply with the requirements under the Code to receive the Subsidy Payments.

“**Third Supplemental Indenture**” means this Third Supplemental Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

“**2010 Bonds**” means, collectively, the 2010 Series A Bonds and the 2010 Series B Bonds authorized by Article XXVIII of this Indenture.

“**2010 Bonds Project Fund**” means the fund by that name established pursuant to Section 30.01(a).

“**2010 Bonds Tax Certificate**” means the Tax Certificate executed on behalf of the Commission in connection with the issuance of the 2010 Bonds.

“**2010 Costs of Issuance Fund**” means the fund by that name established pursuant to Section 30.01(b).

“**2010 Credit Enhancement**” means any Credit Enhancement provided with respect to the 2010 Bonds.

“**2010 Credit Provider**” means the Credit Provider issuing a 2010 Credit Enhancement.

“**2010 Series A Bonds**” shall mean the Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Tax-Exempt), authorized by Article XXVIII of this Indenture.

“**2010 Series B Bonds**” shall mean the Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds), authorized by Article XXVIII of this Indenture.

Section 26.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article XXVI.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Third Supplemental Indenture, refer to the Indenture.

ARTICLE XXVII

FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 27.01. Findings and Determinations. The Commission hereby finds and determines that the 2010 Bonds shall be issued pursuant to Article XXVIII and Section 3.01,

Section 3.02 and Section 3.03 of the Indenture, and upon the issuance of the 2010 Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 27.02. Recital in Bonds. There shall be included in each of the definitive 2010 Bonds, and also in each of the temporary 2010 Bonds, if any are issued, a certification and recital that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2010 Bond, and in the issuing of that 2010 Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said 2010 Bond, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the 2010 Bond attached hereto as Exhibit A.

Section 27.03. Effect of Findings and Recital. From and after the issuance of the 2010 Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2010 Bonds is at issue.

ARTICLE XXVIII

AUTHORIZATION OF 2010 BONDS

Section 28.01. Principal Amount, Designation and Series. Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$[_____]. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Tax-Exempt).”

Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$[_____]. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds).” Upon issuance, a portion of the 2010 Series B Bonds will additionally be designated as “recovery zone economic development bonds” under the provisions of the American Recovery and Reinvestment Act of 2009, including as codified in Section 1400U-2 of the Code, pursuant to certain tax filings to be made by the Commission.

At any time after the execution and delivery of this Supplemental Indenture, the Commission may execute and, upon the order of the Commission, the Trustee shall authenticate and deliver each Series of 2010 Bonds in the aggregate principal amount set forth above.

Section 28.02. Purpose and Application of Proceeds. The 2010 Bonds are issued for the purpose of providing funds to pay for a portion of the Costs of the Project and to retire

\$_____ principal amount of the Commission’s Outstanding Notes. In addition, a portion of the proceeds of the 2010 Bonds will be applied to pay Costs of Issuance of the 2010 Bonds.

The net proceeds from the sale of the 2010 Series A Bonds in the amount of \$_____ shall be received by the Trustee, and the Trustee shall deposit or transfer such funds as follows:

- (a) \$_____ of such funds shall be deposited in the 2010 Series A Account which the Trustee shall establish and maintain within the 2010 Bonds Project Fund.
- (b) \$_____ of such proceeds shall be transferred to the Notes Trustee for deposit upon the order of the Commission; and
- (c) \$_____ of such proceeds shall be deposited in the 2010 Costs of Issuance Fund.

The net proceeds from the sale of the 2010 Series B Bonds in the amount of \$_____ shall be received by the Trustee, and the Trustee shall deposit or transfer such funds as follows:

- (d) \$_____ of such funds shall be deposited in the 2010 Series B Account which the Trustee shall establish and maintain within the 2010 Bonds Project Fund.
- (e) \$_____ of such proceeds shall be transferred to the Notes Trustee for deposit upon the order of the Commission; and
- (f) \$_____ of such proceeds shall be deposited in the 2010 Costs of Issuance Fund.

Section 28.03. Form, Denomination, Numbers and Letters. Each Series of 2010 Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter “R” prefixed to the number. Each Series of 2010 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A.

Section 28.04. Date, Maturities and Interest Rates. The 2010 Series A Bonds shall be issued as Current Interest Bonds in the aggregate principal amount of \$_____. The 2010 Series A Bonds shall be dated their Issue Date, shall bear interest from that date at the following rates per annum, computed on the basis of a 360-day year comprised of twelve 30-day months, and shall mature on June 1 in the following years and in the following amounts:

Maturity Date (June 1)	Principal Amount	Interest Rate
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* Term Bond Final Maturity

The 2010 Series B Bonds shall be issued as Current Interest Bonds in the aggregate principal amount of \$_____. The 2010 Series B Bonds shall be dated their Issue Date, shall bear interest from that date at the following rates per annum, computed on the basis of a 360-day year comprised of twelve 30-day months, and shall mature on June 1 in the following years and in the following amounts:

Maturity Date (June 1)	Principal Amount	Interest Rate
---------------------------	------------------	---------------

* Term Bond Final Maturity

Interest on each 2010 Bond shall be payable on each Interest Payment Date for such 2010 Bond until the principal sum of such 2010 Bond has been paid; provided, however, that if at the maturity date of any 2010 Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with terms of the Indenture, such 2010 Bond shall then cease to bear interest.

Each 2010 Bond shall bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

As long as the 2010 Bonds are Book-Entry Bonds, principal of and interest on the 2010 Bonds shall be payable by wire transfer to DTC in lawful money of the United States of America. Principal of the 2010 Bonds shall be payable when due upon presentation and surrender thereof at the Principal Office of the Trustee.

Each 2010 Bond shall be payable as provided in Section 2.10, including Section 2.10(E), or, in the event the use of the Securities Depository is discontinued, the principal of each 2010 Bond shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Trustee, and the interest on each 2010 Bond shall be payable in lawful money of the United States of America by the Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Section 28.05. Tax Covenants for 2010 Series B Bonds.

(a) The Commission hereby irrevocably elects to apply the provisions of Section 54AA(d) of the Code to the 2010 Series B Bonds and intends that the 2010 Series B Bonds be treated as Build America Bonds. In addition, the Commission hereby irrevocably elects to treat the 2010 Series B Bonds as "Qualified Bonds" within the meaning of Section 54AA(g)(2) of the Code such that the 2010 Series B Bonds will be eligible for direct payment by the federal government of the Subsidy Payments with respect to the 2010 Series B Bonds.

(b) The Commission will not use or permit the use of any proceeds of the 2010 Series B Bonds or any funds of the Commission, directly or indirectly, to acquire any securities or obligations that would adversely affect the receipt of the Subsidy Payments, and will not take or permit to be taken any other action or actions, which would cause any such 2010 Series B Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Commission will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Commission will comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the 2010 Series B Bonds.

(c) The Commission will comply with the provisions and procedures of the 2010 Bonds Tax Certificate.

(d) The Commission will not use or permit the use of any proceeds of the 2010 Series B Bonds or any funds of the Commission (so long as such proceeds or other funds are under its control) or any funds held by the Trustee under the Indenture, directly or indirectly, in any manner, and will not take or omit to take any action, that would adversely affect the receipt of the Subsidy Payments.

(e) The Trustee shall, within the 45-day period beginning on the date that is 90 days before the next Interest Payment Date with respect to the 2010 Series B Bonds, file Form 8038-CP or any successor form designated by the federal government, requesting payment of the Subsidy Payments with respect to the next interest payment on the 2010 Series B Bonds. The Commission shall provide all information and assistance to the Trustee as may be required to facilitate the timely filing of all documentation required to enable the Trustee to collect and

receive the Subsidy Payments with respect to the 2010 Series B Bonds on the Commission's behalf. Immediately upon receipt of any Subsidy Payments with respect to the 2010 Series B Bonds, the Trustee shall deposit such amounts into the Revenue Fund.

(f) Notwithstanding any provisions of this Section 28.05 or the 2010 Bonds Tax Certificate, if the Commission shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 28.05 is no longer required or that some further or different action is required to maintain the receipt of the Subsidy Payments with respect to the 2010 Series B Bonds, the Trustee and the Commission may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding any other provision of this Indenture or the 2010 Bonds Tax Certificate, the covenants hereunder shall be deemed to be modified to that extent.

ARTICLE XXIX

REDEMPTION AND PURCHASE OF 2010 BONDS

Section 29.01. Optional Redemption of 2010 Series A Bonds.

(a) Optional Redemption of 2010 Series A Bonds. The 2010 Series A Bonds maturing on or before June 1, 20__ shall not be subject to redemption prior to their respective stated maturities. The 2010 Series A Bonds maturing on or after June 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, as a whole or in part, on any date on or after June 1, 20__ at the principal amount of 2010 Series A Bonds called for redemption plus accrued interest to the date fixed for redemption, without premium.

(b) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2010 Series A Bonds and notice thereof shall be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2010 Series A Bonds called for redemption.

(c) Notice of Optional Redemption; Rescission. Any notice of optional redemption of the 2010 Series A Bonds shall be delivered in accordance with Section 4.02 and may be rescinded as provided in Section 4.02.

Section 29.02. Optional Redemption of 2010 Series B Bonds.

(a) [Optional Redemption of 2010 Series B Bonds. The 2010 Series B Bonds of each maturity will be subject to redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds, as a whole or in part, in authorized denominations of \$5,000 and any integral multiple thereof, on any date at a redemption price equal to 100% of the principal amount of 2010 Series B Bonds to be redeemed plus the Make-Whole Premium (as defined herein), together with accrued interest, if any, to the date fixed for redemption.]

[Optional Redemption of 2010 Series B Bonds. The 2010 Series B Bonds maturing on or before June 1, 20__ will be subject to redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds, as a whole or in part, in authorized denominations of \$5,000 and any integral multiple thereof, on any date at a redemption price equal to 100% of the principal amount of 2010 Series B Bonds to be redeemed plus the Make-Whole Premium (as defined herein), together with accrued interest, if any, to the date fixed for redemption. The 2010 Series B Bonds maturing on or after June 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, as a whole or in part, on any date on or after June 1, 20__ at the principal amount of 2010 Series B Bonds called for redemption plus accrued interest to the date fixed for redemption, without premium.]

(b) Extraordinary Optional Redemption of 2010 Series B Bonds. The 2010 Series B Bonds shall be subject to redemption prior to maturity at the option of the Commission upon the occurrence of a Tax Law Change, from any source of available funds, as a whole or in part, on any date, at a Redemption Price equal to 100% of the principal amount of 2010 Series B Bonds to be redeemed plus the Make-Whole Premium (using a discount rate equal to the Comparable Treasury Yield plus [___] basis points), if any, plus accrued interest to the date fixed for redemption.

(c) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2010 Series B Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2010 Series B Bonds called for redemption.

(d) Notice of Optional Redemption; Rescission. Any notice of optional redemption of the 2010 Series B Bonds shall be delivered in accordance with Section 4.02 and may be rescinded as provided in Section 4.02.

Section 29.03. Mandatory Redemption of 2010 Bonds From Mandatory Sinking Account Payments.

(a) Mandatory Redemption of 2010 Series A Bonds. The 2010 Series A Bonds maturing on June 1, 20__, June 1, 20__, and June 1, 20__, respectively, shall also be subject to mandatory redemption prior to their respective stated maturities, in part, by lot, from Mandatory

Sinking Account Payments on each June 1 a Mandatory Sinking Account Payment is due as specified in Section 29.03(a)(1), Section 29.03(a)(2) and Section 29.03(a)(3), in the principal amount equal to the Mandatory Sinking Account Payment due on such date and at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the redemption date, without premium.

(1) 2010 Series A Term Bonds Due June 1, 20[]. The Mandatory Sinking Account Payments for the 2010 Series A Term Bonds maturing on June 1, 20__ shall be due in the amounts and on the dates as follows:

<u>Mandatory Sinking Account Payments Dates (June 1)</u>	<u>Mandatory Sinking Account Payments</u>
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*Final Maturity

(2) 2010 Series A Term Bonds Due June 1, 20[]. The Mandatory Sinking Account Payments for the 2010 Series A Term Bonds maturing on June 1, 20__ shall be due in the amounts and on the dates as follows:

<u>Mandatory Sinking Account Payments Dates (June 1)</u>	<u>Mandatory Sinking Account Payments</u>
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*Final Maturity

(3) 2010 Series A Term Bonds Due June 1, 20[]. The Mandatory Sinking Account Payments for the 2010 Series A Term Bonds maturing on June 1, 20__ shall be due in the amounts and on the dates as follows:

<u>Mandatory Sinking Account Payments Dates (June 1)</u>	<u>Mandatory Sinking Account Payments</u>
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*Final Maturity

(b) Mandatory Redemption of 2010 Series B Bonds. The 2010 Series B Bonds maturing on June 1, 20__, June 1, 20__, and June 1, 20__, respectively, shall also be subject to mandatory redemption prior to their respective stated maturities, in part, by lot, from Mandatory Sinking Account Payments on each June 1 a Mandatory Sinking Account Payment is due as specified in Section 29.03(b)(1), Section 29.03(b)(2) and Section 29.03(b)(3), in the principal amount equal to the Mandatory Sinking Account Payment due on such date and at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the redemption date, without premium.

(1) 2010 Series B Term Bonds Due June 1, 20[__]. The Mandatory Sinking Account Payments for the 2010 Series B Term Bonds maturing on June 1, 20__ shall be due in the amounts and on the dates as follows:

<u>Mandatory Sinking Account Payments Dates (June 1)</u>	<u>Mandatory Sinking Account Payments</u>
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*Final Maturity

(2) 2010 Series B Term Bonds Due June 1, 20[__]. The Mandatory Sinking Account Payments for the 2010 Series B Term Bonds maturing on June 1, 20__ shall be due in the amounts and on the dates as follows:

<u>Mandatory Sinking Account Payments Dates (June 1)</u>	<u>Mandatory Sinking Account Payments</u>
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*Final Maturity

(3) 2010 Series B Term Bonds Due June 1, 20[__]. The Mandatory Sinking Account Payments for the 2010 Series B Term Bonds maturing on June 1, 20__ shall be due in the amounts and on the dates as follows:

Mandatory
Sinking Account
Payments Dates
(June 1)

Mandatory
Sinking Account
Payments

*Final Maturity

Section 29.04. Selection of Bonds for Redemption.

(a) Selection of 2010 Series A Bonds for Redemption. The Commission shall designate which maturities of any 2010 Series A Bonds are to be called for optional redemption pursuant to Section 29.01(a). If less than all 2010 Series A Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2010 Series A Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Commission in writing of the numbers of the 2010 Series A Bonds so selected for redemption. For purposes of such selection, 2010 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event of an optional redemption of the 2010 Series A Term Bonds pursuant to Section 29.01(a), the Commission shall designate the Mandatory Sinking Account Payments under Section 29.03(a), or portions thereof, in an aggregate amount equal to the principal amount of 2010 Series A Term Bonds so optionally redeemed, that are to be reduced as allocated to such redemption, and such Mandatory Sinking Account Payments shall be reduced accordingly.

(b) Selection of 2010 Series B Bonds for Redemption. The Commission shall designate which maturities of any 2010 Series B Bonds are to be called for optional redemption pursuant to Section 29.02(a).

(1) Non-Book-Entry Bonds. If the 2010 Series B Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2010 Series B Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2010 Series B Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate.

(2) Book-Entry Bonds. If the 2010 Series B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2010 Series B Bonds, if less than all of the 2010 Series B Bonds of a maturity are called for prior redemption, the particular 2010 Series B Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2010 Series B Bonds are held in book-entry form, the selection for redemption of such 2010 Series B Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a Pro

Rata Pass-Through Distribution of Principal basis, the 2010 Series B Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Commission and the Beneficial Owners are to be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2010 Series B Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2010 Series B Bonds shall be selected for redemption by lot in accordance with DTC procedures.

(3) 2010 Series B Term Bonds. In the event of an optional redemption of the 2010 Series B Term Bonds pursuant to Section 29.02(a) or Section 29.02(b), the Commission shall designate the Mandatory Sinking Account Payments under Section 29.03(b), or portions thereof, in an aggregate amount equal to the principal amount of 2010 Series B Term Bonds so optionally redeemed, that are to be reduced as allocated to such redemption, and such Mandatory Sinking Account Payments shall be reduced accordingly.

Section 29.05. Purchase In Lieu of Redemption. The Commission reserves the right at all times to purchase any of its 2010 Bonds on the open market. In lieu of mandatory redemption, the Commission may surrender to the Trustee for cancellation 2010 Bonds purchased on the open market, and such 2010 Bonds shall be cancelled by the Trustee. If any 2010 Bonds are so cancelled, the Commission may designate the Mandatory Sinking Account Payments or portions thereof within such Series of the 2010 Bonds so purchased that are to be reduced as a result of such cancellation.

ARTICLE XXX

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 30.01. Funds and Accounts. The following funds and accounts are hereby established in connection with the 2010 Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2010 Bonds to be applied to pay a portion of the Costs of the Project, there is hereby established the 2010 Bonds Project Fund, such fund to be held by the Trustee.

(b) To ensure the proper application of such portion of proceeds from the sale of the 2010 Bonds to be applied to pay the Costs of Issuance of the 2010 Bonds, there is hereby established the 2010 Costs of Issuance Fund, such fund to be held by the Trustee.

Section 30.02. 2010 Bonds Project Fund. The monies set aside and placed in the 2010 Bonds Project Fund shall be expended for the purpose of paying a portion of the Costs of the Project and shall not be used for any other purpose whatsoever. Pursuant to Section 5.11 of the Indenture, all interest, profits and other income received from the investment of moneys in the 2010 Bonds Project Fund shall be deposited in the 2010 Bonds Project Fund.

(a) Before any payment from the 2010 Bonds Project Fund shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a requisition of the Commission in the form attached hereto as Exhibit C (each a "Requisition"), such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2010 Bonds Project Fund and has not been previously paid from said fund; (vi) the account within the 2010 Bonds Project Fund from which such payment will be made; and (vii) that there has not been filed with or served upon the Commission notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

(b) When the Commission determines that the portion of the Project funded with any Series of 2010 Bonds has been completed, a Certificate of the Commission shall be delivered to the Trustee by the Commission stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the proper account within the 2010 Bonds Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the account within the 2010 Bonds Project Fund relating to such Series of 2010 Bonds, less the amount of any such retention, to the Revenue Fund.

Section 30.03. 2010 Costs of Issuance Fund. The monies set aside and placed in the 2010 Costs of Issuance Fund shall be expended for the purpose of paying the Costs of Issuance of the 2010 Bonds. Before any payment from the 2010 Costs of Issuance Fund shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a requisition of the Commission (each a "Requisition"), such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; and (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2010 Costs of Issuance Fund and has not been previously paid from said fund. On May 1, 2011 any remaining amounts in the 2010 Costs of Issuance Fund shall be transferred to the Revenue Fund and the 2010 Costs of Issuance Fund shall be closed.

ARTICLE XXXI MISCELLANEOUS

Section 31.01. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Third Supplemental Indenture, or the application thereof to any person

or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Third Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Third Supplemental Indenture and the 2010 Bonds issued pursuant hereto shall remain valid, and the Holders of the 2010 Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 31.02. Parties Interested Herein. Nothing in this Third Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee, each Credit Provider, if any, and the Holders of the 2010 Bonds, any right, remedy or claim under or by reason of this Third Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Third Supplemental Indenture contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee, each Credit Provider, if any, and the Holders of the 2010 Bonds.

Section 31.03. Headings Not Binding. The headings in this Third Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Third Supplemental Indenture.

Section 31.04. Notice Addresses. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 31.05. Notices to Rating Agencies. The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2010 Bonds:

- (1) Change in Trustee;
- (2) Amendments to the Indenture;
- (3) Provision, Expiration, Termination, substitution or extension of a 2010 Credit Enhancement, if any, or any 2010 Credit Provider thereunder; and
- (4) Redemption or defeasance of any 2010 Bonds.

Section 31.06. Indenture to Remain in Effect. Save and except as amended and supplemented by this Third Supplemental Indenture, the Indenture shall remain in full force and effect.

Section 31.07. Effective Date of Third Supplemental Indenture. This Third Supplemental Indenture shall take effect upon its execution and delivery.

Section 31.08. Execution in Counterparts. This Third Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Third Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

RIVERSIDE COUNTY TRANSPORTATION
COMMISSION

By: _____
Executive Director

(Seal)

ATTEST:

Clerk of the
Riverside County Transportation Commission

APPROVED AS TO FORM:

By: _____
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF 2010 SERIES A/B BOND

No. R-- _____ \$ _____

Riverside County Transportation Commission
Sales Tax Revenue Bond
(Limited Tax Bond)
2010 Series __

INTEREST RATE ____%	MATURITY June 1, 20__	ISSUE DATE _____, 2010	CUSIP
-------------------------------	---------------------------------	----------------------------------	--------------

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ Dollars

RIVERSIDE COUNTY TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the "Commission"), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the interest rates and on the dates (each, an "Interest Payment Date") described herein. The principal of and premium, if any, on this Bond are payable to the registered Holder hereof upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the "Trustee") in Los Angeles, California. Interest on this Bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder's address as it appears on the Bond Register. As used herein, "Record Date" means the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs.

This Bond is one of a duly authorized issue of bonds of the Commission, designated as "Riverside County Transportation Commission, Sales Tax Revenue Bonds (Limited Tax Bonds)" (the "Bonds"), of the series designated above, all of which are being issued pursuant to the provisions of 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 "Act"), 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 and any amendments or extensions thereto (collectively, and together with the Act, the "Law"), and an Indenture, dated as of June 1, 2008, as supplemented, including

as supplemented by a Third Supplemental Indenture, dated as of November 1, 2010 (the “Third Supplemental Indenture”), each between the Commission and the Trustee, hereinafter referred to collectively as the “Indenture.” Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

THIS BOND IS A LIMITED TAX BOND OBLIGATION OF THE COMMISSION PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE COMMISSION IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE COMMISSION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE COMMISSION IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND THE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Revenues and certain other funds and the rights of the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Commission and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the Indenture.

This Bond is payable as to both principal and interest, and any premium upon redemption hereof, exclusively from the Revenues and other funds pledged under the Indenture, which consist primarily of the amounts available for distribution to the Commission on and after July 1, 2009 on account of the retail transactions and use tax imposed in the County of Riverside pursuant to the Law, after deducting amounts payable by the Commission to the State Board of Equalization for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Act, and all regularly-scheduled amounts (but not termination payments) paid to the Commission by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed by the Commission to such Counterparty under such Interest Rate Swap Agreement, and, as to Purchase Price, from the proceeds of remarketing this Bond and any moneys made available

under the Liquidity Facility, if any, relating to this Bond, all as provided in the Indenture, and the Commission is not obligated to pay the principal of and interest on this Bond except from Revenues and certain other funds pledged thereunder.

This Bond shall be deliverable in the form of a fully registered Bond in denominations of \$5,000 and any multiple thereof (such denominations being referred to herein as “Authorized Denominations”).

Optional and Mandatory Redemption Provisions

Bonds shall be subject to optional and mandatory redemption as specified in the Indenture.

Amendments and Modifications

The rights and obligations of the Commission and of the Beneficial Owners, registered Holders and registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

Persons Deemed Holders

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal, Purchase Price or Optional Purchase Price hereof and any redemption premium and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Act, and that this Bond, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF the Riverside County Transportation Commission has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives and its seal to be affixed hereto all as of the Issue Date set forth above.

RIVERSIDE COUNTY
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Commissioners

(Seal)

Attest:

Auditor-Controller

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2010 Series __ Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature:

(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Holder as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

Notice: Signature must be guaranteed by an eligible guarantor firm.

INDEX TO EXHIBITS

EXHIBIT B

NOTICE ADDRESSES

To the Commission:

Riverside County Transportation Commission

Street Address:

4080 Lemon Street, 3rd Floor

Riverside, California 92501

Mailing Address:

P.O. Box 12008

Riverside, California 92502

Attention: Chief Financial Officer

Telephone: (951) 787-7926

Fax: (951) 787-7920

To the Trustee:

U.S. Bank National Association

633 West Fifth Street, 24th Floor

Los Angeles, California 90071

Attention: Corporate Trust Division

Telephone: (213) 615-6023

Fax: (213) 615-6197

To the Rating Agencies:

Standard & Poor's Ratings Services

55 Water Street, 38th Floor

New York, New York 10041

Telephone: (212) 438-2000

Fax: (212) 438-2157

Moody's Investors Service

MSPG Surveillance

7 World Trade Center, 25th Floor

250 Greenwich Street

New York, New York 10007

Fitch Ratings

33 Whitehall Street

New York, New York 10004

INDEX TO EXHIBITS

EXHIBIT C

**FORM OF 2010 BONDS PROJECT FUND REQUISITION
[TO COME]**

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2010

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
Moody's: "___"
S&P: "___"
Fitch: "___"

[DAC Logo]

See "RATINGS" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2010 Series A Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2010 Series B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2010 Bonds. See "TAX MATTERS" herein.

\$_____*

RIVERSIDE COUNTY TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)

\$_____*

RIVERSIDE COUNTY
TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
2010 Series A
(Tax-Exempt)

\$_____*

RIVERSIDE COUNTY
TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
2010 Series B
(Taxable Build America Bonds)

Dated: Date of Delivery

As shown on inside cover

The Sales Tax Revenue Bonds described above (individually referred to as the "2010 Series A Bonds" and the "2010 Series B Bonds," collectively referred to herein as the "2010 Bonds") are being issued by the Riverside County Transportation Commission (the "Commission") pursuant to an Indenture, dated as of June 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented, including as supplemented by a Third Supplemental Indenture, dated as of November 1, 2010, between the Commission and the Trustee (collectively, the "Indenture"). The proceeds of the 2010 Bonds will be applied to (i) pay a portion of the costs of the Project (as defined herein), (ii) retire all or a portion of the Commission's outstanding Commercial Paper Notes, and (iii) pay costs of issuance of the 2010 Bonds.

Interest on the 2010 Bonds will be payable on each June 1 and December 1, commencing June 1, 2011. The 2010 Bonds are initially being issued as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof. The 2010 Bonds will be registered in the name of Cede & Co., as holder of the 2010 Bonds and nominee for The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interest in the 2010 Bonds purchased. The principal or redemption price of and interest on the 2010 Bonds are payable by wire transfer to DTC which, in turn, is obligated to remit such principal, redemption price or interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the 2010 Bonds.

The 2010 Bonds will be subject to optional, extraordinary and mandatory sinking fund redemption as described herein. See "THE 2010 BONDS" herein.

The 2010 Bonds are special obligations of the Commission payable from and secured solely by a pledge of the Revenues (which is defined herein and which principally includes the receipts from the imposition in the County of

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Riverside, California of a ½-cent sales tax that became effective on July 1, 2009 (the “Sales Tax”), less certain administrative fees paid to the California State Board of Equalization), as described herein. The Sales Tax was approved by more than a two-thirds vote of the electorate of the County of Riverside on November 5, 2002 and is scheduled to expire on June 30, 2039.

The Commission expects to designate the 2010 Series B Bonds as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009 (the “Stimulus Act”), the interest on which is not excluded from gross income for federal income tax purposes but is exempt from State of California personal income taxes. The Commission expects to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series B Bonds, or 45% of the interest payable on such 2010 Series B Bonds that have been additionally designated as “Recovery Zone Economic Development Bonds.” The Commission is obligated to make all payments of principal of and interest on the 2010 Series B Bonds from the sources described herein whether or not it receives cash subsidy payments pursuant to the Stimulus Act.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THAT OF THE COMMISSION TO THE EXTENT OF THE PLEDGE OF THE REVENUES, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2010 BONDS.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to make an informed investment decision with respect to the 2010 Bonds.

The 2010 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP as Bond Counsel to the Commission, and certain other conditions. Certain legal matters will be passed on for the Commission by Fulbright & Jaworski L.L.P., Los Angeles, California, as Disclosure Counsel, and by Best Best & Krieger LLP, Riverside, California, the Commission’s General Counsel. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2010 Bonds will be available for delivery through the book-entry facilities of DTC on or about November __, 2010.

Barclays Capital

De La Rosa & Co.

Dated: November __, 2010

Maturity Schedule*

\$_____ 2010 Series A Bonds

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
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\$_____ % Term Bonds due June 1, 20__ Yield: _____%; CUSIP[†]:

\$_____ 2010 Series B Bonds

\$_____ % Term Bonds due June 1, 20__ Yield: _____%; CUSIP[†]:

\$_____ % Term Bonds due June 1, 20__ Yield: _____%; CUSIP[†]:
(Recovery Zone Economic Development Bonds)

* Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data on the cover hereof and herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The Commission, the Financial Advisor and the Underwriters are not responsible for the selection or correctness of the CUSIP numbers set forth herein.

No dealer, salesman or any other person has been authorized by the Riverside County Transportation Commission (the "Commission") or the underwriters of the 2010 Bonds listed on the cover page hereof (the "Underwriters") 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 the Commission or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2010 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2010 Bonds. Neither the delivery of this Official Statement nor the sale of any of the 2010 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the Commission and other sources believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission since the date hereof. All summaries contained herein of the Indenture (as defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the Commission except statistical information or other statements where some other date is indicated in the text.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2010 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Commission in any way, regardless of the level of optimism communicated in the information. The Commission is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

BOARD MEMBERS

Bob Buster, Chair

Greg Pettis, 1st Vice Chair John J. Benoit, 2nd Vice Chair

Marion Ashley	Bob Magee
Jeff Stone	Wallace Edgerton
John F. Tavaglione	Bonnie Flickinger
Bob Botts	Rick Gibbs
Roger Berg	Malcolm Miller
Joseph DeConinck	Jim Ferguson
Ray Quinto	Steve Pougnet
Mary Craton	Daryl Busch
Eduardo Garcia	Scott Hines
Karen Spiegel	Steve Adams
Scott Matas	Steve Di Memmo
Robin Lowe	Ron Roberts
Patrick J. Mullany	Scott Farnam
Glenn Miller	Ray Wolfe
Terry Henderson	Adam Rush

MANAGEMENT

Executive Director

Anne Mayer

Deputy Executive Director

John Standiford

Chief Financial Officer

Theresia Trevino

SPECIAL SERVICES

Financial Advisor

Fieldman, Rolapp & Associates
Irvine, California

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

Fulbright & Jaworski L.L.P.
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

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OFFICIAL STATEMENT

\$ _____ *

RIVERSIDE COUNTY TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
2010 Series

\$ _____ *	\$ _____ *
RIVERSIDE COUNTY	RIVERSIDE COUNTY
TRANSPORTATION COMMISSION	TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds	Sales Tax Revenue Bonds
(Limited Tax Bonds)	(Limited Tax Bonds)
2010 Series A	2010 Series B
(Tax-Exempt)	(Taxable Build America Bonds)

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the Riverside County Transportation Commission (the “Commission”) of \$ _____ * principal amount of Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Tax-Exempt)(the “2010 Series A Bonds”) and \$ _____ * principal amount of Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds) (the “2010 Series B Bonds” and, together with the 2010 Series A Bonds, the “2010 Bonds”). As used herein, the term “Bonds” means any Bonds, including the 2010 Bonds, issued pursuant to the Indenture (as defined below).

Authority for Issuance

The 2010 Bonds are being issued by the Commission under and pursuant to the Riverside County Transportation Sales Tax Act, being Division 25 of the Public Utilities Code of the State of California (Section 240000 et seq.) (the “Act”), 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 of the County of Riverside (the “County”) voting on such proposition in the November 5, 2002 election, and any amendments or extensions thereto (collectively, and together with the Act, the “Law”); and an Indenture, dated as of June 1, 2008 (the “2008 Indenture”), as supplemented by a First Supplemental Indenture, dated as of June 1, 2008 (the “First Supplemental Indenture”), a Second Supplemental Indenture, dated as of October 1, 2009 (the “Second Supplemental Indenture”) and a Third Supplemental Indenture, dated as of November 1, 2010 (the “Third Supplemental Indenture” and, together with the 2008 Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, the

* Preliminary, subject to change.

“Indenture”), each between the Commission and U.S. Bank National Association, as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or in the Indenture.

Purpose and Application of Proceeds

The proceeds of the 2010 Bonds will be applied to (i) pay a portion of the costs of the Project (as defined herein), (ii) retire \$103,284,000 principal amount of the Commission’s outstanding Commercial Paper Notes, and (iii) pay costs of issuance of the 2010 Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF PROCEEDS” herein.

The 2010 Bonds

Interest on the 2010 Bonds will be payable on each June 1 and December 1, commencing June 1, 2011. The 2010 Bonds are initially being issued as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof. The 2010 Bonds will be registered in the name of Cede & Co., as holder of the 2010 Bonds and nominee for The Depository Trust Company (“DTC”). Purchasers will not receive physical certificates representing their interest in the 2010 Bonds purchased.

The 2010 Bonds will be subject to optional, extraordinary and mandatory sinking fund redemption. See “THE 2010 BONDS – Redemption of 2010 Series A Bonds” and “– Redemption of 2010 Series B Bonds” herein.

Designation of 2010 Series B Bonds as “Build America Bonds” and “Recovery Zone Economic Development Bonds”

The Commission expects to designate the 2010 Series B Bonds as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009 (the “Stimulus Act”), the interest on which is not excluded from gross income for federal income tax purposes but is exempt from State of California personal income taxes. The Commission expects to receive a cash subsidy from the United States Treasury (“Federal Subsidy”) equal to 35% of the interest payable on the 2010 Series B Bonds, or 45% of the interest payable on such 2010 Series B Bonds that have been additionally designated as “Recovery Zone Economic Development Bonds.” The Commission will covenant for the benefit of the Holders of the 2010 Series B Bonds to comply with any conditions to receive the cash subsidy or to maintain the Commission’s right to retain or receive future subsidy payments in respect of the 2010 Series B Bonds. The Commission is obligated to make all payments of principal of and interest on the 2010 Series B Bonds from Revenues (as defined below) whether or not it receives cash subsidy payments pursuant to the Stimulus Act.

Security for the 2010 Bonds

The 2010 Bonds are limited obligations of the Commission payable from and secured by certain revenues (the “Revenues”) pledged under the Indenture, including a pledge of revenues (the “Sales Tax Revenues”) derived from a ½-cent sales tax that became effective on July 1, 2009 (the “Sales Tax”), imposed in the County in accordance with the Law and the California

Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 et seq.), net of an administrative fee paid to the California State Board of Equalization (the “Board of Equalization”) in connection with the collection and disbursement of the Sales Tax. The Sales Tax was approved by more than a two-thirds vote of the electorate of the County on November 5, 2002 and is scheduled to expire on June 30, 2039.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OTHER THAN THE COMMISSION TO THE EXTENT OF THE PLEDGE OF THE REVENUES, IS PLEDGED TO THE PAYMENT OF THE 2010 BONDS.

No Reserve Fund for 2010 Bonds

The Commission is not funding a reserve fund for the 2010 Bonds. The Commission has funded a reserve fund for its Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series A, 2009 Series B and 2009 Series C (collectively, the “2009 Bonds”). The reserve fund for the 2009 Bonds is not available to pay debt service on the 2010 Bonds.

Continuing Disclosure

The Commission will covenant for the benefit of the beneficial owners of the 2010 Bonds to provide certain financial information and operating data relating to the Commission and notices of the occurrence of certain enumerated events, if material, to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”). These covenants are being made in order to assist the Underwriters of the 2010 Bonds in complying with Rule 15c2-12 (the “Rule”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended. See “APPENDIX F – PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.” The Commission has not, within the past five years, failed to comply in all material respects with any previous continuing disclosure undertaking pursuant to the Rule to provide annual reports or notices of material events.

References

The descriptions and summaries of the Indenture and various other documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available for inspection at the offices of the Commission.

THE 2010 BONDS

General

Interest on the 2010 Bonds will be payable on each June 1 and December 1, commencing June 1, 2011. DTC will act as the initial securities depository for the 2010 Bonds, which will be issued initially pursuant to a book-entry only system. See “APPENDIX D – BOOK-ENTRY

SYSTEM.” Under the Indenture, the Commission may appoint a successor securities depository to DTC for the 2010 Bonds. The information under this caption, “THE 2010 BONDS,” is subject in its entirety to the provisions described in “APPENDIX D – BOOK-ENTRY SYSTEM” while the 2010 Bonds are in the book-entry only system.

The 2010 Bonds will be subject to optional and mandatory sinking fund redemption as described herein. See “THE 2010 BONDS – Redemption of 2010 Series A Bonds” and “– Redemption of 2010 Series B Bonds” herein.

Designation of 2010 Series B Bonds as “Build America Bonds” and “Recovery Zone Economic Development Bonds”

The Commission is issuing the 2010 Series B Bonds as taxable bonds, and expects to designate the 2010 Series B Bonds as “Build America Bonds” under Section 54AA(d) of the Internal Revenue Code of 1986 (the “Code”) and as “qualified Build America Bonds (Direct Subsidy)” under Section 54AA(g) of the Code (the “Build America Bonds”). In addition, the Commission expects to designate the 2010 Series B Bonds maturing on June 1, 20__ (the “Recovery Zone Bonds”) as “Recovery Zone Economic Development Bonds” under Section 1400U-2 of the Code. In connection with the issuance of the 2010 Series B Bonds, and as permitted by the Stimulus Act, the Commission will elect (which election is irrevocable pursuant to the provisions of the Stimulus Act) for the Trustee to receive directly from the United States Department of the Treasury on or about each interest payment date for the 2010 Series B Bonds a Federal Subsidy payment equal to 35% of the taxable interest it pays on the 2010 Series B Bonds, or 45% of the taxable interest it pays on such 2010 Series B Bonds that are Recovery Zone Bonds. The Federal Subsidy payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the Stimulus Act. If the Commission fails to comply with the conditions to receiving the Federal Subsidy payments throughout the term of the 2010 Series B Bonds, it may no longer receive the Federal Subsidy payments and could be subject to a claim for the return of previously received Federal Subsidy payments. The Commission will covenant for the benefit of the Holders of the 2010 Series B Bonds to comply with any conditions to receive the Federal Subsidy payments or to maintain the Commission’s right to retain or receive future Federal Subsidy payments in respect of the 2010 Series B Bonds. The Commission is obligated to make all payments of principal of and interest on the 2010 Series B Bonds from Revenues whether or not it receives Federal Subsidy payments pursuant to the Stimulus Act.

Redemption of 2010 Series A Bonds*

Optional Redemption. The 2010 Series A Bonds maturing on or before June 1, 20__ shall not be subject to redemption prior to their respective stated maturities. The 2010 Series A Bonds maturing on or after June 1, 20__ shall be subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, as a whole or in part, on any date on or after June 1, 20__ at the principal amount of 2010 Series A Bonds called for redemption plus accrued interest to the date fixed for redemption, without premium.

* Preliminary, subject to change.

Sufficient Funds Required for Optional Redemption. Any optional redemption of 2010 Series A Bonds and notice thereof shall be conditional and rescinded and cancelled if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2010 Series A Bonds called for redemption.

Mandatory Redemption of the 2010 Series A Bonds from Mandatory Sinking Account Payments. The 2010 Series A Bonds maturing on June 1, 20__ shall also be subject to mandatory redemption prior to their respective stated maturities, in part, by lot, from Mandatory Sinking Account Payments on each June 1 a Mandatory Sinking Account Payment is due, in the principal amount equal to the Mandatory Sinking Account Payment due on such date and at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the redemption date, without premium.

Redemption Date (June 1)	Mandatory Sinking Account Payment	Redemption Date (June 1)	Mandatory Sinking Account Payment
-------------------------------------	--	-------------------------------------	--

† Final Maturity.

Redemption of 2010 Series B Bonds*

Optional Redemption with Make-Whole Premium. The 2010 Series B Bonds maturing on or prior to June 1, 2020 will be subject to redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds, as a whole or in part in authorized denominations of \$5,000 and any integral multiple thereof, on any date at a redemption price equal to 100% of the principal amount of 2010 Series B Bonds to be redeemed plus the Make-Whole Premium, together with accrued interest, if any, to the date fixed for redemption.

“Make-Whole Premium” means, with respect to any 2010 Series B Bond to be redeemed, an amount calculated by an Independent Banking Institution equal to the positive difference, if any, between:

- (1) The sum of the present values, calculated as of the date fixed for redemption of:
 - (A) Each interest payment that, but for the redemption, would have been payable on the 2010 Series B Bond or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the date fixed for redemption through the

* Preliminary, subject to change.

maturity date of such 2010 Series B Bond (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2010 Series B Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2010 Series B Bond to the date fixed for redemption; plus

(B) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2010 Series B Bond or portion thereof being redeemed; minus

(2) The principal amount of the 2010 Series B Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (1) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve (12) 30-day months) at a discount rate equal to the Comparable Treasury Yield, plus [_____] ([__]) basis points.

“Comparable Treasury Yield” means, with respect to any 2010 Series B Bond to be redeemed, the yield which represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Independent Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2010 Series B Bond being redeemed. The Comparable Treasury Yield will be determined as of the third business day immediately preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2010 Series B Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2010 Series B Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2010 Series B Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) at the Comparable Treasury Price as of the date fixed for redemption (which Comparable Treasury Price shall be determined based upon the bid and asked prices for the Comparable Treasury Issue on the third Business Day preceding the date fixed for

redemption in accordance with the procedures prescribed in the definition of the term “Comparable Treasury Price”).

“Independent Banking Institution” means, with respect to any 2010 Series B Bond to be redeemed, an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the Commission (which may be the underwriters of the 2010 Series B Bonds) [or an independent financial advisor designated by the Commission]. If the Commission fails to appoint an Independent Banking Institution at least 45 days prior to the date fixed for redemption, or if the Independent Banking Institution appointed by the Commission is unwilling or unable to determine the Comparable Treasury Yield, the Comparable Treasury Yield will be determined by an Independent Banking Institution designated by the Trustee.

“Comparable Treasury Issue” means, with respect to any 2010 Series B Bond to be redeemed, the United States Treasury security selected by the Independent Banking Institution as having a maturity comparable to the remaining term to maturity of the 2010 Series B Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2010 Series B Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2010 Series B Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Independent Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Independent Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Independent Banking Institution, at 5:00 p.m. New York City time on the third business day preceding the date fixed for redemption.

“Reference Treasury Dealer” means, with respect to any 2010 Series B Bond to be redeemed, a primary United States Government securities dealer in the United States appointed by the Commission and reasonably acceptable to the Independent Banking Institution (which may be one of the underwriters of the 2010 Series B Bonds). If the Commission fails to select the Reference Treasury Dealers within a reasonable period of time, the Trustee will select the Reference Treasury Dealers in consultation with the Commission.

Optional Redemption at Par. The 2010 Series B Bonds maturing on or after June 1, 2021 shall be subject to redemption prior to their respective stated maturities, at the option of the Commission, from any source of available funds, as a whole or in part, on any date on or after June 1, 2020 at the principal amount of 2010 Series B Bonds called for redemption plus accrued interest to the date fixed for redemption, without premium.

Extraordinary Optional Redemption of 2010 Series B Bonds. The 2010 Series B Bonds shall be subject to redemption prior to maturity at the option of the Commission upon the occurrence of a Tax Law Change, from any source of available funds, as a whole or in part, on any date, at a Redemption Price equal to 100% of the principal amount of 2010 Series B Bonds

to be redeemed plus the Make-Whole Premium (using a discount rate equal to the Comparable Treasury Yield plus [___] basis points), if any, plus accrued interest to the date fixed for redemption.

“Tax Law Change” means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which, as reasonably determined by the Commission, would be to suspend, reduce or terminate the Subsidy Payments from the United States Treasury to the Commission or the Trustee as its agent with respect to the 2010 Series B Bonds, or payments to state or local government issuers generally with respect to obligations of the general character of, and issued in the same calendar year as, the 2010 Series B Bonds, pursuant to Sections 54AA or 6431 of the Code of an amount equal to 35% (45% for Recovery Zone Bonds) of the interest due thereon on each interest payment date; provided, that such suspension, reduction or termination is not due to a failure by the Commission to comply with the requirements under the Code to receive the Subsidy Payments.

Sufficient Funds Required for Optional Redemption. Any optional redemption of 2010 Series B Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of the Indenture if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2010 Series B Bonds called for redemption.

Mandatory Redemption of the 2010 Series B Bonds from Mandatory Sinking Account Payments. The 2010 Series B Bonds maturing on June 1, 20__, shall also be subject to mandatory redemption prior to their respective stated maturities, in part, from Mandatory Sinking Account Payments on each June 1 a Mandatory Sinking Account Payment is due, in the principal amount equal to the Mandatory Sinking Account Payment due on such date and at a redemption price equal to 100% of the principal amount thereof, plus accrued but unpaid interest to the redemption date, without premium.

Redemption Date (June 1)	Mandatory Sinking Account Payment	Redemption Date (June 1)	Mandatory Sinking Account Payment
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[†] Final Maturity.

Selection of 2010 Bonds for Redemption

Selection of 2010 Series A Bonds for Redemption. The Commission shall designate which maturities of any 2010 Series A Bonds are to be called for optional redemption. If less than all 2010 Series A Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the 2010 Series A Bonds of such maturity date to be redeemed in any matter that it deems appropriate and fair and shall promptly notify the Commission in writing of the numbers of the 2010 Series A Bonds so selected for redemption. For purposes of such selection, 2010 Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. “Authorized Denomination” means, with respect to the 2010 Bonds, \$5,000 and any integral multiple thereof. In the event of an optional redemption of the 2010 Series A Term Bonds, the Commission shall designate the Mandatory Sinking Account Payments, or portions thereof, in an aggregate amount equal to the principal amount of 2010 Series A Term Bonds so optionally redeemed, that are to be reduced as allocated to such redemption, and such Mandatory Sinking Account Payments shall be reduced accordingly.

Selection of 2010 Series B Bonds for Redemption. The Commission shall designate which maturities of any 2010 Series B Bonds are to be called for optional redemption, and shall observe the following procedures:

Non-Book Entry Bonds. If the 2010 Series B Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2010 Series B Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2010 Series B Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate.

Book-Entry Bonds. If the 2010 Series B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2010 Series B Bonds, if less than all of the 2010 Series B Bonds of a maturity are called for prior redemption, the particular 2010 Series B Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2010 Series B Bonds are held in book-entry form, the selection for redemption of such 2010 Series B Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2010 Series B Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Commission and the Beneficial Owners are to be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2010 Series B Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2010 Series B Bonds shall be selected for redemption by lot in accordance with DTC procedures.

2010 Series B Term Bonds. In the event of an optional redemption of the 2010 Series B Term Bonds, the Commission shall designate the Mandatory Sinking Account Payments, or portions thereof, in an aggregate amount equal to the principal amount of 2010 Series B Term Bonds so optionally redeemed, that are to be reduced as allocated to such redemption, and such Mandatory Sinking Account Payments shall be reduced accordingly.

Purchase In Lieu of Redemption

The Commission reserves the right at all times to purchase any of its 2010 Bonds on the open market. In lieu of mandatory redemption, the Commission may surrender to the Trustee for cancellation 2010 Bonds purchased on the open market, and such 2010 Bonds shall be cancelled by the Trustee. If any 2010 Bonds are so cancelled, the Commission may designate the Mandatory Sinking Account Payments or portions thereof within such 2010 Bonds so purchased that are to be reduced as a result of such cancellation.

PLAN OF FINANCE

The proceeds of the 2010 Bonds will be applied to (i) to pay a portion of the costs of the Project, (ii) retire all or a portion of the Commission’s outstanding Commercial Paper Notes, and (iii) pay costs of issuance of the 2010 Bonds. “Project” means projects authorized to be financed with the proceeds of the 2010 Bonds on the Riverside County Transportation Commission Transportation Expenditure Plan. See “RIVERSIDE COUNTY TRANSPORTATION COMMISSION – The Transportation Expenditure Plan” herein.

ESTIMATED SOURCES AND USES OF PROCEEDS

The proceeds from the sale of the 2010 Bonds and certain other amounts are expected to be applied as follows:

Sources of Funds:	2010 Series A Bonds	2010 Series B Bonds
Principal Amount	\$	\$
Original Issue Discount/Premium		
	_____	_____
Total Sources:	\$	\$
 Uses of Funds:		
Deposit to 2010 Bonds Project Fund	\$	\$
Transfer to Commercial Paper Notes Trustee		
Deposit to 2010 Costs of Issuance Fund ⁽¹⁾		
	_____	_____
Total Uses:	\$	\$

⁽¹⁾ Includes Underwriters’ discount, Rating Agency fees, Trustee fees, printing costs, fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Auditor, and other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30	2009 Bonds⁽¹⁾	<u>2010 Series A Bonds</u>		<u>2010 Series B Bonds</u>			Annual Net Debt Service
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Federal Subsidy⁽²⁾</u>	

⁽¹⁾ Interest on the 2009 Bonds is calculated assuming the interest rates are equal to the fixed rates on the Existing Swaps. See “OTHER SALES TAX OBLIGATIONS – Existing Swap Agreements.”

⁽²⁾ Under the Indenture, the Federal Subsidy is treated as an off-set to debt service.

SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS

Limited Obligation

THE 2010 BONDS ARE LIMITED TAX OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THE COMMISSION IS NOT OBLIGATED TO PAY THE 2010 BONDS EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THE 2010 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE COMMISSION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE COMMISSION IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED IN THE INDENTURE) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE 2010 BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE 2010 BONDS. THE 2010 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND THE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Pledge of Revenues

All Revenues, consisting of Sales Tax Revenues and Swap Revenues, are irrevocably pledged by the Commission to secure the punctual payment of the principal of, premium, if any, and interest on the 2010 Bonds and any additional Series of Bonds issued under the Indenture and all amounts owing on any Parity Obligations in accordance with their terms. The Revenues shall not be used for any other purpose while any of the Bonds or Parity Obligations remain

Outstanding, except as permitted by the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Additionally, all amounts (including proceeds of the Bonds) held by the Trustee under the Indenture (except for amounts held in the Rebate Fund, any Letter of Credit Account and any Bond Purchase Fund) are pledged to secure the payment of all amounts owing on the Bonds and Parity Obligations, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Pursuant to the Indenture, the pledge of Revenues constitutes a first lien to secure the Bonds and Parity Obligations. The pledge of Revenues shall be irrevocable until all Bonds issued under the Indenture, including the 2010 Bonds, and all Parity Obligations are no longer Outstanding.

The Revenues pledged to the payment of the Bonds and Parity Obligations shall be applied without priority or distinction of one over the other and the Sales Tax Revenues shall constitute a trust fund for the security and payment of the Bonds and Parity Obligations; but nevertheless out of Revenues certain amounts may be applied for other purposes as provided in the Indenture.

For a detailed description of the Sales Tax and projected receipts of Sales Tax Revenues, see “THE SALES TAX” herein. For a discussion of Swap Revenues, see “OTHER SALES TAX OBLIGATIONS – Existing Swap Agreements” herein.

Revenue Fund; Allocation of Revenues

As long as any Bonds are Outstanding or any Parity Obligations remain unpaid, the Commission has assigned the Sales Tax Revenues to the Trustee and shall cause the Board of Equalization to transmit the same directly to the Trustee. The Sales Tax Revenues shall be received and held in trust by the Trustee for the benefit of the Holders of the Bonds and any Parity Obligations. The Trustee shall forthwith deposit all Sales Tax Revenues in the Revenue Fund, maintained and held in trust by the Trustee, when and as such Sales Tax Revenues are received by the Trustee. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues.” Investment income on amounts held by the Trustee (other than amounts held in the Rebate Fund or for which particular instructions are provided) shall also be deposited in the Revenue Fund.

In each month while Bonds remain Outstanding, the Trustee is required to set aside receipts of Sales Tax Revenues in the following respective funds, amounts and order of priority (provided that deficiencies in any previously required deposit shall be made up prior to the deposit to a fund subsequent in priority and further provided that set asides or transfers required with respect to Parity Obligations, including certain regularly scheduled payments pursuant to Interest Rate Swap Agreements that are payable on a parity with the 2010 Bonds, shall be made on a parity basis, as provided in the Indenture):

1. Interest Fund. The Indenture requires the Trustee to make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on Outstanding Current Interest Bonds (other than Bonds constituting Variable Rate Indebtedness) during the ensuing six-month period, plus (b) the aggregate amount of interest to accrue during that month

on Outstanding Variable Rate Indebtedness, calculated, if the actual rate of interest is not known, at the interest rate specified in writing by the Commission, or if the Commission has not specified an interest rate in writing, calculated at the maximum interest rate borne by such Variable Rate Indebtedness during the month prior to the month of deposit plus one hundred (100) basis points (provided, however, that the amount of such deposit into the Interest Fund for any month may be reduced by the amount by which the deposit in the prior month exceeded the actual amount of interest accrued and paid during that month on said Outstanding Variable Rate Indebtedness and provided further that the amount of such deposit into the Interest Fund for any month will be increased by the amount by which the deposit in the prior month was less than the actual amount of interest accruing during that month on said Outstanding Variable Rate Indebtedness). No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the Interest Payment Dates falling within the next six (6) months upon all of the Outstanding Bonds issued under the Indenture, and on June 1 and December 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date (and not held to pay interest on Bonds having Interest Payment Dates other than June 1 and December 1) will be transferred to the Commission (but excluding, in each case, any moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Dates). All Swap Revenues received with respect to Interest Rate Swap Agreements that are Parity Obligations shall be deposited in the Interest Fund and credited to the above-required deposits, and payments on such Interest Rate Swap Agreements (other than fees and expenses and termination payments) shall be payable from the Interest Fund and the above-required deposits shall be adjusted to include such payments.

2. Principal Fund; Sinking Accounts. The Indenture also requires the Trustee to make monthly deposits in the Principal Fund in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of principal and accreted value, if applicable, becoming due and payable within the next six months on Outstanding Bonds having semiannual maturity dates, plus (b) one-twelfth of the aggregate yearly amount of principal, accreted value, if applicable, becoming due and payable within the next twelve months on Outstanding Bonds having annual maturity dates, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts are required to be set aside toward such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account

Payments are to be made without priority of any payment into any one such Sinking Account over any other such payment.

If the Sales Tax Revenues are not sufficient to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys will be applied on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually which will have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually which will have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues will not be sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts are to be made on a Proportionate Basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit must be made into the Principal Fund as long as such fund holds (i) moneys sufficient to pay the Bond Obligations of all then Outstanding Serial Bonds maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period; provided that if the Commission certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. At the beginning of each Fiscal Year and in any event not later than June 1 of each year, the Trustee is required to request from the Commission a Certificate of the Commission setting forth the principal payments for which deposits will not be necessary pursuant to the preceding sentence and the reason therefor. On June 1 of each year or as soon as practicable thereafter any excess amounts in the Principal Fund not needed to pay principal on such date (and not held to pay principal on Bonds having principal payment dates other than June 1) are required to be transferred to the Commission.

3. Bond Reserve Fund. The Indenture also requires the Trustee to make deposits to the Bond Reserve Fund, to the extent required. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS – No Reserve Fund for 2010 Bonds.”

4. Subordinate Obligations Fund. As long as any Subordinate Obligations remain unpaid, any Revenues remaining in the Revenue Fund after the transfers described in (1), (2) and (3) above have been made shall be transferred to the Notes Trustee in connection with the Commission's Commercial Paper Notes (Limited Tax Bonds), Series A and Series B (the "Notes"). After the Notes Trustee has made the required deposit of Revenues under the Subordinate Indenture, the Notes Trustee shall transfer any remaining Revenues back to the Trustee.

5. Fees and Expenses Fund. At the direction of the Commission, after the transfers described in (1), (2), (3) and (4) above have been made, the Trustee is required to deposit as soon as practicable in each month in the Fees and Expenses Fund (i) amounts necessary for payment of fees, expenses and similar charges (including fees, expenses and similar charges relating to any Liquidity Facility or Credit Enhancement for the Bonds or any Parity Obligations) owing in such month or the following month by the Commission in connection with the Bonds or any Parity Obligations and (ii) amounts necessary for payment of fees, expenses and similar charges owing in such month or the following month by the Commission in connection with Subordinate Obligations. The Commission shall inform the Trustee of such amounts, in writing, on or prior to the first Business Day of each month.

Any Revenues remaining in the Revenue Fund after the foregoing transfers described in (1), (2), (3), (4) and (5) above, except as the Commission shall otherwise direct in writing or as is otherwise provided in a supplemental indenture, shall be transferred to the Commission on the same Business Day or as soon as practicable thereafter. The Commission may use and apply the Revenues when received by it for any lawful purpose of the Commission, including the redemption of Bonds upon the terms and conditions set forth in the supplemental indenture relating to such Bonds and the purchase of Bonds as and when and at such prices as it may determine.

If, five (5) days prior to any principal payment date, Interest Payment Date or mandatory redemption date, the amounts on deposit in the Revenue Fund, the Interest Fund, the Principal Fund, including the Sinking Accounts therein, and, as and to the extent not required to satisfy the Bond Reserve Requirement, any Bond Reserve Fund established in connection with the 2010 Bonds with respect to the payments to be made on such upcoming date are insufficient to make such payments, the Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Commission has covenanted and agreed to transfer to the Trustee from any Revenues in its possession the amount of such deficiency on or prior to the principal, interest or mandatory redemption date referenced in such notice.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues" and "– Definitions" for a more complete discussion.

No Reserve Fund for 2010 Bonds

The Commission is not funding a reserve fund for the 2010 Bonds. In connection with the issuance of the 2009 Bonds, the Commission funded a reserve fund securing only the 2009 Bonds. The reserve fund for the 2009 Bonds is not available to pay debt service on the 2010 Bonds.

Additional Bonds and Parity Obligations

In addition to the 2010 Bonds, the Commission currently has \$181,000,000 in aggregate principal amount of its 2009 Bonds Outstanding, payable from Sales Tax Revenues on a parity with the 2010 Bonds. See “OTHER SALES TAX OBLIGATIONS – Existing Bonds.” Under the Indenture, the Commission may issue other obligations payable in whole or in part from Sales Tax Revenues, subject to the limitations of the Act and to the terms and conditions contained in the Indenture.

Issuance of Additional Series of Bonds. The Commission may by Supplemental Indenture establish one or more additional Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the 2010 Bonds, but only upon compliance by the Commission with the provisions of the Indenture, including the conditions that:

- (1) No Event of Default shall have occurred and then be continuing.
- (2) The aggregate principal amount of Bonds issued pursuant to the Indenture may not exceed any limitation imposed by the Act.
- (3) If so required in the Supplemental Indenture providing for the issuance of such Series, either (i) a Bond Reserve Fund shall be established to provide additional security for such Series of Bonds or (ii) the balance in an existing Bond Reserve Fund, forthwith upon the receipt of the proceeds of the sale of Bonds of such Series shall be increased, if necessary, to an amount at least equal to the Bond Reserve Requirement with respect to all Bonds to be considered Outstanding upon the issuance of Bonds of such Series. Said deposit may be made from the proceeds of the sale of Bonds of such Series or from other funds of the Commission or from both such sources or may be made in the form of a Reserve Facility.
- (4) The Commission shall place on file with the Trustee a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Bonds will become Outstanding shall have been at least equal to 1.5 times Maximum Annual Debt Service on all Series of Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which Certificate shall also set forth the computations upon which such Certificate is based.

Nothing in the Indenture shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such additional Series of Bonds or any portion thereof.

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Commission without compliance with the provisions of the Indenture described above under (4) “Issuance of Additional Series of Bonds” and other terms of the Indenture; provided, that Maximum Annual Debt Service on all Bonds and Parity Obligations Outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds and Parity Obligations Outstanding prior to the issuance of such Refunding Bonds, or (ii) that the Commission expects a reduction in Debt Service on all Bonds Outstanding and all Parity Obligations outstanding to result from the refunding to be effected with the proceeds of such Refunding Bonds.

Issuance of Parity Obligations. The Commission may also issue Parity Obligations which will have, when issued, an equal lien and charge upon the Sales Tax Revenues, provided that the conditions to the issuance of such Parity Obligations set forth in the Indenture are satisfied, including satisfaction of the coverage test described in subsection (4) above under the caption “Issuance of Additional Series of Bonds” (unless such Parity Obligations are being issued for refunding purposes, in which case the coverage test shall not apply).

As defined in the Indenture, “Parity Obligations” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money, the Existing Swaps or any other Interest Rate Swap Agreement (excluding fees and expenses and termination payments on Interest Rate Swap Agreements) entered into in connection with a Series of Bonds, in each case incurred in accordance with the provisions of the Indenture and having an equal lien and charge upon the Sales Tax Revenues and therefore being payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

The Commission’s obligation to make regularly scheduled payments under the Existing Swap Agreements (as defined below) constitutes a Parity Obligation under the Indenture.

The Ordinance limits the amount of the Commission’s bonds secured by Sales Tax Revenues to a maximum aggregate principal amount of \$500 million at any one time outstanding. A ballot measure to increase this limit to \$975 million has been approved for a special election to be held in the County on November 2, 2010. See “OTHER SALES TAX OBLIGATIONS – Limitation on Outstanding Sales Tax Obligations.”

OTHER SALES TAX OBLIGATIONS

Existing Bonds

On October 1, 2009, the Commission issued \$185,000,000 in original, aggregate principal amount of its Sales Tax Revenue Bonds (Limited Tax Bonds) 2009 Series A, 2009 Series B and 2009 Series C (collectively, the “2009 Bonds”), which are currently outstanding in the aggregate principal amount of \$181,000,000. The 2009 Bonds mature on June 1, 2029 and are variable rate obligations currently bearing interest at a weekly rate. In order to hedge its variable rate exposure on the 2009 Bonds, the Commission entered into interest rate swap agreements with Bank of America, N.A. and Deutsche Bank AG, New York Branch, as described further in “Existing Swap Agreements” below. The 2009 Bonds are currently subject to optional tender by the holders thereof. The payment of the purchase price of tendered 2009

Bonds is payable from the proceeds of remarketing the 2009 Bonds and, to the extent remarketing proceeds are insufficient, from amounts available from Standby Bond Purchase Agreements relating to each series of the 2009 Bonds, each dated as of October 1, 2009 (each, a “2009 Bonds Liquidity Facility”), between the Commission and JPMorgan Chase Bank, National Association (the “2009 Bonds Liquidity Provider”), and from any Alternate Liquidity Facility that may be obtained by the Commission. Each 2009 Bonds Liquidity Facility expires on October 1, 2012, unless extended by the parties thereto.

The obligation of the Commission to reimburse the 2009 Bonds Liquidity Provider or make any other payments under a 2009 Bonds Liquidity Facility is secured by a pledge of Sales Tax Revenues on a parity with the pledge securing the Bonds, including the 2010 Bonds. Under certain circumstances, 2009 Bonds purchased by the 2009 Bonds Liquidity Provider and not remarketed may become Liquidity Facility Bonds. Such Liquidity Facility Bonds shall bear interest as provided in the relevant 2009 Bonds Liquidity Facility and may be subject to acceleration upon the occurrence of certain events of default described in such 2009 Bonds Liquidity Facility.

Existing Swap Agreements

The Commission has entered into the following interest rate swap agreements (collectively, the “Existing Swap Agreements”), in the combined initial notional amount of \$185,000,000 (subject to amortization corresponding to the amortization of the 2009 Bonds, which are currently Outstanding in the aggregate principal amount of \$181,000,000), which Existing Swap Agreements have an effective date of October 1, 2009 and expire on June 1, 2029, and are designed to cause the total interest obligation with respect to the 2009 Bonds to accrue at a synthetic fixed rate:

- (i) An ISDA Master Agreement, dated as of August 22, 2006, between Bank of America, N.A. (“BofA”) and the Commission, as supplemented by the Schedule, dated as of August 22, 2006 and the confirmation of a transaction entered into on August 22, 2006 between BofA and the Commission (the “BofA Swap Agreement”).
- (ii) An ISDA Master Agreement, dated as of September 24, 2008, between Deutsche Bank AG, New York Branch (“DBAG”) and the Commission, as supplemented by the Schedule, dated as of September 24, 2008 and the confirmation of a transaction entered into on September 24, 2008 between DBAG and the Commission (the “DBAG Swap Agreement”).

The Commission’s obligation to make regularly scheduled payments to the swap counterparties under the Existing Swap Agreements is secured by Sales Tax Revenues on a parity basis with the Commission’s obligation to pay principal of and interest on the Bonds, including the 2010 Bonds, and therefore such obligation constitutes a Parity Obligation under the Indenture. The Commission’s obligation to make any early termination payment under the Existing Swap Agreements is secured by a pledge of Sales Tax Revenues subordinate to the pledge of Sales Tax Revenues in favor of the Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations.

The BofA Swap Agreement is in the initial notional amount of \$100,000,000, subject to amortization as set forth therein. Pursuant to this agreement, BofA has agreed to pay the Commission a floating rate equal to 67% of USDLIBOR (One Month) and the Commission has agreed to pay BofA a fixed rate equal to 3.679%. The BofA Swap Agreement is subject to early termination in the event that the unenhanced ratings on the 2009 Bonds issued by Moody's Investors Service ("Moody's") and Standard & Poor's Rating Service ("S&P") fall below investment grade or are withdrawn or suspended; a reduction in the long-term unsubordinated ratings of BofA below investment grade can also result in an early termination of the BofA Swap Agreement. The Commission has the option of terminating the BofA Swap Agreement upon two Business Days' notice provided it has sufficient funds to pay any early termination amount.

The DBAG Swap Agreement is in the initial notional amount of \$85,000,000, subject to amortization as set forth therein, which corresponds to the amortization of the 2009 Series A Bonds. Pursuant to this agreement, DBAG has agreed to pay the Commission a floating rate equal to 67% of USDLIBOR (One Month) and the Commission has agreed to pay DBAG a fixed rate equal to 3.206%. The DBAG Swap Agreement is subject to early termination in the event that the unenhanced ratings on the 2009 Bonds issued by Moody's and S&P fall below investment grade or are withdrawn or suspended; a reduction in the unenhanced ratings of the long-term unsecured unsubordinated debt of DBAG below investment grade can also result in an early termination of the DBAG Swap Agreement. The Commission has the option of terminating the DBAG Swap Agreement upon two Business Days' notice provided it has sufficient funds to pay any early termination amount.

In the event of an early termination of one or both of the Existing Swap Agreements, a termination payment will be payable by either the Commission or the swap counterparty depending on the then current market value of the Existing Swap Agreement subject to termination. Any such termination payment payable by the Commission could be substantial. As of November 1, 2010, the value of the termination payment, if each of the Existing Swap Agreements were terminated based on the mid-market swap curve and assuming functioning markets was estimated by the Commission's financial advisor to be approximately \$_____ million payable by the Commission. Any early termination payments are payable from Sales Tax Revenues on a basis subordinate to the Bonds (including the 2010 Bonds).

Subordinate Obligations

The Commission may issue obligations ("Subordinate Obligations") payable out of Sales Tax Revenues on a basis subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and all Parity Obligations, as the same become due and payable. The Commission's Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the "Notes") and the credit agreements supporting the Notes constitute Subordinate Obligations under the Indenture. The Commission's obligation to make early termination payments under the Existing Swap Agreements is secured by a pledge of the Sales Tax Revenues subordinate to the pledge in favor of the 2010 Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations.

As of November 1, 2010, there was \$103,284,000 principal amount of Notes outstanding of an authorized \$120,000,000 program. The program was initially established at a maximum of

\$185,000,000 in principal amount and has been reduced to a maximum of \$120,000,000 in principal amount. The principal of and interest on the Notes are payable from draws under an irrevocable, direct pay letter of credit issued by Bank of America, N.A. (“BofA”), pursuant to a Reimbursement Agreement, dated as of March 1, 2005, as amended (“Reimbursement Agreement”), by and between the Commission and BofA. The stated amount of the letter of credit may not exceed \$121,500,000. The letter of credit expires March 29, 2012, unless terminated earlier as provided in the Reimbursement Agreement. The Commission’s obligation to reimburse BofA for draws under the letter of credit to pay the principal of and interest on the Notes is secured by a pledge of Sales Tax Revenues subordinate to the pledge in favor of the holders of the Bonds, including the 2010 Bonds, and on parity with the obligation to pay Note holders. If the Commission is unable to extend or replace such letter of credit by its expiration date, the Commission may refund any outstanding Notes and any related reimbursement obligations due to BofA with the proceeds of an additional Series of Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS – Additional Bonds and Parity Obligations” herein.

Limitation on Outstanding Sales Tax Obligations

Under the Ordinance, the Commission has the power to sell or issue, from time to time, bonds or other evidence of indebtedness, including but not limited to capital appreciation bonds, secured solely by Sales Tax Revenues, in the aggregate principal amount at any one time outstanding of not to exceed \$500 million. The County has recently authorized a ballot measure for a special election to be held on November 2, 2010 that if approved by a majority of County voters voting on the measure would increase such maximum amount from \$500 million to \$975 million. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS – Additional Bonds and Parity Obligations” herein.

THE SALES TAX

General

The Act, among other things, authorizes the Commission to develop a countywide consensus on a proposed transaction expenditure plan to be submitted to the voters as part of an ordinance imposing a retail transactions and use tax in the County in accordance with the provisions of the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251, et seq.). In accordance with the Act, on November 5, 2002, more than two-thirds of the voters of the County voting on the measure approved Measure “A,” which authorized the imposition of the Sales Tax in the County. The Sales Tax commenced on July 1, 2009 and will be collected for a thirty-year period ending on June 30, 2039. The Sales Tax consists of a one-half of one percent (1/2%) sales 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. See “RIVERSIDE COUNTY TRANSPORTATION COMMISSION – The Transportation Expenditure Plan” herein.

The one-half of one percent sales tax imposed in the County for transportation purposes and administered by the Commission, is in addition to an eight and one-quarter percent sales tax levied statewide by the State of California (the “State”). In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The statewide 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.

On November 8, 1988, more than two-thirds of the voters approved the Riverside County Transportation Commission Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance (the “Prior Ordinance”) which authorized the imposition of a retail transactions and use tax of one-half of one percent (½%) of the gross receipts of retailers from the sales of all tangible personal property sold at retail 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. The Commission has previously issued indebtedness secured by the 1988 Sales Tax, and all outstanding principal and interest with respect to such indebtedness has been fully paid on or before June 1, 2009.

The Sales Tax is generally imposed upon the same transactions and items subject to the sales and use tax levied statewide 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 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 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 which 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 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 Sales Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Sales Tax Revenues. The Commission is not currently aware of any proposed legislative change which would have a material adverse effect on Sales Tax Revenues. See also “RISK FACTORS – Proposition 218” herein.

Collection of Sales Tax Revenues

Collection of the 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 Sales Tax Revenues directly to the Trustee. The Board of Equalization, after deducting amounts payable to itself, is required to remit the balance of amounts received from the Sales Tax directly to the Trustee. The Trustee is required to apply the Sales Tax Revenues to make deposits to the funds and accounts established under the Indenture and to transfer the remaining amounts to U.S. Bank Trust National Association, as issuing and paying agent for the Notes (the “Issuing and Paying Agent”). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS” herein. The remaining unapplied Sales Tax Revenues, if any, are transferred to the Commission for use for any purpose contemplated by the Ordinance. The fee that the Board of Equalization is authorized to charge for collection of the Sales Tax is determined by State legislation. The Board of Equalization fee for collection of the Sales Tax for fiscal year 2010-11 is estimated at \$1,389,200.

Historical Sales Tax Receipts

The following table sets forth net sales tax receipts for the Fiscal Years indicated below. Net sales tax receipts through a portion of 2010 were received under the Prior Ordinance and were levied by the Commission at the same rate and on the same types of transactions as the Measure A Sales Tax.

RIVERSIDE COUNTY TRANSPORTATION COMMISSION HISTORICAL SALES TAX RECEIPTS

Fiscal Year Ended June 30	Net Sales Tax Receipts ⁽¹⁾	% Change From Prior Fiscal Year
2001	\$ [89,464,634]	[9.71]%
2002	[94,400,890]	[5.52]
2003	[102,817,407]	[8.92]
2004	120,564,890	[14.41]
2005	138,921,247	15.23
2006	157,236,314	13.18
2007	154,539,723	(1.71)
2008	142,537,548	(7.77)
2009	119,688,289	(16.03)
2010	114,526,253	(4.31)

⁽¹⁾ Net of Board of Equalization administrative fee.

Source: The Commission.

Annual Measure A Sales Tax Revenues for the Fiscal Year ended June 30, 2010 were \$114,526,253, representing a decline of 4.31% from the Measure A Sales Tax Revenues for the Fiscal Year ended June 30, 2009.

Year over year quarterly increases/(decreases) on a percentage basis for the Fiscal Year ended June 30, 2010 were (25.91%) for the first quarter, (1.99%) for the second quarter, 2.91% for the third quarter and 11.36% for the fourth quarter. Measure A Sales Tax Revenues for the first quarter of the Fiscal Year ending June 30, 2011 are \$_____, representing an increase

of ____% from Sales Tax Revenues for the first two quarters of the Fiscal Year ended June 30, 2010. See “APPENDIX B – COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION” and “RISK FACTORS” herein.

The Commission is unable to predict if and when annual Sales Tax Revenues will increase. For a summary of historical taxable retail sales within the County, see the table entitled “County of Riverside, Taxable Sales Transactions” in “APPENDIX B – COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION.”

The following table sets forth the maximum annual debt service coverage on the Bonds based on Sales Tax Revenues for the Fiscal Year ended June 30, 2010.

Sales Tax Revenues	Maximum Annual Debt Service on all Bonds⁽¹⁾	Coverage Ratio
\$114,526,253	\$	

⁽¹⁾ Interest on variable rate debt is calculated assuming the interest rates are equal to the fixed rates on the Existing Swaps. Under the Indenture, the Federal Subsidy is treated as an off-set to debt service. “See DEBT SERVICE SCHEDULE” herein.

Source: The Commission and Fieldman, Rolapp & Associates.

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

General

The Commission is charged with a number of important responsibilities in serving the residents of the County. Administering the sales tax program, which has raised more than \$1 billion, has been by far the most prominent of these responsibilities. The Commission, which has the responsibility of placing future transportation ballot measures before the public, was successful in November 2002 in obtaining more than two-thirds voter approval of the Sales Tax.

In addition to the Commission’s Measure A responsibilities, the Commission has also been designated as the congestion management agency (the “CMA”) for the County. As the CMA, the Commission has developed a congestion management program that more effectively utilizes transportation funds by linking land use, transportation and air quality efforts.

The Commission serves as the Service Authority for Freeway Emergencies and operates the freeway service patrol (the “FSP”) for the County. The results of these programs – 680 call boxes along the County roadways and 20 FSP tow trucks providing assistance to more than 52,000 motorists annually – are among the most visible of the Commission’s programs.

In 1998, the State Legislature gave new authority to the Commission by changing the way funding is distributed from the State Transportation improvement Program, which is funded through state and federal gas taxes. In simple terms, counties no longer apply to the State for funding their most urgent transportation needs. Instead, State transportation dollars are given directly as an entitlement, leaving the decision making about transportation spending up to the designated county transportation commission like the Commission. While this gives the

Commission greater control over how transportation dollars are spent, it also requires a much higher level of local communication and participation to determine how these dollars are spent throughout a county with so many transportation needs. The Commission has the responsibility to program funds received under the California Transportation Development Act, a statewide source of funding for transit purposes, primarily to the County's major public transit providers, although the Commission has no responsibility to provide transit services.

To enhance County-wide participation and improve its decision-making, the Commission made a major change in its structure in 1999 by expanding the Board from eight members to thirty. The Board expanded in 2008 with the addition of two members representing newly incorporated cities and again in 2010 with addition of one member representing another newly incorporated city. The current Board now has 33 members. The expanded Commission ensures better representation throughout the County and provides the participatory framework for continued success in carrying out these responsibilities.

The Transportation Expenditure Plan

On November 5, 2002, 69.2% of the voters of the County approved Measure "A" – The Riverside County Transportation Commission Transportation Expenditure Plan (the "Plan") and Retail Transaction and Use Tax Ordinance (the "Ordinance") which expressed the following concerns in its preamble:

"The transportation system in Riverside County is rapidly deteriorating and our population and economy are growing rapidly. Maintenance and repairs of existing roadways and improvements to relieve congestion cannot be accomplished with available funds. Without additional funds, the system will bog down and pavement will crumble into permanent disrepair.... Local governments must either generate revenues to expand our system and maintain our investments or watch the system collapse and endanger the health, welfare and safety of all Riverside County residents."

The goals of the Plan are as follows:

- (1) Maintain and improve the quality of life in Riverside County by supplementing existing funds for transportation;
- (2) provide for accountability in the expenditure of taxpayer funds;
- (3) provide for equity in the distribution of Measure "A" Revenues; and
- (4) provide for local control of the Transportation Improvement Program.

To address the concerns as expressed in the preamble, and to accomplish its goals and policies, the Ordinance provided that sales tax revenues be distributed to the specific geographic areas of Riverside County (*i.e.*, Western County, Coachella Valley, and Palo Verde Valley) based on their proportionate share of revenues generated in the County, and that funds (including proceeds of bonds secured by such sales tax revenues) be allocated for highway and regional arterial projects, local streets and roads, transit and commuter rail, new corridors and economic development. In the Western County, \$370 million is to be used for new corridor projects,

\$1.020 billion for highway projects, \$300 million for regional arterial projects, \$390 million for public transit, \$970 million for local street and road improvements, \$270 million for bond financing costs, and the remaining \$40 million for economic development projects. In the Coachella Valley, fifty percent is to be earmarked for its highway and regional arterial system, thirty-five percent for local streets and roads, and the remaining fifteen percent for transit. All Palo Verde Valley funds are designated for the maintenance of local streets and roads.

Toll Road Bonds

On July 14, 2010, the Commission adopted Resolution No. 10-026 authorizing the issuance and sale of not to exceed \$900 million principal amount of toll revenue bonds. The proceeds of the toll revenue bonds will be applied to finance certain State Route 91 corridor improvement project costs through a design-build method of delivery. The Commission expects to secure the toll revenue bonds by a first lien on toll revenues and possibly by a subordinate pledge of Sales Tax Revenues. The Commission does not view any such bonds secured by toll revenues and by a subordinate pledge of Sales Tax Revenues to be subject to the Ordinance's limit on the total principal amount of bonds secured solely by Sales Tax Revenues. See "OTHER SALES TAX OBLIGATIONS - Limitation on Outstanding Sales Tax Obligations" herein.

Commissioners

Section 130053 of the California Public Utilities Code specifies that the Commission consists of five members of the Riverside County Board of Supervisors, one member from each incorporated city in Riverside County (each of whom must be a mayor or member of the City Council) and one non-voting member appointed by the governor of the State of California. The role of the Commission is to act as the policy-making board for Riverside County transportation activities.

Executive Staff

The Commission's key staff members, the position held by each and a brief statement of the background of each staff member are set forth below.

Anne Mayer, Executive Director. Anne Mayer was appointed in October 2007 as the Chief Executive Officer of the Commission. She is responsible for overall management of the Commission including execution of operational policies and procedures and all personnel decisions. Ms. Mayer joined the Commission in May 2005 as Deputy Executive Director. Prior to joining the Commission, she was the District 8 Director for the California Department of Transportation ("CALTRANS"). As District Director, she was responsible for management of the state highway system in San Bernardino and Riverside counties. With 27 years of experience in the public works field, Ms. Mayer was with CALTRANS for 14 of those years. Ms. Mayer holds a civil engineering degree from Michigan State University.

John Standiford, Deputy Executive Director. In January 2008, John Standiford was appointed as Deputy Executive Director for the Commission, he joined the Commission in 1999 and was the Public Affairs Director prior to his current appointment. Mr. Standiford also served as the Manager of Government and Media Relations for the Orange County Transportation Authority, where he worked for more than seven years. Earlier in his career, Mr. Standiford

worked for three state legislators from the Los Angeles area. He received his bachelor and masters degrees from the University of California, Irvine.

Theresa Trevino, Chief Financial Officer. Ms. Trevino joined the Commission as the Chief Financial Officer in January 2004. Ms. Trevino previously worked as Manager of Accounting and Financial Reporting for the Orange County Transportation Authority. She also served as an adjunct professor for governmental accounting and reporting at the University of Redlands. Ms. Trevino's 19-year public accounting career included 16 years with Ernst & Young LLP. As Senior Manager in its Assurance and Advisory Business Services practice serving government clients, she led the development of the Southern California practice and served as a national technical resource. She is a Certified Public Accountant in California and completed the Executive Management Program at the University of California, Riverside. Ms. Trevino received a bachelor of science degree in accounting from Loyola Marymount University with Magna Cum Laude Honors.

RISK FACTORS

Economic Recession and Financial Crisis

The amount of Sales Tax Revenues collected at any time is directly dependent upon the level of retail sales within the County. For the past two years the economy of the County has been in a recession, as evidenced by a high unemployment rate, a decrease in total personal income and taxable sales, a drop in residential and commercial building permits, a decline in the rate of home sales and the median price of single-family homes and condominiums, an increase in notices of default on mortgage loans secured by homes and condominiums and an increase in foreclosures resulting from such defaults. While recent quarterly data indicate that Sales Tax Revenues may be recovering from recent declines, a further deterioration in economic activity within the County could have a material adverse impact upon the level of Sales Tax Revenues generated. For information relating to current economic conditions within the County and the State, see "APPENDIX B –COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION."

Investments

The Commission has significant holdings in a broad range of investments. Market fluctuations have affected and will continue to affect materially the value of those investments and those fluctuations may be and historically have been material. Recent market disruptions have exacerbated the market fluctuations, but as a result of stable investments in government securities, the Commission's portfolio has not suffered any major losses with respect to the principal amount of funds invested. The Commission has experienced a reduction in interest income on such investments as a result of current market conditions.

No Acceleration Provision

The Indenture does not contain a provision allowing for acceleration of any Bonds, including the 2010 Bonds, in the event of a default in the payment of principal of and interest on the Bonds when due; provided, however, that if any 2009 Bonds become Liquidity Facility Bonds, such Liquidity Facility Bonds are subject to mandatory prepayment as set forth in the related 2009 Bonds Liquidity Facility. See "OTHER SALES TAX OBLIGATIONS – Existing

Bonds.” Upon a default by the Commission, each Holder of a 2010 Bond will have the rights to exercise the remedies set forth in the Indenture, subject to the limitations thereon. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The Sales Tax

With limited exceptions, the Sales Tax will be imposed upon the same transactions and items subject to the sales tax levied statewide by the State. 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 Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. For a further description of the Sales Tax, see “THE SALES TAX.”

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Commission. The Sales Tax was approved by more than two-thirds of the voters in Riverside County and is therefore in compliance with the requirements of Proposition 218. Article XIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized local taxes, even previously voter-approved taxes like the Sales Tax. In the view of the Commission, however, any attempt by the voters to use the initiative provisions of Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the 2010 Bonds, would violate the Contracts Clause of the United States Constitution and, accordingly, would be precluded. The interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, which may affect the Commission’s ability to levy and collect the Sales Tax, or change the types of transactions or items subject to a Sales Tax.

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the 2010 Bonds could become includable in federal gross income, possibly from the date of issuance of the 2010 Bonds, as a result of acts or omissions of the Commission subsequent to the issuance of the 2010 Bonds. Should interest become includable in federal gross income, the 2010 Bonds are not subject to mandatory redemption by reason thereof and may remain outstanding until maturity.

Loss of Federal Subsidy

The 2010 Series B Bonds are being issued as “Build America Bonds” or “Recovery Zone Economic Development Bonds.” See “THE 2010 BONDS - Designation of 2010 Series B Bonds as ‘Build America Bonds’ or ‘Recovery Zone Economic Development Bonds’” herein. The amount of any Federal Subsidy payments to be received in connection with the 2010 Series B Bonds are subject to legislative changes by the United States Congress. Further, Federal Subsidy payments will only be paid if the 2010 Series B Bonds continue to qualify as Build America Bonds or Recovery Zone Bonds. For the 2010 Series B Bonds to be and remain Build America Bonds or Recovery Zone Bonds, the Commission must comply with certain covenants and establish certain facts and expectations with respect to the 2010 Series B Bonds, the use and investment of proceeds thereof and the use of property financed thereby. Thus, it is possible that the Commission may not receive the Federal Subsidy. Federal Subsidy payments are also subject to offset against amounts that may, for unrelated reasons, be owed by the Commission to any agency of the United States of America. The Commission does not believe that failure to receive the Federal Subsidy or any offset to the Federal Subsidy will materially and adversely impact the Commission's ability to pay interest on the 2010 Series B Bonds.

FINANCIAL STATEMENTS

The financial statements of the Commission for the Fiscal Year ended June 30, 2010, included in APPENDIX A of this Official Statement, have been audited by McGladrey & Pullen, LLP, certified public accountants, as stated in their report therein. McGladrey & Pullen, LLP was not requested to consent to the inclusion of its report in APPENDIX A, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by McGladrey & Pullen, LLP with respect to any event subsequent to the date of its report. Except as described herein, the Commission represents that there has been no material adverse change in its financial position since June 30, 2010.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the 2010 Bonds or questioning or affecting the validity of the 2010 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the Commission, nor the title of the present members of the Commission to their respective offices, is being contested.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the 2010 Series A Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted

current earnings when calculating corporate alternative minimum taxable income. Interest on the 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2010 Series B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or accrual or receipt of interest on the 2010 Bonds. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in APPENDIX E.

Tax Matters Relating to the 2010 Series A Bonds

To the extent the issue price of any maturity of the 2010 Series A Bonds is less than the amount to be paid at maturity of such 2010 Series A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2010 Series A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2010 Series A Bonds 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 2010 Series A Bonds is the first price at which a substantial amount of such maturity of the 2010 Series A Bonds 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 2010 Series A Bonds accrues daily over the term to maturity of such 2010 Series A Bonds 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 2010 Series A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2010 Series A Bonds. Beneficial owners of the 2010 Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2010 Series A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2010 Series A Bonds in the original offering to the public at the first price at which a substantial amount of such 2010 Series A Bonds is sold to the public.

2010 Series A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium 2010 Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium 2010 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium 2010 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium 2010 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2010 Series A Bonds. The Commission has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2010 Series A Bonds will not be included in federal gross income. Inaccuracy of these

representations or failure to comply with these covenants may result in interest on the 2010 Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2010 Series A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2010 Series A Bonds may adversely affect the value of, or the tax status of interest on, the 2010 Series A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2010 Series A Bonds is excluded from gross income for federal income tax purposes and that the interest on the 2010 Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2010 Bonds may otherwise affect a beneficial 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 beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2010 Series A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2010 Series A Bonds. Prospective purchasers of the 2010 Series A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2010 Series A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2010 Series A Bonds ends with the issuance of the 2010 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Commission or the beneficial owners regarding the tax-exempt status of the 2010 Series A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Commission and their appointed counsel, including the beneficial 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 bonds is difficult, obtaining an independent review of IRS positions with which the Commission

legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2010 Series A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2010 Series A Bonds, and may cause the Commission or the beneficial owners to incur significant expense.

Tax Matters Relating to the 2010 Series B Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2010 Series B Bonds that acquire their 2010 Series B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2010 Series B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their 2010 Series B Bonds pursuant to this offering for the issue price that is applicable to such 2010 Series B Bonds (i.e., the price at which a substantial amount of the 2010 Series B Bonds are sold to the public) and who will hold their 2010 Series B Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a 2010 Series B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a 2010 Series B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2010 Series B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2010 Series B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2010 Series B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

For U.S. Holders. The 2010 Series B Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the 2010 Series B Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a de minimis amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the 2010 Series B Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the 2010 Series B Bonds.

Disposition of the 2010 Series B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series B Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2010 Series B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2010 Series B Bond which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted tax basis in the 2010 Series B Bond (generally, the purchase price paid by the U.S. Holder for the 2010 Series B Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the 2010 Series B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the 2010 Series B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

For Non-U.S. Holders.

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any 2010 Series B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Commission through stock ownership and (2) a bank which acquires such 2010 Series B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the 2010 Series B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the Bonds. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable

year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2010 Series B Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such 2010 Series B Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. U.S. information reporting and "backup withholding" requirements apply to certain payments of principal of, and interest on the 2010 Series B Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the Commission) or other disposition of a 2010 Series B Bond, to certain noncorporate holders of 2010 Series B Bonds that are United States persons. Under current U.S. Treasury Regulations, payments of principal and interest on any 2010 Series B Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2010 Series B Bond or a financial institution holding the 2010 Series B Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the 2010 Series B Bonds that are not United States persons and copies of such owners' certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a Bond to the seller of the 2010 Series B Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a 2010 Series B Bond, will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. office of a broker of the proceeds of a sale of a 2010 Series B Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the I.R.S. (Circular 230), the Commission and our tax advisors are (or may be) required to inform you that:

- Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;
- Any such advice is written to support the promotion or marketing of the 2010 Series B Bonds and the transactions described herein (or in such opinion or other advice); and
- Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters’ Counsel is conditioned upon the successful issuance of the 2010 Bonds. Certain legal matters will be passed upon for the Commission by Fulbright & Jaworski L.L.P., Los Angeles, California, as Disclosure Counsel, and by Best Best & Krieger LLP, Riverside, California, the General Counsel for the Commission. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings have assigned each Series of the 2010 Bonds the long-term municipal bond credit ratings of "____," "____" and "____," respectively. Each such rating should be evaluated independently of any other rating. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same.

The ratings described above do not constitute a recommendation to buy, sell or hold the 2010 Bonds. The Commission has furnished to the rating agencies certain information respecting the 2010 Bonds and the Commission. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The ratings are subject to revision, suspension or withdrawal at any time by the rating agencies, and there is no assurance that the ratings will continue for any period of time or that they will not be lowered or withdrawn. The Commission and the Underwriters undertake no responsibility to oppose any such revision, suspension or withdrawal. Any downward revision, suspension or withdrawal of any rating may have an adverse effect on the market price of the 2010 Bonds or the ability to remarket the 2010 Bonds.

UNDERWRITING

Barclays Capital Inc. as representative of itself (the "Representative") and De La Rosa & Co., as underwriters of the 2010 Series A Bonds (the "Underwriters"), has agreed, subject to certain conditions, to purchase the 2010 Series A Bonds at a price of \$_____ (representing the aggregate principal amount of the 2010 Series A Bonds, [plus/minus] an original issue [premium/discount] of \$_____, less an underwriters' discount of \$_____). The Representative has agreed, subject to certain conditions, to purchase the 2010 Series B Bonds at a price of \$_____ (representing the aggregate principal amount of the 2010 Series B Bonds, less an underwriters' discount of \$_____).

The Purchase Contract for the 2010 Bonds provides that the Underwriters will purchase all the 2010 Bonds if any are purchased. The 2010 Bonds may be offered and sold by the Underwriters to certain dealers and others at yields lower than the public offering yield indicated on the inside cover hereof, and such public offering yield may be changed, from time to time, by the Underwriters.

FINANCIAL ADVISOR

The Commission has retained Fieldman, Rolapp & Associates, Irvine, California, as Financial Advisor in connection with the authorization and delivery of the 2010 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Compensation paid to the Financial Advisor is contingent upon the successful issuance of the 2010 Bonds.

CONTINUING DISCLOSURE

The Commission has agreed to execute the Continuing Disclosure Agreement and will covenant therein for the benefit of the beneficial owners of the 2010 Bonds to provide certain financial information and operating data relating to the Commission and the Sales Tax by not later than nine months after the end of the Commission's prior fiscal year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and notices of Listed Events will be filed with the MSRB. See "APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING." The Commission has not, within the past five years, failed to comply in all material respects with any previous continuing disclosure undertaking pursuant to the Rule to provide annual reports or notices of material events.

MISCELLANEOUS

The references herein to the Act and the Indenture are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents or the Act, as the case may be. Copies of the documents mentioned under this heading are available for inspection at the Commission and following delivery of the 2010 Bonds will be on file at the offices of the Trustee in Los Angeles, California. References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Commission and the purchasers or Holders of any of the 2010 Bonds.

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

**RIVERSIDE COUNTY TRANSPORTATION
COMMISSION**

By: _____
Executive Director

APPENDIX A

**COMMISSION AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2010**

APPENDIX B

COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION

Set forth below is certain demographic and economic information with respect to the County of Riverside (the "County"). Such information is provided as general information and has been obtained from sources that the Commission believes to be reliable, but the Commission makes no representation as to the accuracy or completeness of the information included. The weakness of the economy at the County, State and national levels may not be reflected in the data presented below, as more recent information has not been made available to the Commission.

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,139,535 as of January 1, 2010, representing a 38.4% increase since the 2000 Census or a simple annual average of 3.8%.

The County's population grew by over half a million since 2000, ranking it as one of the major growth areas in the nation. During this period, nine cities and the unincorporated County area each grew by over 20,000 persons. The city of Murrieta added the most residents (over 57,000) to its population. Murrieta is followed by Riverside (48,885), Temecula (47,313), Moreno Valley (46,156), Indio (34,559), Corona (25,450), Beaumont (22,833), Lake Elsinore (22,055) and La Quinta (20,727) by number of residents being added to their populations. The city of Beaumont's population on a percentage basis increased the most since 2000 (185%). Several areas in the unincorporated County area also grew rapidly. These include Eastvale, Temescal Canyon, the El Sobrante/Lake Mathews/Woodcrest area, Winchester, French Valley, and the unincorporated area north of Indio. Much of the growth in the city of Menifee occurred during this period while it was an unincorporated area. Recently, the growth in the County has slowed due to the economy. Between January 1, 2009 and January 1, 2010, the County population increased by 1.4%. Although this rate is far below the County average for the decade, it is above the Statewide average.

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

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

<u>CITY</u>	<u>2000</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Banning	23,562	27,996	28,185	28,174	28,148	28,457	28,751
Beaumont	11,384	19,051	23,238	28,209	31,317	32,403	34,217
Blythe	20,465	22,052	22,234	22,608	21,627	21,329	21,812
Calimesa	7,139	7,491	7,475	7,435	7,423	7,498	7,555
Canyon Lake	9,952	10,950	10,983	10,955	10,994	11,128	11,225
Cathedral City	42,647	50,819	51,294	52,045	51,972	52,447	52,841
Coachella	22,724	30,879	35,354	38,437	40,317	41,000	42,591
Corona	124,966	144,600	145,265	145,847	146,698	148,597	150,416
Desert Hot Springs	16,582	20,820	23,459	24,856	25,939	26,552	26,811
Hemet	58,812	67,565	70,728	72,537	73,205	74,361	75,820
Indian Wells	3,816	4,796	4,885	4,934	5,000	5,093	5,144
Indio	49,116	66,358	71,949	77,046	80,962	82,230	83,675
Lake Elsinore	28,930	38,185	41,156	47,568	49,556	50,267	50,983
La Quinta	23,694	36,278	38,500	41,039	42,743	43,778	44,421
Menifee	0	0	0	0	0	67,705	68,905
Moreno Valley	142,379	165,935	175,294	180,228	182,945	186,301	188,537
Murrieta	44,282	85,328	93,221	97,031	99,576	100,714	101,487
Norco	24,157	26,783	27,355	27,329	27,143	27,160	27,370
Palm Desert	41,155	49,490	49,774	49,717	50,686	51,509	52,067
Palm Springs	42,805	45,877	46,629	46,796	47,019	47,601	48,040
Perris	36,189	44,758	47,335	50,597	53,340	54,323	55,133
Rancho Mirage	13,249	16,476	16,740	16,923	16,975	17,180	17,008
Riverside	255,166	286,563	288,984	291,812	296,191	300,430	304,051
San Jacinto	23,779	28,540	31,194	34,297	35,491	36,477	36,933
Temecula	57,716	81,681	93,673	97,141	99,873	102,604	105,029
Wildomar	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,321</u>	<u>31,907</u>
TOTALS							
Incorporated	1,124,666	1,379,271	1,444,904	1,493,561	1,525,140	1,648,465	1,672,729
Unincorporated	<u>420,721</u>	<u>504,464</u>	<u>517,110</u>	<u>536,754</u>	<u>553,461</u>	<u>459,188</u>	<u>466,806</u>
County-Wide	<u>1,545,387</u>	<u>1,883,735</u>	<u>1,962,014</u>	<u>2,030,315</u>	<u>2,078,601</u>	<u>2,107,653</u>	<u>2,139,535</u>
California	33,873,086	36,676,931	37,086,191	37,472,074	37,883,992	38,292,687	38,648,090

Source: U.S. Census Bureau for 2000, State Department of Finance, Demographic Research Unit (with 2000 DRU Benchmark) for 2005-2010.

Industry and Employment

The County is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area (“PMSA”), which includes all of Riverside and San Bernardino Counties. The following table sets forth the annual average employment by industry for the PMSA. The table on the following page sets forth an employment data comparison by industry for June 2009 and June 2010.

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

<u>INDUSTRY</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Agriculture	18.3	17.2	16.8	15.9	15.2
Construction	123.3	129.5	112.8	90.7	67.4
Finance, Insurance and Real Estate	49.0	51.8	50.1	46.7	43.6
Government	220.4	224.2	225.7	229.9	227.3
Manufacturing:	121.0	124.0	118.9	106.9	88.5
Nondurables	35.0	36.4	36.4	34.3	30.4
Durables	86.1	87.6	82.5	72.5	58.1
Natural Resources and Mining	1.4	1.4	1.4	1.2	1.2
Retail Trade	165.7	171.5	175.4	168.6	154.9
Prof., Educ. and other Services	416.5	436.2	446.3	440.7	419.6
Trans., Whse. and Utilities	60.2	63.8	66.7	70.2	66.5
Wholesale Trade	49.9	53.8	56.4	54.1	48.3
Information, Pub. and Telecom.	<u>14.5</u>	<u>15.7</u>	<u>15.2</u>	<u>14.9</u>	<u>14.8</u>
Total, All Industries	1,240.3	1,288.4	1,285.5	1,239.7	1,147.1

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

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

The following table sets forth an employment data comparison by industry for the period June 2009 and June 2010. June 2010 figures are preliminary.

**RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
EMPLOYMENT BY INDUSTRY FOR JUNE 2009 AND JUNE 2010⁽¹⁾
(In Thousands)**

<u>INDUSTRY</u>	<u>June 2009</u>	<u>June 2010⁽²⁾</u>	<u>Change</u>
Total Farm	20,900	20,700	(200)
Total Nonfarm	1,138,600	1,106,600	(32,000)
Mining and Logging	1,200	1,200	0
Construction	69,600	58,800	(10,800)
Manufacturing	88,700	85,300	(3,400)
Trade, Transportation & Utilities	268,800	262,900	(5,900)
Information	14,900	14,400	(500)
Financial Advisor	43,300	41,800	(1,500)
Professional & Business Services	126,700	124,800	(1,900)
Educational & Health Services	132,300	132,200	(200)
Leisure & Hospitality	124,100	119,900	(4,200)
Other Services	37,600	36,300	(1,200)
Government	<u>231,500</u>	<u>229,100</u>	<u>(2,400)</u>
Total All Industries	1,159,500	1,127,300	(32,200)

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

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

⁽²⁾ Preliminary.

The following table sets forth certain of the ten major employers located in the County as of 2010:

**COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS⁽¹⁾
(2010)**

<u>Company Name</u>	<u>Product/Service</u>	<u>No. of Local Employees⁽²⁾</u>
County of Riverside	County Government	18,456
March Air Reserve Base	Government/Military	8,600
University of California, Riverside	Education Institution	7,321
Stater Brothers Markets	Supermarket Retailer	6,900
Wal-Mart	Retail Store	6,550
Riverside Unified School District	School District	5,099
Abbott Vascular	Medical & Biotech Manufacturer	4,500
Pechanga Resort & Casino	Casino/Resort	4,000
Kaiser Permanente Riverside Medical Center	Healthcare	3,600
Temecula Valley Unified School District	School District	2,752

Source: The Business Press 2010 Book of Lists.

⁽¹⁾ Certain major employers in the County may have been excluded because of the data collection methodology used by The Business Press.

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

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>March 2010</u>
County	5.4%	5.0%	6.0%	8.5%	13.6%	15.1% ⁽¹⁾
California	5.4	4.9	5.3	7.2	11.4	13.0 ⁽¹⁾
United States	5.1	4.6	4.6	5.8	9.3	9.7 ⁽²⁾

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

⁽¹⁾ Preliminary.

⁽²⁾ Data are seasonally adjusted.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood

commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall, and The Promenade in Temecula. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

Taxable Sales Transactions

The following table sets forth taxable transactions in the County for the years 2004 through 2008. Annual figures for 2009 are unavailable.

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

<u>Types of Business</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Apparel Stores Group	\$ 867,276	\$ 990,129	\$ 1,080,385	\$ 1,171,013	\$ 1,121,543
General Merchandise Group	3,026,335	3,304,474	3,553,554	3,593,134	3,389,936
Specialty Stores Group	1,885,435	2,104,040	2,262,442	--(1)	--(1)
Food Stores Group	1,079,972	1,197,438	1,309,782	1,352,609	1,254,366
Eating and Drinking Group	1,940,610	2,157,801	2,316,422	2,388,039	2,340,554
Household Group	862,551	964,629	948,217	843,945	816,379
Building Materials Group	2,226,117	2,424,898	2,390,236	1,961,911	1,435,337
Automotive Group	6,035,203	6,751,648	6,956,756	7,137,075	6,126,512
All Other Retail Stores Group ⁽¹⁾	<u>792,450</u>	<u>944,145</u>	<u>1,024,551</u>	<u>2,794,790</u>	<u>2,204,621</u>
Retail Stores Total	\$18,715,949	\$20,839,212	\$21,842,345	\$21,242,516	\$18,689,249
Business and Personal Services	1,041,360	1,118,570	1,151,861	1,112,407	1,045,714
All Other Outlets	<u>5,479,839</u>	<u>6,298,709</u>	<u>6,822,031</u>	<u>6,668,686</u>	<u>6,268,632</u>
Total All Outlets	\$25,237,148	\$28,256,491	\$29,816,237	\$29,023,609	\$26,003,595

⁽¹⁾ All Other Retail Stores Group includes Specialty Stores Group for 2007 and 2008.
Source: California State Board of Equalization, Research and Statistics Division.

The following table sets forth taxable transactions in the County for first three quarters of 2009. Fourth quarter 2009 and annual 2010 figures are unavailable.

COUNTY OF RIVERSIDE
2009 TAXABLE SALES TRANSACTIONS⁽¹⁾
(In Thousands)

<u>Type of Business</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>
Motor Vehicle and Parts	\$ 612,423	\$ 578,498	\$ 665,021
Furniture and home Furnishings	95,591	89,081	87,692
Electronics and Appliances	123,541	107,051	101,291
Bldg. and Garden Materials and Supplies	312,372	328,421	304,490
Food and Beverage Stores	298,034	329,766	305,843
Health and Personal Care	97,084	97,305	86,954
Gasoline Stations	478,046	596,811	633,269
Clothing and Accessories	299,946	313,286	285,969
Sporting Goods, Books and Music	107,324	93,058	85,138
General Merchandise	652,330	686,307	621,778
Miscellaneous	165,573	161,569	144,984
Nonstore Retailers	25,605	25,299	21,315
Food Services and Drinking Places	<u>611,236</u>	<u>586,051</u>	<u>518,090</u>
Total Retail and Food Services	3,879,106	3,965,502	3,861,833
All Other Outlets	<u>1,567,104</u>	<u>1,547,852</u>	<u>1,525,453</u>
Total All Outlets	\$5,446,210	\$5,513,354	\$5,387,286

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

⁽¹⁾ The taxable transaction figures by industry which are shown above may not be directly comparable to the "Total, All Outlets" figures due to rounded data. The categories for "Types of Business" are different from those in the prior table which sets forth taxable transactions in the County for the years 2004 through 2008.

Building and Real Estate Activity

The following tables set forth five-year summaries of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) for the years 2005 through 2009.

COUNTY OF RIVERSIDE BUILDING PERMIT VALUATIONS (In Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
RESIDENTIAL					
New Single-Family	\$6,243,790	\$4,412,257	\$2,207,520	\$1,214,752	\$ 891,825
New Multi-Family	407,429	431,579	238,316	243,741	76,717
Alterations and Adjustments	<u>164,312</u>	<u>158,098</u>	<u>141,996</u>	<u>118,490</u>	<u>85,148</u>
Total Residential	\$6,815,531	\$5,001,934	\$2,587,832	\$1,576,983	\$1,053,690
NON-RESIDENTIAL					
New Commercial	\$ 552,665	\$ 648,068	\$ 682,331	\$ 539,944	\$ 94,653
New Industry	120,366	288,353	184,506	70,411	12,278
New Other ⁽¹⁾	344,702	290,010	240,765	138,766	107,334
Alterations & Adjustments	<u>274,339</u>	<u>303,407</u>	<u>350,539</u>	<u>292,694</u>	<u>162,557</u>
Total Nonresidential	\$1,292,072	\$1,529,838	\$1,458,141	\$1,041,815	\$ 376,822
TOTAL ALL BUILDING	<u>\$8,107,603</u>	<u>\$6,531,772</u>	<u>\$4,045,973</u>	<u>\$2,618,798</u>	<u>\$1,430,512</u>

Source: Construction Industry Research Board.

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.

COUNTY OF RIVERSIDE NUMBER OF NEW DWELLING UNITS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Single Family	29,994	20,692	9,763	3,815	3,424
Multi-Family	<u>4,140</u>	<u>4,519</u>	<u>2,690</u>	<u>2,104</u>	<u>784</u>
TOTAL	34,134	25,211	12,453	5,919	4,208

Source: Construction Industry Research Board.

The following table sets forth a comparison of median housing prices for Los Angeles County, Riverside County and Southern California as of August 2009 and August 2010.

**COUNTY OF RIVERSIDE
COMPARISON OF MEDIAN HOUSING PRICES**

	<u>August 2009</u>	<u>August 2010</u>	<u>Percent Change</u>
County of Riverside	\$190,000	\$200,000	5.3%
Los Angeles County	329,500	330,000	0.2%
Southern California ⁽¹⁾	275,000	288,000	4.7%

Source: MDA DataQuick Information Systems.

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

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

**COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2005	585	304	402	1,702
2006	1,997	1,778	1,011	7,355
2007	12,466	12,497	7,746	46,086
2008	35,366	32,423	23,557	125,056
2009	30,007	25,362	21,353	101,769
2010 ⁽²⁾	14,147	11,255	9,129	56,383

Source: MDA DataQuick Information Systems.

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

⁽²⁾ First two quarters of 2010.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are: nursery, milk, table grapes, eggs, avocados, grapefruit, alfalfa, bell peppers, dates, and lemons. Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border. The value of agricultural production in the County for the years 2005 through 2009 is set forth in the following table.

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Citrus Fruits	\$ 138,244,700	\$ 107,897,000	\$ 121,387,100	\$ 135,759,000	\$ 101,652,000
Trees and Vines	188,553,200	191,321,200	189,286,500	173,678,000	191,682,600
Vegetables, Melons, Misc.	261,019,500	213,643,300	234,854,700	266,414,900	221,286,700
Field and Seed Crops	77,687,300	68,611,700	94,492,000	123,545,400	69,699,800
Nursery	229,210,200	270,992,800	272,326,200	230,416,200	206,499,900
Apiculture	2,736,800	3,554,300	3,948,900	5,637,000	5,017,600
Aquaculture Products	<u>13,367,300</u>	<u>13,367,300</u>	<u>9,829,200</u>	<u>12,077,700</u>	<u>5,243,900</u>
Total Crop Valuation	\$ 910,819,000	\$ 869,387,600	\$ 926,124,600	\$ 947,529,000	\$ 801,082,500
Livestock and Poultry Valuation	<u>257,852,100</u>	<u>234,903,400</u>	<u>338,938,600</u>	<u>321,060,000</u>	<u>214,672,800</u>
Grand Total	\$1,168,671,100	\$1,104,291,000	\$1,265,063,200	\$1,268,589,900	\$1,015,755,300

Source: Riverside County Agricultural Commissioner.

Transportation

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

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

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

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate

general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. Plans for joint military and civilian use of the base thereafter are presently being formulated by the March AFB Joint Powers Authority, comprised of the County and the Cities of Riverside, Moreno Valley and Perris.

Education

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

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

BOOK ENTRY SYSTEM

The information in this Appendix D concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s Book-Entry System has been obtained from DTC and the Commission, the Trustee and the Underwriters take no responsibility for the completeness or accuracy thereof.

The Commission, the Trustee and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants or others will distribute any (a) payments of principal or purchase price or interest with respect to the 2010 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2010 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2010 Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. The Commission, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a beneficial owner with respect to the 2010 Bonds or an error or delay relating thereto.

DTC will act as securities depository for the 2010 Bonds. The 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2010 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or

maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information set forth on such websites is not incorporated by reference.

Purchases of 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2010 Bond (“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 2010 Bonds 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 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 Bonds 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 the 2010 Bonds 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 2010 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2010 Bonds 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 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2010 Bond documents. For example, Beneficial Owners of the 2010 Bonds may wish to ascertain that the nominee holding the 2010 Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the 2010 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.*

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission 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 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or purchase price of and interest on the 2010 Bonds 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 Commission or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2010 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission 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 2010 Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

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

* By written notice of the Trustee, DTC will modify its practice and observe a pro rata reduction of principal with respect to the 2010 Series B Bonds.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

by and between

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

and

**DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent**

Dated as of November 1, 2010

Relating to

**\$ _____
RIVERSIDE COUNTY
TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
2010 Series A (Tax-Exempt)**

**\$ _____
RIVERSIDE COUNTY
TRANSPORTATION COMMISSION
Sales Tax Revenue Bonds
(Limited Tax Bonds)
2010 Series B
(Taxable Build America Bonds)**

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of November 1, 2010, is by and between the RIVERSIDE COUNTY TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”), and Digital Assurance Certification, L.L.C., as Dissemination Agent (the “Dissemination Agent”).

WITNESSETH:

WHEREAS, the Commission has issued \$_____ Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) 2010 Series A (Tax-Exempt) (the “2010 Series A Bonds”) and \$_____ Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) 2010 Series B (Taxable Build America Bonds) (the “2010 Series B Bonds”) and, together with the 2010 Series A Bonds, the “2010 Bonds”) pursuant to an Indenture, dated as of June 1, 2008, between the Commission and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented, including as supplemented by a Third Supplemental Indenture, dated as of November 1, 2010, between the Commission and the Trustee (collectively, the “Indenture”); and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Commission and the Dissemination Agent for the benefit of the owners and beneficial owners of the 2010 Bonds and in order to assist the underwriters of the 2010 Bonds in complying with the Rule (as defined herein);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture. In addition, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Commission pursuant to, and as described in, Sections 2 and 3 of this Disclosure Agreement.

“Disclosure Representative” means the Chief Financial Officer of the Commission, or such other officer or employee of the Commission as the Executive Director of the Commission or the Chief Financial Officer of the Commission shall designate in writing to the Dissemination Agent and the Trustee from time to time.

“Dissemination Agent” means an entity selected and retained by the Commission, or any successor thereto selected by the Commission. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C.

“Listed Events” means any of the events listed in subsection (a) of Section 4 hereof.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriters” means the underwriters of the 2010 Bonds required to comply with the Rule in connection with the offering of the 2010 Bonds.

“Repository” means, until otherwise designated by the Securities and Exchange Commission, the Electronic Municipal Market Access website of the MSRB located at <http://emma.msrb.org>.

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provisions of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of each Fiscal Year, commencing with the report for the Commission’s fiscal year ended June 30, 2010, provide to each Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year changes for the Commission, the Commission shall give notice of such change in the manner provided under Section 4 (f) hereof.

(b) Not later than two (2) Business Days prior to the date specified in subsection (a) for providing the Annual Report to each Repository, the Commission shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from the Commission, the Dissemination Agent shall contact the Commission to determine if the Commission is in compliance with the first sentence of subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report of the Commission has been provided to each Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached hereto as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall: (i) determine each year, prior to the date for providing the Annual Report, the name and address of each Repository, and file the Annual Report so provided therewith; and (ii) upon verification of filing, file a report with the Commission and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing the Repository or Repositories to which it was provided.

Section 3. Content of Annual Reports. The Commission's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Commission for the prior Fiscal Year, 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 the Commission's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The debt service schedule for the 2010 Bonds, if there have been any unscheduled redemptions, retirements or defeasances, and the debt service on any additional parity bonds issued, in each case during the prior Fiscal Year.

(c) The actual Sales Tax Revenues for the prior Fiscal Year consistent with the information concerning Sales Tax Revenues set forth in the Official Statement under the caption "THE SALES TAX," including but not limited to an update of the table entitled "Historical Sales Tax Receipts" set forth in the Official Statement under the caption "THE SALES TAX - Sales Tax Receipts"; provided, that commencing with the fiscal year ending June 30, 2010, the Commission shall provide such information with respect to Sales Tax Revenues in lieu of such information with respect to Sales Tax 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 Commission or public entities related thereto, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Commission shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the Commission to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Commission or to reflect changes in the business, structure, operations, legal form of the Commission or any mergers, consolidations, acquisitions or dispositions made by or affecting the Commission; provided that any such modifications shall comply with the requirements of the Rule.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2010 Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled Bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) The Commission shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Commission promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f) of this Section.

(c) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) of this Section or otherwise, the Commission shall as soon as possible determine if such event would be material under applicable Federal securities law.

(d) If the Commission has determined that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Commission shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f) of this Section.

(e) If in response to a request under subsection (b) of this Section, the Commission determines that the Listed Event would not be material under applicable Federal securities law, the Commission shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f) of this Section.

(f) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB and each Repository. Notwithstanding the foregoing, notice of Listed Events described in paragraphs (8) and (9) of subsection (a) of this Section need not be given under this

subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2010 Bonds pursuant to the Indenture.

Section 5. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB as Repository in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Commission's obligations under this Disclosure Agreement shall terminate upon the legal defeasance or payment in full of all of the 2010 Bonds. If such termination occurs prior to the final maturity of the 2010 Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under subsection (f) of Section 2 hereof.

Section 7. Dissemination Agent. The Commission may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, 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 Trustee shall be the Dissemination Agent; provided, it shall receive written notice of such designation at the time of such designation.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Commission may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Commission to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

Section 10. Default. In the event of a failure of the Commission or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee shall, at the written request of any Participating Underwriter or of the Holders of at least twenty-five percent (25%) of the aggregate principal amount of the 2010 Bonds then Outstanding (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Holder or beneficial owner of the 2010 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission or the Dissemination Agent, as the case may be, to comply with

its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commission or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not be responsible for the form or content of any notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2010 Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to the Disclosure Agreement or the Trustee may be given as follows:

To the Commission: Riverside County Transportation Mail:
Commission
4080 Lemon Street, 3rd Floor P.O. Box 12008
Riverside, California 92501 Riverside, California 92502
Tel: (951) 787-7926
Fax: (951) 787-7920

To the Dissemination Agent: Digital Assurance Certification, L.L.C.
390 North Orange Avenue, Suite 1750
Orlando, Florida 32801
Tel: (407) 515-1100
Fax: (407) 515-6513

To the Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Division
Tel: (213) 615-6023
Fax: (213) 615-6197

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Any notice or communication may also be sent by electronic mail, receipt of which shall be confirmed.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Commission, the Dissemination Agent, the Participating Underwriters and holders and

beneficial owners from time to time of the 2010 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

**RIVERSIDE COUNTY TRANSPORTATION
COMMISSION**

By: _____
Theresa Trevino
Chief Financial Officer

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Riverside County Transportation Commission (the “Commission”)
Name of Issue: \$_____ Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) 2010 Series A (Tax-Exempt)
\$_____ Riverside County Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) 2010 Series B (Taxable Build America Bonds)
Date of Issuance: _____, 2010

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-named Bonds as required by this Continuing Disclosure Agreement dated as of _____, 2010, between the Commission and the Dissemination Agent. The Commission anticipates that the Annual Report will be filed by _____.

Dated: _____

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C.**, as Dissemination Agent, on behalf of the
Commission

cc: Riverside County Transportation Commission

\$ _____
RIVERSIDE COUNTY TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2010 SERIES A (TAX EXEMPT) AND
2010 SERIES B (TAXABLE BUILD AMERICA BONDS)

BOND PURCHASE AGREEMENT

_____, 2010

Riverside County Transportation Commission
P.O. Box 12008
Riverside, California 92502

Ladies and Gentlemen:

The undersigned, Barclays Capital Inc., as representative (the “Representative”), acting on behalf of itself and the underwriter listed in Exhibit A hereto, (collectively, the “Underwriters”), offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the Riverside County Transportation Commission (the “Commission”), for the purchase by the Underwriters of the Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Tax Exempt) (the “Series A Bonds”), and 2010 Series B (Taxable Build America Bonds) (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”), to be issued by the Commission and authenticated by U.S. Bank National Association, a national banking association, located in Los Angeles, California, as trustee (the “Trustee”) under that certain Indenture, dated as of June 1, 2008 between the Commission and the Trustee (the “Original Indenture”), as supplemented by the First Supplemental Indenture, dated as of June 1, 2008 (the “First Supplemental Indenture”), the Second Supplemental Indenture, dated as of October 1, 2009 (the “Second Supplemental Indenture”) and the Third Supplemental Indenture, dated as of November 1, 2010 (the “Third Supplemental Indenture”). The Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture are collectively referred to herein as the “Indenture.” The offer made hereby is subject to its written acceptance by the Commission, and delivery of an executed counterpart of this Purchase Agreement to us at or before 11:59 p.m., Pacific Standard Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice from the Representative delivered to the Commission’s Executive Director or Chief Financial Officer at any time before acceptance. Upon acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Commission and the Underwriters. All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture.

The proceeds of the Bonds will be used to (i) fund a portion of the cost of the Project, as defined in the Indenture (ii) fund the retirement of all or a portion of the commercial paper program outstanding at the time of the issuance of the Bonds, and (iii) pay costs of issuance of the Bonds.

The Commission will undertake, pursuant to the Indenture and a Continuing Disclosure Agreement with the Trustee dated the Closing Date (the “Continuing Disclosure Agreement”), to provide certain annual financial information and notices of the occurrence of certain events, if material. There has been no material default by the Commission in compliance with the

requirements of any prior continuing disclosure undertaking. A description of this undertaking is set forth in the Official Statement.

1. On the basis of the representations, warranties and covenants and upon the terms and conditions set forth in this Purchase Agreement, the Underwriters hereby agree to purchase and the Commission hereby agrees to issue and cause the Trustee to authenticate and deliver to the Underwriters all (but not less than all) of the Bonds in the aggregate principal amount of \$_____ with respect to the Series A Bonds and \$_____ with respect to the Series B Bonds. The Bonds shall be dated the Closing Date. The Underwriters agree to purchase the Series A Bonds at the aggregate purchase price of \$_____ (consisting of the aggregate principal amount of the Series A Bonds, [plus / less a net original issue premium / discount] of \$_____ and less \$_____ Underwriters' discount). The Underwriters agree to purchase the Series B Bonds at the aggregate price of \$_____ (consisting of the aggregate principal amount of the Series B Bonds less \$_____ Underwriter's discount). The Bonds mature in the years and principal amounts and bear interest at the rates set forth in Exhibit B hereto, shall be subject to redemption as set forth in Exhibit C hereto and shall be substantially in the form described in the Indenture, and shall be issued and secured under the provisions of and shall be payable and subject to redemption as provided in the Indenture.

The Bonds shall be special limited obligations of the Commission payable from Revenues. The Sales Tax Revenues of the Commission are pledged to the payment of the principal of, interest and premium, if any, on the Bonds as provided in the Indenture.

2. The Underwriters have designated the undersigned as their Representative. The undersigned represents that it has been duly authorized by the Underwriters to execute this Purchase Agreement. The Underwriters agree to make an initial public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth on the cover page of the Official Statement. Subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Bonds, provided that the Underwriters shall not change the initial interest rate on the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

3. The Commission has delivered or caused to be delivered to the Underwriters prior to the execution of this Purchase Agreement, copies of the Preliminary Official Statement dated _____, 2010 relating to the Bonds (the "Preliminary Official Statement"). The Commission ratifies, confirms and approves the use and distribution by the Underwriters of the Preliminary Official Statement, in connection with the sale of the Bonds. The Commission deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12") except for information allowed to be omitted by Rule 15c2-12. Within seven (7) business days from the date hereof and in any event not less than three days prior to the date of Closing (as defined below), the Commission shall deliver to the Underwriters a final Official Statement, executed on behalf of the Commission by an authorized representative of the Commission and dated the date hereof, which shall include information permitted to be omitted by paragraph (b)(1) of Rule 15c2-12 and with such other amendments or supplements as shall have been approved by the Commission and the Underwriters and such additional conformed copies thereof as the Underwriters may reasonably request in sufficient quantities to comply with Rule 15c2-12 and to meet potential customer requests for copies of the Official Statement. The Official Statement, including the cover page, the appendices thereto and all

information incorporated therein by reference is hereinafter referred collectively to as the “Official Statement.”

The Representative agrees to (1) provide the Commission with final pricing information on the Bonds on a timely basis, (2) disseminate to the Underwriters copies of the final Official Statement, including any supplements prepared by the Commission, and (3) promptly file a copy of the final Official Statement, including any supplements prepared by the Commission, with the Municipal Securities Rulemaking Board.

4. The Closing. At 8:00 a.m., California time, on _____, 2010, or at such other time or on such other date as the Commission and the Representative may agree (the “Closing Date”), the Commission shall deliver, or cause to be delivered the Bonds in book-entry form through the Trustee via the F.A.S.T. delivery book-entry system of The Depository Trust Company (“DTC”) on behalf of the Underwriters. Concurrently with the delivery of the Bonds to the Underwriters, the Commission will deliver the documents hereinafter mentioned at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California (“Bond Counsel”) or another place to be mutually agreed upon by the Commission and the Representative. The Representative, on behalf of the Underwriters, will accept such delivery and pay the aggregate purchase price set forth in paragraph 1 hereof, in immediately available funds to or on the order of the Commission. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the “Closing.”

5. Representations, Warranties and Covenants. The Commission represents, warrants and covenants to the Underwriters (and it shall be a condition of the obligation of the Underwriters to purchase and accept delivery of the Bonds) that the representations and warranties contained herein shall be true and correct on the date hereof and at the Closing Date, as if made on and at the Closing. The Commission so represents and warrants that:

(a) the Commission is, and will be on the date of Closing, a county transportation commission organized and existing under the laws of the State, with full legal right, power and authority to cause the execution, sale and delivery of the Bonds, to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Agreement and the Indenture (collectively, the “Commission’s Documents”) and to carry out and consummate all other transactions contemplated by each of the aforesaid and to execute and deliver the Official Statement;

(b) by all necessary official action, the Commission has duly adopted Ordinance 02-001, imposing the Sales Tax, which was approved by at least two-thirds of the electors in the County voting on the Sales Tax on November 5, 2002 (the “Ordinance”);

(c) the Preliminary Official Statement (excluding therefrom the information under the caption “UNDERWRITING,” and information concerning DTC and the book-entry system and information permitted to be omitted from the Preliminary Official Statement under Rule 15c2-12 (collectively, the “POS Excluded Information”), as to which no representation or warranties are made: (i) did not as of its date contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (ii) does not as of the date of this Purchase Agreement contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(d) the Official Statement (excluding therefrom the information under the caption “UNDERWRITING,” and information concerning DTC and the book-entry system (the “OS Excluded Information”) as to which no representations or warranties are made), in the form delivered to the Underwriters, does not, as of the date delivered to the Underwriters, and will not at the time of Closing (if supplemented or amended prior to the Closing, then as so supplemented or amended), contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(e) when delivered to and paid for by the Underwriters on the Closing Date in accordance with the provisions of this Purchase Agreement, the Bonds will have been duly authorized, executed and delivered and will constitute valid and binding limited obligations of the Commission in conformity with and entitled to the benefit and security of the Indenture, except as enforcement of such obligations may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of California;

(f) the Commission, by all necessary official action prior to or concurrently with the acceptance hereof, has duly authorized the execution and delivery of the Commission’s Documents and the Official Statement, and the Commission’s Documents, when executed and delivered, assuming due authorization, execution and delivery by the other parties thereto, will constitute the legally valid and binding obligations of the Commission enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(g) the Commission is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States of America or any applicable judgment, decree, resolution, contract or other instrument or any agreement to which the Commission is a party or is otherwise subject the breach of which would materially affect its ability to perform its obligations under the Commission’s Documents, and the execution and delivery of the Bonds and the Commission’s Documents and compliance with the provisions thereof will not in any material respect conflict with or constitute a material breach of or default under any applicable law, regulation, decree, writ, order or injunction or any agreement, resolution, contract or other instrument or any agreement to which the Commission is subject and which is material to the Commission’s ability to perform its obligations under the Commission’s Documents, nor will such execution, delivery and compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Commission under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Indenture;

(h) at the Closing, the Commission will be in compliance in all respects with the covenants and agreements contained in the Commission’s Documents, and no event of default and no event which, with the lapse of time or giving of notice, or both, would constitute an event of default thereunder shall have occurred and be continuing;

(i) as of the date hereof, no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body of competent jurisdiction, is pending or, to the best of the Commission's knowledge, threatened against the Commission: (i) in any way affecting the existence of the Commission or in any way challenging the respective powers of the several offices or the titles of the officials of the Commission to such offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the proceedings authorizing and approving the Sales Tax, the levy or collection of the Sales Tax, or in any way contesting or affecting, as to the Commission, the validity or enforceability of the Act, the proceedings authorizing the Sales Tax, Resolution No. 10-030 of the Commission adopted on October 13, 2010 (the "Resolution"), the Bonds or the Commission's Documents or contesting the powers of the Commission or its authority with respect to issuance or delivery of the Bonds or the execution and delivery of the Commission's Documents or contesting the power or authority to levy the Sales Tax or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or which might materially adversely affect the ability of the Commission to perform and satisfy its obligations under the Commission's Documents or the Bonds; nor to the best of the Commission's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Act, the proceedings authorizing the Sales Tax or the Commission's Documents or the performance by the Commission of its obligations thereunder, or the authorization, execution, delivery or performance by the Commission of the Bonds or the Commission's Documents;

(j) the Commission will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters which the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will continue to take such action so long as required for distribution of the Bonds; provided, however, that in no event shall the Commission be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject or be required to register as a dealer or broker or qualify to do business as a foreign corporation or be subject to any other similar requirements deemed by the Commission to be unduly burdensome;

(k) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matters which would constitute a condition precedent to the due performance by the Commission of its obligations under the Commission's Documents and the Bonds have been duly obtained or made, and are, and will be on the date of Closing, in full force and effect;

(l) if, subsequent to the date hereof, and prior to the Closing, an event occurs, or information becomes known, affecting the Commission which is materially adverse for the purpose for which the Official Statement, as then supplemented or amended is to be used and such event is not disclosed in the Official Statement, the Commission shall notify the Representative thereof, and if in the mutual opinion of the Commission and the Representative such event requires a supplement or amendment to the Official Statement, the Commission will supplement or amend the Official Statement in a form and manner approved by the Representative;

(m) for a period of 25 days subsequent to the Closing Date (the “Delivery Period”), if an event occurs which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Commission shall promptly notify the Representative thereof and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission shall prepare and deliver to the Underwriters (at the Commission’s expense for 25 days from the date of the Closing), as many copies of an amendment or supplement which will correct such statement or omission as the Underwriters may reasonably request. During the Delivery Period, the Commission shall furnish such information as the Representative may from time to time reasonably request;

(n) if the Official Statement is amended or supplemented pursuant to paragraph 5(l) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement as so supplemented or amended (excluding therefrom the Excluded Information, as to which no representations or warranties are made) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(o) between the date of this Purchase Agreement and the date of Closing, except for issuances of commercial paper under the Commission’s existing commercial paper program, the Commission will not, without the prior written consent of the Representative, except as disclosed in the Preliminary Official Statement and the Official Statement and except in the course of normal business operations of the Commission, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent.

(p) The Commission is taking, and prior to the Closing Date will take, all action required as of the Closing Date to designate the Series B Bonds as “build America bonds” under Section 54AA(d) and as “qualified bonds” and “recovery zone economic development bonds” under Section 54AA(g) of the Internal Revenue Code of 1986 (the “Code”); the federal tax credit under Section 6431 of the Code for interest on the Series B Bonds will be payable to the Issuer; and the Issuer covenants to comply with the applicable procedures for claiming the credit.

6. The Representative, on behalf of itself and the Underwriters, has entered into this Purchase Agreement in reliance upon the representations and warranties of the Commission contained herein and the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Commission of its obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriters’ obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the sole option of the Representative, to the accuracy in all material respects of the representations and warranties of the Commission contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Commission made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the Commission of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and to the following additional conditions:

(a) Prior to the Closing, the Commission's Documents shall have been duly authorized, executed and delivered and simultaneously with Closing the Bonds shall have been duly authorized, executed and delivered and none of such documents shall have been amended, modified or repealed, except to the extent to which the Representative has given its written consent;

(b) At the time of Closing, all official action of the Commission related to the Commission's Documents, and the sale of the Bonds, shall be in full force and effect and shall not have been amended, modified, supplemented or repealed in any material respect;

(c) At the time of Closing, the Commission shall have made timely payment of principal and/or interest when due on all of its respective outstanding bonds, notes or other obligations;

(d) As of the date hereof and at Closing, trading of securities in general shall not have been suspended on any national securities exchange; nor shall any proceeding be pending or threatened by the Securities Exchange Commission against the Commission;

(e) Subsequent to the date hereof, up to and including the Closing, there shall not have occurred any change in or particularly affecting the Commission, the Act, the Ordinance, the Sales Tax, the Sales Tax Revenues, the Bonds or the Commission's Documents as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriters materially impairs the investment quality of the Bonds;

(f) Subsequent to the date hereof, up to and including the Closing, the California State Board of Equalization ("BOE") shall not have suspended or advised the Commission of suspension of the collection of the Sales Tax or the escrow of any proceeds thereof by the BOE, and counsel to the Commission shall not have been advised of the suspension of the collection of the Sales Tax or the escrow of any proceeds thereof by the BOE or have any question as to the validity of the Sales Tax;

(g) The Commission shall perform, or have performed at or prior to the time of the Closing, all of its obligations required under or specified in the Commission's Documents, as amended to the date of Closing, to be performed at or prior to the Closing;

(h) At or prior to the Closing, the Underwriters shall receive, among other items, the following, in each case reasonably satisfactory in form and substance to the Representative and Underwriters' Counsel:

(i) Executed copies of each of the Commission's Documents and specimen copies of the Bonds;

(ii) The approving opinion of Bond Counsel, substantially in the form attached to the Official Statement as Appendix E;

(iii) A supplemental opinion of Bond Counsel, addressed to the Commission and the Underwriters, stating the Underwriters may rely upon the opinion referred to in subparagraph (ii) hereof as though addressed to them and to the following effect:

(A) The information contained in the Official Statement in the sections entitled "THE 2010 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE

2010 BONDS,” “TAX MATTERS,” “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” and “APPENDIX E – PROPOSED FORM OF BOND COUNSEL OPINION” insofar as such information purports to summarize certain provisions of the Indenture and such counsel’s opinion relating to the tax exemption of interest on the Bonds, are accurate in all material respects; and

(B) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iv) The opinion of Fulbright & Jaworski L.L.P. (“Disclosure Counsel”) addressed to the Underwriters, to the effect that while they have not independently verified the fairness, correctness and completeness of the statements and representations set forth in the Official Statement or referred to therein or the financial statements and the appendices thereto, as a result of their participation in the preparation of the Preliminary Official Statement and the Official Statement and their review of certain documents referred to therein: (I) nothing has come to their attention which gives them reason to believe that the Preliminary Official Statement (excluding the POS Excluded Information), the Official Statement (excluding the OS Excluded Information) or any amendment or supplement thereto as of their respective issue dates, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading (except for the financial statements and other financial and statistical data included therein, including Appendices A, B and D thereto, as to which no view need to be expressed); and (II) nothing has come to their attention which gives them reason to believe that the Preliminary Official Statement (excluding the POS Excluded Information) or any amendment or supplement thereto as of the date of this Purchase Agreement, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading (except for the financial statements and other financial and statistical data included therein, including Appendices A, B and D thereto, as to which no view need to be expressed and excluding information permitted to be omitted under Rule 15c2-12);

(v) An opinion, dated the date of the Closing and addressed to the Underwriters, of Best, Best & Krieger LLP, General Counsel to the Commission, to the effect that: (i) the Commission is a county transportation commission duly organized under the laws of the State; (ii) the resolution or resolutions of the Commission approving and authorizing the execution and delivery of the Commission’s Documents by the Commission (the “Resolutions”) were duly adopted at meetings of the Commission, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption; (iii) to the best knowledge of such counsel, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body of competent jurisdiction, pending or threatened against or affecting the Commission, to restrain or enjoining the enforcement of the Commission’s Documents or in any way contesting or affecting the validity of the Bonds or the Commission’s Documents; (iv) the execution and delivery of the Bonds by the officer executing the same and the Commission’s Documents by the Commission, the adoption of the Resolutions, and compliance by the Commission with the provisions of the foregoing, as appropriate, under the circumstances contemplated thereby, does not and will not conflict with or constitute on the part of the Commission a breach or default under any agreement or other instrument to which the Commission is a party or by which it is bound (and of which such counsel is reasonably aware) or any existing law, regulation, court order or consent decree to which the Commission is subject; (v) the Commission’s Documents

have been duly authorized, executed and delivered, by the Commission and, assuming due authorization, execution and delivery by the other parties thereto, the Commission's Documents constitute legal, valid and binding agreements of the Commission, enforceable in accordance with their respective terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought; (vi) except as described in the Official Statement, no authorization, approval, consent, or other order of the State or any other governmental authority or agency within the State having jurisdiction over the Commission is required for the valid authorization, execution, delivery and performance by the Commission of the Commission's Documents which has not been obtained; (vii) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement and based upon the information made available to such counsel in the course of its participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel for the Commission, nothing has come to such counsel's attention which would cause them to believe that the Preliminary Official Statement (excluding therefrom the POS Excluded Information), as of the date thereof and the Official Statement (excluding therefrom the OS Excluded Information) as of the date thereof and as of the Closing Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (viii) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and based upon the information made available to such counsel in the course of its participation in the preparation of the Preliminary Official Statement as counsel for the Commission, nothing has come to such counsel's attention which would cause them to believe that the Preliminary Official Statement (excluding therefrom the POS Excluded Information), as of the date of this Purchase Agreement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (excluding information permitted to be omitted under Rule 15c2-12) ;

(vi) a certificate or certificates, dated the Closing Date, signed by a duly authorized official of the Commission to the effect that, to the best of such official's knowledge, (i) the representations and warranties of the Commission contained in this Purchase Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) no event affecting the Commission has occurred since the date of the Official Statement which has the effect of causing the Official Statement (excluding the Excluded Information) to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; (iii) the Commission has, and at the time of the Closing will have, full legal right, power and authority (A) to execute and enter into the Commission's Documents, (B) to adopt the Resolution, (C) to sell and deliver the Bonds to the Underwriters pursuant to the Constitution and laws of the State, (D) to issue the Bonds, (E) to cause the Sales Tax to be levied and collected, (F) to pledge the Sales Tax Revenues to the payment of the Bonds and (G) to carry out and to consummate the transactions contemplated by, and to perform all of its obligations under, the Resolution, the Commission's Documents, the Bonds and the Official Statement; (iv) the Commission has (A) duly authorized and approved the Official Statement, (B) duly authorized and approved the execution and delivery of, and performance by the Commission of its obligations under, the Bonds and the Commission's Documents, (C) duly adopted the Bond Resolution and (D) duly authorized and approved the use of the proceeds of the sale of the Bonds, as contemplated by the Official Statement; (v) at or prior to the time and date of the Closing, the Bonds will have been duly executed and

delivered by the Commission, and each of them and the Resolution and the Commission's Documents will constitute legal, valid and binding obligations of the Commission enforceable against the Commission in accordance with their respective terms, except to the extent that the enforceability may be limited by bankruptcy, insolvency, arrangement, moratorium or other laws affecting the rights of creditors generally, equitable remedies, judicial discretion and the limitations on legal remedies against local transportation authorities in the State; (vi) the Resolution, the Commission's Documents and the Bonds conform in all material respects to the descriptions thereof in the Preliminary Official Statement and the Official Statement; (vii) the financial data relating to the Commission and the financial statements of the Commission contained in the Preliminary Official Statement and the Official Statement present fairly the financial condition and results of the operation of the Commission at the dates and for the periods therein specified and such financial data relating to the Commission and the financial statements of the Commission contained in the Preliminary Official Statement and the Official Statement are presented in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements of the Commission except as otherwise specifically noted in the Preliminary Official Statement and the Official Statement; (viii) no litigation of any nature is now pending or, to the best of the Commission's knowledge, threatened in any court or before any governmental agency of competent jurisdiction: (A) restraining or enjoining, or seeking to restrain or enjoin, the issuance, sale, execution or delivery of the Bonds; or (B) in any way contesting or affecting (1) the validity or enforceability of the Bonds, or (2) any proceedings of or on behalf of the Commission taken with respect to the issuance or sale of the Bonds, or (3) adoption of the Resolution or the execution and delivery of the Commission's Document, or (4) the levy and collection of the Sales Tax, or (5) the pledge of Sales Tax Revenues effected by the Indenture, as described in the Preliminary Official Statement and the Official Statement, or (6) the proceedings authorizing and approving the Sales Tax or the levy or collection of the Sales Tax, or (7) the existence or powers of the Commission; or (C) in any manner questioning (1) the proceedings or authority for the issuance of the Bonds, or (2) any provision made or authorized for the payment of the Bonds, or (3) the existence or operations of the Commission, or (4) the power of the Commission to issue the Bonds, or (5) the power of the Commission to undertake any other transactions necessary in connection with this proposed financing; or (D) which would have a material adverse effect upon the operations of the Commission relating to the Bonds or to the contemplated use of the proceeds thereof; (ix) none of the Commission's proceedings or authority for the issuance, sale, execution and delivery of the Bonds, or the execution and delivery of the Commission's Documents, or the adoption of the Resolution as described in the Preliminary Official Statement and the Official Statement has been repealed, modified, amended, revoked or rescinded; (x) no approval, permit, consent or authorization of any governmental or public agency, authority or person having jurisdiction over the Commission not already obtained and no proceedings not already had are required in connection with (A) the issuance and sale of the Bonds, (B) the execution and delivery by the Commission of, or the performance by it of its obligations under, the Bonds, the Commission's Documents and the Resolution or (C) except as contemplated by the Preliminary Official Statement and the Official Statement, the issuance and sale of the Bonds or the application of the proceeds of the sale thereof; (xi) there is no material adverse change in the condition or affairs of the Commission that would make it unreasonable for the Underwriters or other purchasers of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and the Underwriters are hereby authorized to distribute copies of the Official Statement in connection with the resale of the Bonds; and (xii) the Commission has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date of issuance of the Bonds with respect to the issuance of the Bonds;

(vii) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, that:

(A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into the Indenture and perform its duties under the Indenture and the Continuing Disclosure Agreement (together, the “Trustee Documents”);

(B) the Trustee is duly authorized to enter into the Indenture and Trustee has duly executed and delivered the Indenture;

(C) the execution and delivery of the Indenture and compliance with the provisions on the Trustee’s part contained in the Trustee Documents, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trustee Documents;

(D) to the best of the knowledge of the Trustee, it has not been served with any action; suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, as such but not in its individual capacity, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the collection of Sales Tax Revenues to be applied to pay the principal, premium, if any, and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture; and

(E) the Trustee will apply the proceeds from the Bonds as provided in the Indenture.

(viii) an opinion of counsel to the Trustee, addressed to the Underwriters, in form and substance satisfactory to the Representative, to the effect that the Trustee is a national banking association with due power and authority to execute the Indenture, and that the Indenture is in effect and is valid and binding upon the Trustee;

(ix) a copy of the Official Statement, executed on behalf of the Commission by a person duly authorized to sign on behalf of the Commission;

(x) a certified copy of the general resolution or resolutions of the Trustee authorizing the execution and delivery of the Indenture and the Bonds;

(xi) certified copies of the resolution or resolutions of the Commission authorizing the execution and delivery of the Commission's Documents;

(xii) a copy of the Blue Sky Memorandum with respect to the Bonds, prepared by Underwriters' Counsel;

(xiii) A tax certificate relating to the Bonds in form satisfactory to Bond Counsel and the Representative;

(xiv) A copy of the Notices of Sale required to be delivered to the California Debt Investment and Advisory Commission pursuant to Sections 8855(g) and 53583 of the California Government Code;

(xv) Evidence that any ratings on the Bonds described in the Preliminary Official Statement and the Official Statement are in full force and effect as of the date of the Closing;

(xvi) A Certificate, dated the Closing Date, signed by an authorized representative of Fieldman Rolapp & Associates, Financial Advisor to the Commission, to the effect that no information came to such representative's attention which gives such representative reason to believe that the statements and information in the Preliminary Official Statement and the Official Statement under the caption "PLAN OF FINANCE" contains any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(xvii) A certified copy of the proceedings relating to authorization and approval of the Sales Tax, including: (i) a certified copy of the Ordinance; and (ii) a certification from the Registrar of Voters in the County of Riverside concerning results of the November 5, 2002 election;

(xviii) A copy of the executed Agreement for State Administration of Transactions and Use Tax, between the Commission and the California State Board of Equalization, including all amendments thereto;

(xix) A copy of the Blanket Letter of Representation to DTC relating to the Bonds signed by DTC and the Commission;

(xx) An executed copy of the Continuing Disclosure Agreement; and

(xxi) Such additional certificates, legal opinions of Bond Counsel, Disclosure Counsel or other counsel and such other instruments or documents as Stradling Yocca Carlson & Rauth, a Professional Corporation ("Underwriters' Counsel"), Disclosure Counsel or Bond Counsel reasonably request to evidence the truth and accuracy as of the date hereof and as of the Closing Date of information contained in the Official Statement and the representations and warranties contained herein and in the Official Statement and the due satisfaction as or prior to the Closing Date of all conditions then to be satisfied in connection with the transaction contemplated hereby.

7. To the extent permitted by law, the Commission agrees to indemnify and hold harmless the Underwriters and each person, if any, who controls (within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934,

as amended) the Underwriters and the officers, agents and employees of the Underwriters (each such person, an “Indemnified Party”) against any and all losses, claims, damages, liabilities and expenses arising out of any untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement except for the Excluded Information or the omission (other than omissions in the Excluded Information) to state in the Preliminary Official Statement or the Official Statement a material fact necessary to make the statements therein relating to the Commission, in the light of the circumstances under which they were made, not misleading.

The Commission shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Commission or if there be a final judgment for the plaintiff in any such action against the Commission or any Indemnified Party, the Commission agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

In case any claim shall be made or action brought against an Indemnified Party for which indemnity may be sought against the Commission, as provided above, the Underwriters shall promptly notify the Commission in writing setting forth the particulars of such claim or action and the Commission shall assume the defense thereof, including at its option the retaining of counsel acceptable to the Underwriters and including the payment of all expenses. The Indemnified Party shall not have the right to retain separate counsel unless (i) the Commission shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Indemnified Party and one or more legal defenses may be available to it which may not be available to the Commission, in which case the Commission shall not be entitled to assume the defense of the suit but the Underwriters shall bear the fees and expenses of such counsel.

Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Commission, its employees and its officers, but only with reference to liability in connection with false statements and information in the Preliminary Official Statement and the Official Statement furnished to the Commission in writing by such Underwriter for inclusion in the Preliminary Official Statement and the Official Statement. The Commission acknowledges that the only information provided by the Underwriters for inclusion in the Preliminary Official Statement was the information contained under the caption “UNDERWRITING” and the only information provided by the Underwriter for inclusion in the Official Statement was the principal amount, interest rates, prices and yields and redemption prices set forth on the inside cover of the Official Statement and the information contained under the caption “UNDERWRITING”.

8. The Underwriters shall have the right to cancel their obligation hereunder to purchase the Bonds (and such cancellation shall not constitute a default hereunder by the Underwriters) by the Representative notifying you in writing or by telegram of its election to do so between the date hereof and the Closing, if at any time hereafter and prior to the Closing:

(i) any event occurring, or information becoming known that, in the reasonable judgment of the Representative, makes untrue any statement of a material fact contained in the Official Statement or results in an omission of a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) an amendment to the Constitution of the United States of America or by any legislation in or by the Congress of the United States of America or by the State of California, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of

the United States of America, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States of America, the Treasury Department of the United States of America, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States of America, or the favorable reporting for passage of legislation to either House of the Congress of the United States of America by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State of California court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State of California authority materially adversely affecting, in the reasonable judgment of the Representative, the federal or State of California tax status of the Commission, or the status of the interest on bonds or notes or obligations of the general character of the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State of California, or a decision by any court of competent jurisdiction within the State of California or any court of the United States of America shall be rendered which, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the execution, delivery, offering or sale of obligations of the general character of the Bonds, or the execution, delivery, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) the imposition by the New York Stock Exchange or other national securities exchange or any governmental authority or any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally or the material increase of any such restrictions now in force, including those relating to the extension of credit by or the charge to the net capital requirements of, the Underwriters, which, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds; or

(vi) the declaration of a general banking moratorium by federal, New York or California authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred, or the general suspension of trading or minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange on any national securities exchange by a determination by that exchange or by order

of the Securities and Exchange Commission or any other governmental agency having jurisdiction, which, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds; or

(vii) any new outbreak or escalation of hostilities, declaration by the United States of America of a national emergency or war or other calamity or crisis affecting the financial markets which, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds; or

(viii) any rating of securities of the Commission payable from or secured by Revenues reflecting the creditworthiness of the Commission, shall have been withdrawn or reduced, placed on credit watch, assigned a negative outlook or announced to be under review by a rating agency, which, in the Representative's reasonable opinion, materially adversely affects the market price or marketability of the Bonds; or

(ix) the commencement of any action, suit or proceeding described in Section 5(i) hereof which, in the reasonable judgment of the Representative, materially adversely affects the market price of the Bonds; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(xi) a material adverse change has occurred or becomes known in the operations or finances of the Commission.

9. The Underwriters shall be under no obligation to pay and the Commission shall pay or cause to be paid from the proceeds of the Bonds or other funds available to it the expenses incident to the performance of the obligations of the Commission hereunder, including but not limited to (a) the cost of printing or engraving, and mailing or delivering the definitive Bonds and the Official Statement in reasonable quantities and all other documents or the cost of recording and filing such documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (b) the fees and disbursements of the Trustee, in connection with the execution, sale and delivery of the Bonds; (c) the fees and disbursements of the Bond Counsel, Disclosure Counsel, General Counsel, and any other experts or consultants retained by the Commission in connection with the transactions contemplated hereby; (d) the costs related to obtaining ratings on the Bonds.

The Underwriters shall pay (a) California Debt and Investment Advisory Commission fees; (b) the cost of preparation and printing of any Blue Sky Memorandum to be used by them; (c) all advertising expenses in connection with the public offering of the Bonds; (d) the fees and expenses of Underwriters' Counsel; (e) CUSIP number costs; and (f) any fees assessed upon the Underwriters with respect to the Series Bonds by the Municipal Securities Rulemaking Board or the National Association of Securities Dealers. Any meals or traveling expenses of the Issuer paid by the Underwriters were included as reimbursement of expenses as part of the Underwriters' discount.

10. No covenant or agreement contained in this Purchase Agreement shall be deemed to be a covenant or agreement of any member, officer, agent or employee of the Commission nor shall such persons be liable personally under this Purchase Agreement or be subject to any personal

liability or accountability solely by reason of the execution of this Purchase Agreement or solely by reason of the breach or attempted alleged breach hereof by the Commission.

11. Any notice to be given to the Commission under this Purchase Agreement may be given by delivering the same to the office thereof c/o Riverside County Transportation Commission, P.O. Box 12008, Riverside, California 92502, and any such notice to be given to the Representative or the Underwriters may be given by delivering the same to Barclays Capital Inc., 555 California Street, 30th Floor, San Francisco, California 94104.

12. The Commission hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public sale of the Bonds.

13. This Purchase Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

14. The representations and warranties of the Commission set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Bonds.

15. This Purchase Agreement, when accepted by the Commission, shall constitute the entire agreement between the Commission and the Underwriters and is made solely for the benefit of the Commission and the Underwriters (including the successors of the Underwriters). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein.

16. This Purchase Agreement is made solely for the benefit of the Commission and the Underwriters (including the successors thereof), and no other person, partnership or association shall acquire or have any right hereunder or by virtue hereof. All representations and agreements by the Commission in this Purchase Agreement shall remain operative and in full force and effect except as otherwise provided herein, regardless of any investigations made by or on behalf of the Underwriters and shall survive the issuance of and payment of the Bonds.

17. This Purchase Agreement may be executed simultaneously in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

18. The Representative, in its sole discretion, may waive any condition or requirement imposed upon the Commission as set forth in this Purchase Agreement.

19. This Purchase Agreement shall become effective upon the execution of the acceptance hereby by the Commission, and shall be valid and binding and enforceable as of the time of such acceptance.

20. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriters or the Commission without the prior written consent of the other parties hereto.

21. In case any one or more of the provisions, contained herein shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not effect any other provisions hereof.

22. The validity, interpretation, and performance of this Purchase Agreement shall be governed by the laws of the State of California.

Very truly yours,

BARCLAYS CAPITAL INC., on behalf of itself and
as Representative of the Underwriters

By: _____
John McCray-Goldsmith
Authorized Representative

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

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

By: _____
Authorized Representative

EXHIBIT A
UNDERWRITERS

1. Barclays Capital Inc.
2. E. J. De La Rosa & Co.

EXHIBIT B

MATURITY SCHEDULE

2010 SERIES A (TAX EXEMPT)

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

MATURITY SCHEDULE

2010 SERIES B (TAXABLE BUILD AMERICA BONDS)

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

EXHIBIT C

REDEMPTION PROVISIONS

[TO COME]



DEBT MANAGEMENT POLICY

The Riverside County Transportation Commission (RCTC) is responsible for providing leadership and creating transportation choices that enhance the quality of life in Riverside County. RCTC's mission is to create, coordinate, finance, and deliver an easy to use transportation network that keeps Riverside County moving and meets the public's needs.

In an effort to fulfill this vision, RCTC issues short and long-term debt on an as-needed basis. RCTC's Chief Financial Officer (CFO) is responsible for the sale of debt for the specific projects. RCTC's main objectives in the sale of debt are to:

- ~~Issue bonds subject to a bond debt limitation of \$525,000,000 under the 1989 Measure A program,~~
- ~~Issue bonds subject to a bond debt limitation of \$500,000,000 under the 2009 Measure A program,~~
- Maintain a 2x debt service coverage,
- Obtain the lowest possible cost of funds for each of RCTC's borrowing programs,
- Obtain the highest possible credit ratings that allow sufficient flexibility,
- Minimize risk exposure to variable rate debt and/or derivatives, and
- Maintain the required secondary market disclosure with the rating agencies, institutional and retail investors.

This Comprehensive Debt Management Policy contains the policies and the procedures that govern all debt sales.

All participants performing services on RCTC's debt sales:

- Must comply with the policies and procedures set forth herein, and
- Will be expected to consistently perform at a level that provides maximum benefit to RCTC.

The CFO, after consultation with and approval by RCTC's Board of Commissioners (Board), reserves the right to remove any participant from an RCTC transaction or underwriting pool at any time for substandard performance or failure to abide by RCTC's Comprehensive Debt Management Policy.

The CFO actively manages all phases of each financing. All decisions related to each transaction are subject to the CFO's approval. Questions regarding the policies and procedures outlined in this Comprehensive Debt Management Policy should be directed to:

Theresa Trevino, CFO
Riverside County Transportation Commission
4080 Lemon Street, 3rd Floor
Riverside, California 92501
Mailing Address: PO Box 12008, Riverside, CA 92502-2208
(951) 787-7141 – E-mail address: ttrevino@rctc.org

A. GOALS AND CREDIT OBJECTIVES

RCTC's goals and credit objectives are to:

- Serve the people of Riverside County in the fulfillment of RCTC's policy and transportation objectives,
- Comply with all State and Federal laws and regulations governing the issuance of debt,
- Promptly repay when due the principal and interest on all debt issued and outstanding,
- Implement debt programs with the highest possible credit ratings which provide the necessary flexibility in order to achieve the lowest possible borrowing costs on RCTC's debt obligations,
- Ensure that RCTC's debt proceeds are invested in safe, liquid and secure investments that earn competitive market rates of return in accordance with RCTC's Annual Investment Policy and indenture,
- Establish policies and procedures for participation in RCTC's debt financing,
- Hold debt financing participants accountable to such policies and procedures,
- Reward adherence to RCTC's policies and procedures and good performance by the debt financing participants with continued participation in RCTC's debt financing program,
- Explore and implement innovative structuring ideas when they are prudent and consistent with the statements listed above, and thus
- Protect the funds that Riverside County taxpayers have entrusted to RCTC.

B. CREDIT RATING OBJECTIVES

RCTC seeks to obtain and maintain the highest possible debt ratings while at same time providing the appropriate and necessary flexibility in its bond financing documents.

Sales Tax Revenue Bonds

RCTC currently maintains an "~~AA2~~AA1" rating from Moody's Investors Service, an "AA+" rating from Standard and Poor's Ratings Group and a "~~AA~~+" from Fitch Ratings.

RCTC will support the Measure A program, in part, by the issuance of debt backed by revenues derived from the Measure A sales tax. Any debt related to the 1989 Measure A ~~will be~~ retired as of June 30, 2009. As of ~~June 30, 2009~~December 31, 2010, RCTC will have the following debt issues or commercial paper programs outstanding under the 2009 Measure A:

1. ~~\$126,395~~\$185,000,000 Sales Tax Revenue Bonds, Series ~~2008-Bonds~~2009 A, B and C
2. ~~\$185~~\$120,000,000 Commercial Paper Notes, ~~Program, 2005~~ Series A and Series B and
3. ~~\$150,000,000 Sales Tax Revenue Bonds, Series 2010 A (tax-exempt) and B (taxable).~~

C. SELECTING THE APPROPRIATE METHOD OF DEBT SALE

It is in the interest of RCTC to sell its public debt using the method of sale that is expected to achieve the best sale results, taking into account both short-range and long-range implications for Riverside County taxpayers. The CFO will advise the Board of the most appropriate method of sale in light of the prevailing financial, market and transaction-specific conditions.

D. APPOINTMENT OF A FINANCIAL ADVISOR

The CFO, with the approval of the Board, may select a financial advisor to assist in the issuance and administration of RCTC's debt. The services of the financial advisor may include, but are not limited to:

- Monitoring all fixed income markets,
- Evaluating proposals submitted to the CFO,
- Analyzing the costs and risks of debt issues,
- Reviewing the structuring and pricing of debt issues,
- Developing and maintaining the time and responsibility schedule,
- Advising on terms and conditions of credit facilities dealing with the issuance of variable rate debt,
- Assisting in the preparation of official statements, and
- ~~Reviewing~~ Preparing and reviewing presentation materials for rating agencies, investors and insurers.

The services of a financial advisor will be obtained through a competitive evaluation of proposals. The criteria to be used in evaluating and selecting a financial advisor include:

- Experience in providing formal financial advisory services,
- Experience with diverse and complex financial structuring requirements,
- Experience and reputation of assigned personnel, and
- Fees and expenses.

RCTC's financial advisor will provide RCTC with objective advice and analysis, maintain the confidentiality of RCTC's financial plans and be free from any conflict of interest as defined by the:

- CFO and all California statutes and regulations governing financial advisors.

RCTC's financial advisor may not participate in any of RCTC's syndicates in the sale of debt.

E. APPOINTMENT OF LEGAL COUNSEL

The CFO, with the approval of the Board, must select legal counsel, including bond counsel and disclosure counsel, and engage RCTC's general counsel, to assist in the issuance of RCTC's debt.

All debt issued by RCTC must include a written opinion of bond counsel affirming that RCTC is authorized to issue the proposed debt, that RCTC has met all the constitutional and statutory requirements necessary for the issuance of the proposed debt and a determination of the proposed debt's income tax status. This approving legal opinion and other documents relating to the issuance of the proposed debt must be prepared by a nationally recognized private legal counsel with extensive experience in municipal finance and tax matters.

The services of the bond counsel may include, but are not limited to:

- Rendering a legal opinion with respect to the authorization and valid issuance of debt obligations of RCTC including whether the interest paid on the debt is tax exempt under federal and State of California laws;
- Preparing all necessary legal documents in connection with the authorization, sale, issuance and delivery of bonds and other obligations;
- Assisting in the preparation of the preliminary and final official statements and commercial paper memoranda;

- Participating in discussions with potential investors, insurers and credit rating agencies, if requested, and
- Providing continuing advice, as requested, on the proper use and administration of bond proceeds under applicable laws and the indenture, particularly arbitrage tracking and rebate requirements.

The services of the disclosure counsel may include, but are not limited to:

- Preparing the preliminary and final official statements and commercial paper memoranda.

RCTC will engage its outside general counsel in the review of all documentation, including the preliminary and final official statements and commercial paper memoranda. Outside general counsel will provide an opinion that RCTC has duly authorized the documents for the issuance of the proposed debt.

F. APPOINTMENT OF UNDERWRITERS

The CFO, with the approval of the Board, may select a pool of qualified underwriters. The appointment will be based upon a competitive evaluation of objective criteria. The best-qualified firm will be appointed as the book-running senior manager for long-term debt. The best-qualified firm will be appointed as the dealer for commercial paper.

Criteria to be used in the appointment of qualified underwriters will include:

- Demonstrated ability to manage complex financial transactions,
- Demonstrated ability to structure debt issues efficiently and effectively,
- Demonstrated ability to sell debt to institutional and retail investors,
- Demonstrated willingness to put capital at risk,
- Quality and applicability of financing ideas,
- Experience and reputation of assigned personnel, and
- Fees and expenses.

The CFO will monitor the performance of the members of the underwriting pool and recommend changes as appropriate.

The underwriters selected to participate in RCTC's underwriting pool must follow certain rules for participation:

Minimum Underwriter Qualifications

1. The firm must maintain minimum net capital of at least ~~1~~\$500,000~~1~~.
2. The firm must hold and maintain all licenses and registrations required by applicable federal and state laws for businesses offering underwriting or investment banking services. All licenses and registrations must be current and in good standing with each of the following:
 - the U.S. Securities and Exchange Commission (SEC),
 - the National Association of Securities Dealers (NASD), and
 - the California Department of Corporations (CDC).

G. PROFESSIONAL CONDUCT

All of RCTC's debt financing participants shall maintain the highest standards of professional conduct at all times:

1. Municipal Securities Rulemaking Board (MSRB) Rules, including Rule G-37, shall be followed at all times.
2. RCTC expects debt financing participants to assist RCTC's staff in achieving its goals and objectives as defined in this Comprehensive Debt Management Policy.
3. All debt financing participants shall make cooperation with RCTC's staff their highest priority.

H. NEW ISSUANCE AND BOND PROCEEDS MINIMUM BALANCE

RCTC has developed a Strategic Plan (Plan) which sets forth the transportation programs and services to be provided to the residents of the County. The Plan also contains cash flow analysis for the capital program with corresponding analysis projecting the available sources and uses of funds verifying RCTC's financial ability and commitment to deliver current and planned programs and services.

The RCTC Plan is based on a set of assumptions developed through detailed data collection and analysis of historical data concerning revenues, economic forecasts and trend projections. The main sources of revenues include sales tax revenues, contributions from other agencies and federal capital assistance grants. The largest sales tax revenue source is the Measure A ½ cent transactions and use tax. The revenue generated from Measure A is expended on the projects contained in the Measure A Ordinance. RCTC also intends to earn revenues through the imposition of tolls for the use of selected transportation corridors. Tolls will be imposed and toll revenues expended as allowed under the governing statutes and ordinances.

RCTC's Measure A and toll programs are capital intensive. RCTC will issue its debt as needed in order to fund the Measure A and toll programs. RCTC must be able at all times to pay contractors and vendors for work in progress. Therefore, the CFO will work with the applicable RCTC directors to forecast the program construction draw down requirements. Based upon program construction draw down requirements and the conclusions resulting from the Plan, the CFO shall attempt to keep a reasonable amount of bond proceeds (approximately 4 months of program construction draw down requirements) available for construction draw down purposes.

The CFO with the approval of the Board may increase the size of the Measure A tax-exempt commercial paper program to maintain liquidity in the program construction draw down account.

I. MANAGING THE COMPETITIVE SALES PROCESS

The CFO is responsible for implementing and managing RCTC's competitive bid debt sale process. If the CFO selects a competitive bid process for a sale of debt, the CFO will instruct RCTC's financial advisor to deliver a preliminary official statement and notice of sale to prospective underwriters and buyers that clearly states the location, time and requirements of the bid. After a successful competitive bid, the CFO will instruct RCTC's financial advisor to work closely with the winning underwriter(s) in order to prepare and deliver the final official statement at closing.

J. MANAGING THE NEGOTIATED SALES PROCESS

The CFO is responsible for implementing and managing RCTC's negotiated debt sale process.

Introduction

- A. RCTC expects its underwriters to participate in a valuable and significant way with respect to the structuring and pricing of each debt issue, sales performance and various other aspects of the financing.
- B. Underwriters are expected to make themselves available to participate, when requested, in information and other meetings prior to the issuance of debt.
- C. Underwriters are expected to cooperate fully with the book-running senior manager in a way that provides the maximum benefit to RCTC.
- D. The book-running senior manager is responsible for communicating RCTC's finance plan and timing to the other managing underwriters in the syndicate.

Syndicate Management Process

A. Liability

1. Prior to the day of pricing, the book-running senior manager must provide to the CFO a recommended liability assignment for each underwriter in the underwriting syndicate. The CFO will review the recommended assignments and make any necessary adjustments. Upon approval by the CFO, the liability assignments of each underwriter must be incorporated into the Agreement Among Underwriters (AAU) by the book-running senior manager.
2. As a general rule, the liability assignments must not exceed the underwriting ability of the underwriters in the syndicate to whom they are assigned.

B. AAU

The AAU must include the liability assignments of each managing underwriter, the priority of orders for the purpose of allocation and the takedown designation policy. The book-running senior manager must provide a copy of the AAU to each managing underwriter in the syndicate. Each underwriter in the syndicate must review the terms and conditions set forth in the AAU and return a signed copy of the AAU to the book-running senior manager the day of the pricing.

C. Underwriting Gross Spread Components; Fees and Expenses

- The management fee, if any, will be distributed to the managing underwriters based upon their relative contribution to the development and implementation of the financing plan.
- Proposed takedowns (i.e. sales commissions) for all maturities must be included as part of the proposed pricing terms delivered by the book-running senior manager to RCTC prior to the final pre-pricing discussions. All takedowns are subject to review and approval by the CFO.
- The expense component of the underwriting gross spread must be submitted by the book-running senior manager to RCTC's CFO for approval prior to the day of pricing. The CFO reserves the right to review and approve all fees and expenses and to request their substantiation. An estimate of the expense component of the underwriting gross spread must be submitted by the book-running senior manager to the CFO no later than one week prior to the pricing. RCTC expects the book-running senior manager to keep expense items and costs of issuance to an absolute minimum.
- In general, RCTC will not reimburse the book-running senior manager for clearance fees except for the Depository Trust Company ("DTC") charge on issues that are registered in book-entry form only. RCTC will not reimburse the book-running senior manager for MSRB,

Securities Industry and Financial Markets Association and California Public Securities Association expenses.

- There will be no consideration of an underwriting risk component of the gross underwriting spread until after the order period closes. At that time, the CFO and the book-running senior manager will review the book of orders and discuss the need, if any, for including an underwriting risk component in the gross underwriter's spread for unsold bonds. There will be no negotiation of the underwriting risk component of the gross underwriter's spread after the CFO has given the verbal award to the book-running senior manager.

D. Marketing Plan

Once the issue of debt has received its ratings and the credit enhancement, if any, has been determined, the book-running senior manager will provide to the CFO and the financial advisor its plan for marketing the issue. The plan will specify the sectors and specific customer types to which each maturity, group of maturities or type of bonds will be directed. In addition, the marketing plan will specify the efforts of the syndicate in advertising the issue and distributing notice of the issue to the market as a whole and the expected customers.

E. Selling Groups

The book-running senior manager will discuss with the CFO the advantages and/or disadvantages of using a selling group for the financing. If the CFO decides to use a selling group, the book-running senior manager will provide a list of recommended firms for RCTC's approval at least one week prior to the day of pricing.

F. Retention and Takedown Designation Policies

- The book-running senior manager will discuss the use of retention with the CFO at least one week prior to the day of pricing. During this discussion, the book-running senior manager will provide to the CFO the proposed retention amounts by maturity for each underwriter in the syndicate.
- If the use of retention is advised by the book-running senior manager and agreed upon by the CFO, the book-running senior manager will make retention amounts and maturities available to the underwriters as soon as possible prior to the day of pricing.
- Any change in the retention to the managing underwriters must be approved by the CFO prior to its release.
- At least one week prior to the day of pricing, the book-running senior manager must provide the CFO a proposed priority of orders for the purpose of allocation and a proposed policy for the designation of takedown on net designated orders. The policy must include a maximum percentage of takedown to be designated to any one firm, as well as a minimum number of firms to be designated on any one net designated order.

It is anticipated that each underwriter in the syndicate will be allowed to place net designated orders on all RCTC debt sales. Upon approval by the CFO, the priority of orders and the designation policy must be communicated to the underwriters and included in the preliminary pricing wire. Any changes to the designation policy must be approved by the CFO and communicated to all underwriters in the syndicate and selling group members, if any, RCTC and the financial advisor.

G. Pricing Procedures

- At least one hour prior to the pre-pricing meeting or conference call (one business day prior to the day of the pricing) the book-running senior manager must deliver to the CFO and the financial advisor the proposed pricing terms. This is to allow for the thorough evaluation of

- the proposed pricing terms by the CFO. The list of the proposed pricing terms must include principal amounts, coupons, yields, optional redemption prices, and takedowns per maturity.
- One day prior to the day of the pricing, the book-running senior manager must initiate a pre-pricing meeting or conference call with the CFO and the financial advisor to discuss the proposed pricing terms, order period, underwriting gross spread components, market conditions and other necessary pricing information.
 - A draft copy of the preliminary pricing wire must be provided to the CFO upon the completion of the pre-pricing meeting or conference call. Prior to its release, the preliminary pricing wire is subject to the approval of the CFO. The preliminary pricing wire must include, among other things, all pricing terms agreed upon by the CFO and the book-running senior manager during the pre-pricing meeting or conference call.
 - On the morning of the day of the pricing (and prior to the start of the order period), if the book-running senior manager believes that a change in any of the pricing terms approved at the pre-pricing meeting or on the pre-pricing conference call is required, the book-running senior manager must contact the CFO and the financial advisor to review proposed changes and any suggested changes in light of the current market conditions. Any change in the initial pricing terms must be approved by the CFO and promptly communicated to the underwriters and syndicate and selling group members, if any.
 - The book-running senior manager must track the receipts of orders broken down by maturity, amount, type and firm. Status reports of the pricing, including total orders received for each maturity, amount, type and firm, may be requested by the CFO and the financial advisor at any time during the order period. The Dalnet "Orders and Allotments by Maturity" report is an acceptable report for these purposes.
 - The book-running senior manager must receive approval from the CFO before terminating any order period on any maturity before the previously determined close of the order period.
 - At the close of the order period, the book-running senior manager must provide in writing and in a format acceptable to the CFO and the financial advisor, a listing of the total orders received for each maturity, amount, type and firm, through the end of the order period. At this time the book-running senior manager must also make a concerted effort to provide the CFO and the financial advisor with the true interest cost of the issue. The book-running senior manager must initiate a meeting or conference call with the CFO and the financial advisor to review the book of orders and negotiate any change in pricing terms, prior to the verbal award of the issue to the book-running senior manager as the representative of the underwriters in the syndicate and selling group members, if any.
 - The CFO may agree to a verbal award of the bonds and sign a bond purchase contract with the book-running senior manager as representative for the underwriters in the syndicate after consultation with and approval from the Board.
 - A complete set of final quantitative analyses must be provided to the CFO before the CFO signs the bond purchase contract. The quantitative analyses must include, but not necessarily be limited to, a table of sources and uses of funds, a summary of assumptions and results (including significant dates, underwriting gross spread breakdown, ratings, true interest cost, etc.) and any additional tables that include coupons, yields, prices, takedowns, principal amounts and related debt service by maturity.
 - The book-running senior manager and underwriter's counsel is jointly responsible for coordinating the execution of the bond purchase contract.
 - The CFO reserves the right to postpone the pricing if the above pricing procedures are not strictly followed.

H. Allocation of Bonds

The book-running senior manager will be responsible for ensuring that the overall allocation of bonds meets RCTC goals of: (a) obtaining the best price for the issue and (b) providing each underwriting firm involved with bond allocations that are commensurate with the work performed (i.e., the type

and amount of orders submitted). The CFO reserves the right to monitor the order taking process and to review and approve bond allocations prior to their release.

I. Post-Sale Support

- In accordance with MSRB rules, sales credits designated by an institutional investor must be distributed within 30 days after the delivery of the bonds.
- In accordance with MSRB rules, final settlement of the underwriting account and the distribution of any profit to members must be made within 60 days of delivery of the bonds.
- The underwriting syndicate agrees to comply with any syndicate rules prohibiting the selling of bonds below the public offering price (less the full takedown) prior to the release of syndicate restrictions. In addition, each managing underwriter in the syndicate agrees to inform the CFO of any non-compliance with such syndicate rules.
- For seven business days following the release of syndicate restrictions, the managing underwriters in the syndicate agree to inform the CFO of any firm significantly lowering the price of the bonds in the secondary market below market levels.
- The book-running senior manager must be prepared to provide the CFO on an ongoing basis for at least seven business days following the release of the syndicate restrictions secondary market price levels, unsold balances, and the level of trading activity of the bonds.
- RCTC expects the managing underwriters in the syndicate to provide liquidity in the secondary market for its bonds on an ongoing basis.

J. Post-Sale Evaluation

RCTC has a policy of acknowledging good performance and building accountability into its relationships with its managing underwriters. RCTC will conduct post-sale evaluations of the underwriting account to ensure that its policies are adhered to and that sales performance is documented.

- The book-running senior manager must provide the CFO and the financial advisor with a final pricing book. The final pricing book must include, but not necessarily be limited to, the following information: the time and responsibility schedule; the working group distribution list; a discussion of the market conditions leading up to and during the final pricing; the preliminary and final pricing wires; media coverage; rating agency credit reports; a full set of quantitative analyses; a table identifying takedown and designation dollars by firm; and a table identifying designations on net designated orders. The book-running senior manager's final pricing book must be provided to the CFO and the financial advisor within 60 days of the closing.
- The financial advisor must also provide the CFO with its own final pricing report. The final pricing report must include, but not necessarily be limited to, the following information: a discussion of the market conditions leading up to and during the final pricing; a discussion on the sales process; a pricing comparison of similar credits in California and the national markets and the preliminary and final pricing wires. The financial advisor's final pricing report must be provided to the CFO within 30 days of the pricing.
- In addition to the book-running senior manager, each underwriter is encouraged to provide the CFO and the financial advisor with a confidential written analysis of the sale of the bonds.

K. MANAGING THE SALE OF COMMERCIAL PAPER

The CFO is responsible for implementing and managing RCTC's sale of commercial paper. The CFO shall work closely with RCTC's commercial paper dealers to develop a marketing strategy for the initial sale and subsequent frequent rollover of commercial paper amounts and maturities. The

marketing strategy for the initial sale and subsequent frequent roll-over of commercial paper amounts and maturities shall take into account the short-term yield curve as well as RCTC's philosophy to have a significant number of diverse commercial paper investors.

The CFO may require RCTC's commercial paper dealers to provide quarterly and annual reports detailing the commercial paper average cost, average maturity and a list of commercial paper investors.

Subject to the approval of its liquidity and/or letter-of-credit provider, RCTC reserves the right to change the number of commercial paper dealers for the commercial paper program.

L. REFUNDING OPPORTUNITIES

An advance refunding involves refunding bonds in advance of the bond's first optional redemption date. An advance refunding is an important debt management tool for RCTC. Advance refundings are commonly used to achieve interest cost savings, remove or change burdensome bond covenants or to restructure future debt service payments. Advance refundings are limited by federal tax law and must be used judiciously.

RCTC generally will only pursue an advance refunding if the threshold present value savings level (net of all issuance costs and any cash contribution to the refunding) is at least three percent of the par value of the refunded bonds. However, in certain circumstances, the CFO after consultation with and approval by the Board, may agree that lower savings levels may be justified.

RCTC's debt management practices anticipate the potential for advance refundings. When RCTC issues debt careful attention is given to pricing considerations that will affect future advance refunding flexibility such as:

- Optional redemption provisions and
- Coupon characteristics.

In addition, it is important to create a refunding defeasance escrow that will produce the greatest savings level. A defeasance escrow is efficient if the yield on the defeasance escrow is as close as possible (i.e., generally less than 100th of a basis point) to the arbitrage yield on the refunding bonds. The CFO will select the appropriate defeasance securities.

M. FIXED RATE VERSUS VARIABLE RATE DEBT

The CFO and the Board recognize that variable rate securities are a useful debt management tool that traditionally have had lower interest rate costs than fixed rate debt.

RCTC's current goal is to maintain a debt program which consists of approximately 20% to 25% of variable rate debt (which includes commercial paper but does not include variable rate debt subject to an interest rate swap to a fixed rate) with the remaining 75% to 80% kept as fixed rate debt. RCTC's book-running senior manager, commercial paper dealer and financial advisor shall advise the CFO if the rating agencies and/or institutional investors feel that 20% to 25% of RCTC's debt in the variable rate mode is too large a percentage.

N. DERIVATIVES

RCTC will continue to explore the use of derivative products as appropriate and in accordance with the Investment Policy and the Swap Policy, provided that the derivative products:

- Hedge variable rate debt exposure,
- Lower interest rate costs, or
- Minimize risks to RCTC.

Although RCTC may enter into swap agreements, including fixed to variable rate swap agreements, derivative products for debt shall not be used for the purpose of interest rate speculation.

The CFO has the sole responsibility for determining which prospective debt products for new issue debt are derivatives. Derivative products debt instruments may be incorporated into RCTC's debt program only after the CFO has informed the Executive Director and the Commissioners of the purpose and the risks associated with the derivative product debt instruments including but not limited to:

- Interest rate risk,
- Counterparty credit risks,
- Termination risks, and
- Tax implications.

If appropriate, the CFO, after consultation and approval by the Board, may determine a minimum level of savings required before implementing a derivative product debt instrument. If the Commission authorizes the use of derivative products, the CFO will provide the Commissioners within twenty-four hours with a memo detailing any activity related to the use of derivative products.

O. PRIMARY AND SECONDARY MARKET DISCLOSURE

A trustee has been appointed for the benefit of the Measure A Sales Tax Revenue Bonds. The trustee shall perform all functions and duties required under the terms and conditions set forth in the respective indentures.

In addition to the responsibilities required by the respective indentures, RCTC has a commitment to continuing to disclose material information after the sale of its debt. The CFO is responsible for implementing and managing RCTC's legal and professional commitment to continuing to disclose material information after the sale of its debt. In adherence to Securities and Exchange Commission Rule 15c2-12(b)(5), the Commission's Continuing Disclosure Agreement with its trustee or disclosure dissemination agent, as applicable, agrees to provide its Annual Report and notice of material events to the NRMSIR (until June 30, 2009) or the MSRB (effective July 1, 2009) and state repository, as applicable, for dissemination to interested parties. "Material events" are defined as:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on the debt service reserve funds reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform; and
6. Adverse tax opinions or events adversely affecting the tax-exempt status of any bonds or COPs;
7. Modifications to rights of Bondholders;
8. Optional, contingent or unscheduled bonds calls;
9. Defeasances;
10. Release, substitution or sale of property securing the payment of any bond or COPs.
11. Rating changes.

P. COMPLIANCE WITH ARBITRAGE REBATE AND YIELD CALCULATIONS

RCTC will engage the services of an expert advisor to assist in the calculation of arbitrage rebate from investment of bond proceeds. Trustee statements and other requested documents and information will be provided to the rebate service provider upon request on a prompt basis. The CFO will monitor the arbitrage rebate services to assure compliance with required rebate payments, if any, no later than each 5 year period over the term of the tax exempt bonds.

In addition, during the construction period of the capital project, the CFO will monitor the investment and expenditure of bond proceeds and will consult the arbitrage rebate service provider to determine compliance with exceptions from the arbitrage rebate requirement upon the expenditure of proceeds during each 6 month spending period up to 6 months, 18 months or 24 months as applicable, following the issuance of the bonds. The CFO will retain copies of the arbitrage reports and trustee statements as described below.

Q. RECORD KEEPING AND TAX RETURN FILING REQUIREMENTS

The CFO, or its designee, will maintain a copy of the bond closing transcript and other relevant documentation for the term of the bonds (including refunding bonds, if any) plus three years. A copy of all material documents related to capital expenditures financed by bond proceeds should be maintained by the CFO for the term of the bonds (including refunding bonds, if any) plus three years. Such documents will include construction contracts, purchase orders, invoices, trustee requisitions and payment records. Such documents will include documents relating to costs reimbursed with bond proceeds. Furthermore, the CFO, or its designee, shall maintain records identifying the assets or portion of assets that are financed with tax exempt bond proceeds. A copy of all contracts and arrangements involving private or unrelated use of the bond financed assets shall be maintained for the term of the bonds (including refunding bonds, if any) plus three years. In addition, copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements shall be retained for the term of the bonds (including refunding bonds, if any) plus three years.

The CFO, or its designee, will also assure compliance with IRS tax return filing requirements. The CFO, or its designee, will coordinate the engagement of our accounting firm and the delivery of the requested information in order to assure the preparation and filing of annual tax returns on a timely basis.

R. RATING AGENCIES

The CFO is responsible for implementing and managing RCTC's rating agencies relations program. The CFO recognizes the importance of immediate and timely disclosure of relevant financial and program information concerning each of RCTC's debt programs to the rating agencies.

The CFO shall promptly respond to any inquiry from any rating agency analyst. In addition, the CFO and one or more representatives of RCTC's Commissioners shall periodically meet with the rating agencies in order discuss RCTC's recent financial results, financial projections, Board policy, specific RCTC programs such as Measure A as well as the general economy in Riverside County and Southern California and other matters.

S. INVESTOR RELATIONS

The CFO is responsible for implementing and managing RCTC's investor relations program.

The CFO shall make every attempt to promptly respond to any inquiry from an institutional or retail investor. In addition, the CFO shall periodically attempt to meet with key institutional investors in order to familiarize the institutional investors with RCTC's financial history and financial projections. The CFO shall periodically post investor disclosure information on the unique website established by the Digital Assurance Certification, LLC (DAC) for RCTC on its website, www.dacbond.com.

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T.T. Build America Bond and Recovery Zone Economic Development Bond Subsidies

Introduction

The Board recognizes its responsibility to ensure compliance with all Federal laws and regulations ("Federal Requirements") associated with the issuance of tax-exempt debt ("Tax-Exempt Obligations") and tax-advantaged direct pay notes, bonds or other form of repayment obligations issued under Section 54A or Section 1400U-2 of the Internal Revenue Code ("Tax Advantaged Obligations"). The purpose of this policy is to provide guidelines and establish procedures for compliance with Federal Requirements in connection with the issuance of Tax-Exempt Obligations and Tax Advantaged Obligations.

Procedures

Unless otherwise instructed by bond counsel, at least five business days before distributing a preliminary official statement in which RCTC contemplates offering Tax Advantaged Obligations for sale, RCTC will obtain the advice of bond counsel regarding applicable Internal Revenue Code compliance with respect to the Tax Advantaged Obligations and provide a written notice to financial advisor, underwriter, and its counsel, that none of the maturities which represent Tax Advantaged Obligations can have an issue price with more than a de minimis amount of premium as required by Section 54AA(d)(2)(c) of the Internal Revenue Code (or other applicable Section of the Internal Revenue Code or guidance provided thereunder as instructed by bond counsel) and that costs of issuance (including underwriter's discount) cannot exceed 2% of the proceeds of the sale of the Tax Advantaged Obligations.

Unless otherwise instructed by bond counsel, prior to executing any purchase contract with respect to Tax Advantaged Obligations, RCTC will require written confirmation from the underwriter that at least the first ten percent of each maturity of Tax Advantaged Obligations has been sold to the public (and not to bond houses, brokers, or other intermediaries) at a price that does not have more than a de minimis amount of premium as required by Section 54AA(d)(2)(c) of the Internal Revenue Code (or other applicable section of the Internal Revenue Code or guidance provided thereunder as instructed by bond counsel) and that costs of issuance do not exceed 2% of the proceeds of the sale of the Tax Advantaged Obligations.

Unless otherwise instructed by bond counsel, on a quarterly basis the CFO will provide a written report to the Board of the expenditure of proceeds derived from Tax-Exempt Obligations and Tax Advantaged Obligations certifying the amount expended in the prior month, the total amount expended from the date of the closing of the transaction; that the expenditure was for capital projects (as defined by the applicable provisions of the Internal Revenue Code and guidance provided thereunder (or as otherwise permitted by bond counsel)); the amount remaining to be spent; [and the amount remaining invested in a reasonably required reserve fund, if any].

Unless otherwise instructed by bond counsel, at closing RCTC will execute documentation covenanting to comply with Federal rebate and arbitrage requirements as required under Paragraph P above as though the Tax Advantaged Obligations were tax exempt bonds.

Unless otherwise instructed by bond counsel, at least 67 days before an interest payment date pertaining to fixed rate Tax Advantaged Obligations, RCTC will calculate, or cause to be calculated: the interest amount due on the next interest payment date; and the refundable credit to be reported on Form 8038-CP.

Unless otherwise instructed by bond counsel, the CFO will file, or cause to be filed, the completed and executed Form 8038-CP with the Department of the Treasury not later than 45 days prior to

the applicable interest payment date. The CFO is hereby designated as the staff person responsible for RCTC's compliance with this policy.

U. GLOSSARY

Additional Bonds Test: A calculation based upon total pledged revenues divided by total proposed debt service. This is a protection to investors so that the issuer cannot issue additional parity bonds without providing ample security to the investors in the previous financing(s).

Advance Refunding: A defeasance of outstanding debt prior to the date the bonds can be called by depositing cash and/or securities in escrow sufficient to pay all principal and interest plus the call premium, if any, when due. Upon an advance refunding and defeasance, all covenants and restrictions of the refunded bond indenture are extinguished.

Agreement among Underwriters or AAU: The contract establishing the underwriting syndicate formed to underwrite and purchase the bonds. The AAU will include provisions covering the liability of each syndicate member, a description of order types, pricing of the bonds and requirements respecting a public offering. The AAU may contain a variety of other matters relating to trade practice and applicable rules of the MSRB.

Allocation: The post-sale distribution of bonds among the syndicate and selling group members, if any.

Basis Point: Yields on bonds are usually quoted in increments of basis points. One basis point is equal to 1/100 of one (1) percent. For example, the difference between 7.00% and 7.50% is 50 basis points.

Bond Purchase Agreement: The contract between the syndicate and the issuer setting forth the final terms, prices and conditions upon which the syndicate will purchase a new issue.

Book-Running Senior Manager: The managing underwriter that controls the book of orders for the transaction and is primarily responsible for the successful execution of the transaction.

Concession: In the new issue market, one of the two discounts members receives from the syndicate. In the secondary market, a discount one dealer offers to another.

Group Net Order: An order for bonds submitted by a syndicate member in which the takedown is distributed to syndicate members according to their respective liability shares in the issue.

Liability: The principal amount of bonds to be underwritten by each member of the syndicate.

Member Order: An order for bonds placed by a member of the syndicate where the bonds would be confirmed to that member at syndicate terms.

Municipal Securities Rulemaking Board (MSRB): An independent self-regulatory organization established by the Securities Acts Amendments of 1975, which is charged with primary rulemaking Commission over broker-dealers and brokers in municipal securities.

National Association of Securities Dealers (NASD): A self-regulating and self-financed organization which acts as a buffer between the Securities and Exchange Commission (SEC) and broker-dealers. The NASD operates in municipal securities according to a special set of municipal bond rules written by the MSRB.

Net Designated Order: An order for bonds submitted by a syndicate member in which all or a portion of the takedown is to be credited to firms designated by the purchaser of the bonds according to relative designated by the said purchaser.

Priority Order: A retail or a net designated order.

Retail Order: An order for bonds placed by an individual or, as determined by the CFO, a retail order may also include an order placed by a bank trust department or an investment advisor for an individual.

Retention: An amount of bonds that will be guaranteed to be available for sale by each member of the syndicate.

Rule 10b-5: A regulation of the SEC adopted pursuant to the Securities and Exchange Act of 1934, which makes it unlawful for any person to employ any device, scheme, or artifice to defraud, to make any untrue statement of a material fact or to omit a material fact necessary to make statements made, in the light of the circumstances under which they were made, not misleading; or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

Securities and Exchange Commission (SEC): The federal agency that oversees and regulates stock, bond and other financial market participants.

Selling Group: A group of underwriters formed to aid in the distribution of the bonds in a bond financing. Selling group members do not assume any financial or legal liability in the financing.

Syndicate: A group of underwriters formed to purchase and re-offer an issuer's bonds for sale to the public. Each syndicate member has a share in the liability of the issue.

Syndicate Participation Percentages: A sales participation goal for each syndicate member determined by RCTC and its CFO for RCTC bond issues.

Takedown: The total discount at which members of syndicates buy bonds from an account - composed of two parts: concession and takedown.

True Interest Cost: The rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received on the closing date of the bond issue.

Trust Indenture: A contract between an issuer and a trustee, for the benefit of investors. The trustee administers the funds specified in the indenture and implements the remedies provided in case of default.

Underwriter's Gross Spread: In a negotiated sale, the difference between the price the underwriter pays the issuer and the original re-offering price to the public; includes the management fee, expenses, and sales commissions (takedown and concession).

MEMORANDUM

To: Commissioner Greg Pettis
Executive Director Anne Mayer
Chief Financial Officer Theresia Trevino
Riverside County Transportation Commission

From: Daniel L. Wiles, Principal
Anna V. Racheva, Vice President
Fieldman, Rolapp & Associates

Re: Rating Presentations and Meeting with Liquidity Provider in New
York, September 27-28, 2010

Date: October 1, 2010

Commissioner Greg Pettis, Executive Director Anne Mayer, Chief Financial Officer Theresia Trevino, and Toll Program Director Michael Blomquist represented the Commission in meetings with FitchRatings, Moody's Investors Service and Standard & Poor's Rating Services with regard to the ratings on the Commission's upcoming issue of Sales Tax Revenue Bonds. RCTC representatives were joined by Daniel Wiles and Anna Racheva of Fieldman, Rolapp & Associates, the Commission's financial advisor, John McCray-Goldsmith of Barclays Capital, the senior managing underwriter, Raul Amezcua of De La Rosa & Co., the co-senior underwriter, and Mary Collins and Devin Brennan of Orrick Herrington & Sutcliffe, the bond counsel. RCTC staff and Fieldman staff also met with JPMorganChase, the provider of the Standby Bond Purchase Agreement which supports the Commission's 2009 Bond issue. Included below are notes of the meetings, highlighting areas of question which either went beyond the materials provided by RCTC (and provided to the Commission) or amplified areas of concern.

Standard & Poor's Rating Services, 55 Water Street, New York – Monday, September 27, 9:30 am EDT

Representing S&P were Michael Taylor, Associate Director, and Matthew Reining, Director

Specific Questions:

1. Is there a specific tie between the Measure A sales tax and the SR-91 CIP project financing plan?
 - a. The Expenditure Plan provides for an allocation of Measure A receipts to fund the general purpose and transition lanes of the SR-91 CIP. It is intended that toll revenues will provide the primary funding for the extension of the 91 Express Lanes. While there will be some funds from Measure A sales tax bonds expended

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on the SR-91 CIP, sales taxes are not intended to support the primary toll revenue bonds.

2. How has the “growth” or “recovery” in Measure A sales tax been realized on a geographic basis within the County? Is it uniform throughout the County or uneven?
 - a. The current available data on receipts is not broken out by region of the County, but there appears to be a mostly uniform recovery on a geographic basis. The typical expectation for the distribution of sales tax revenues is 75% - 24% - 1% between the Western County, Coachella Valley and Palo Verde Valley. Recently the distribution appears to be approximately 76% - 23% - 1%, with the Western County gaining slightly more than both the Coachella Valley and the Palo Verde Valley.

FitchRatings, 33 Whitehall Street, 27th Floor, New York – Monday, September 27, 1:30 pm EDT

Representing Fitch were Scott Monroe, Associate Director, and Michael McDermott, Senior Director, with Amy Doppelt, Managing Director attending by phone.

Fitch had provided questions in advance for the group. A copy of those questions is attached to this memorandum.

Specific Questions

1. Was the original Measure A, passed in 1989, based more on a Pay-as-You-Go concept than the more recent Measure A?
 - a. The real difference is in the scope and cost of the projects financed. Before the early 2000's, a project with a capital cost of \$100 million was “big.” Due to escalating costs, multiple projects done by RCTC have a cost of \$100 million and more. Financing these projects has been included in both measures, with specific funding for financing costs included in the 2009 Measure A.
2. Was the “recalibration” of RCTC’s capital plan done earlier in 2010 completed with Measure K in mind?
 - a. These actions were independent. The primary effect of the recalibration is to set priorities that will result in projects being delivered earlier or later depending on bid costs and available interest rates. If RCTC has more bond capacity that it can efficiently use, projects can be accelerated.
3. Does the recalibration of projects impact the allocation of sales tax proceeds to different projects?
 - a. Recalibration of projects does not impact the source of funds used for the projects. The Expenditure Plan provides for a “siloeing” of projects – an allocation of sales tax proceeds to individual projects.

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4. Could the requirements for operating support ultimately impact the availability of sales tax funds for transit capital projects? (reference to page 8 of budget)
 - a. The source of funds to support transit operations is the LTF sales tax. Operators are stressed to be as efficient as possible. RCTC has limited resources from which to assist operating costs. Transit providers are not spending capital funds unless they are assured that funds will be available to support operating costs as well. Riverside County's cuts are less significant than cuts experienced by others.
 - b. The Measure A part of the operating budget is \$5-10 million. The new Measure A allows funds expended on rail to be used for both operating expenses and capital costs. The prior measure restricted those funds for rail to only capital expenditures.
5. Where does the agreement with OCTA stand (relating to the SR-91 project)?
 - a. There is a fundamental agreement on joint operation of the Express Lanes. Document drafts have been exchanged and many of the larger business points have been agreed. The parties have accepted the concept that the Express Lanes will be operated to provide a "seamless" experience for the individual customer.
6. What is the meaning of the deficit in the capital projects fund (relating to page 18 of the FY09 CAFR)? (Question 5 of the Fitch list)
 - a. This is primarily an accounting mechanism related to the then upcoming end of the letter of credit for the commercial paper program. This led to the need to classify a current liability in the fund to provide for the possible need to fund the full repayment of outstanding CP. With the latest audit, this liability will not be needed and the fund will be in a more "normal" state.
7. Does RCTC face any material liability for the Metrolink collision? (Question 6 of the Fitch list)
 - a. Existing law places a cap of \$200 million on total liability. RCTC has worked with Metrolink and the contractor and their insurance carriers. The insurance carriers have filed papers which admit responsibility for the entire \$200 million limit. RCTC retains no additional risk of liability.
8. With regard to Positive Train Control, how is that to be funded?
 - a. Southern California is working to implement PTC on trains by 2012. This will involve approximately \$212 million in costs. RCTC is seeking funding sources, including federal sources, and has applied for such funds.
9. There is a significant decrease in actual expenditures below the projections, please explain? (Question 8 of the Fitch list)
 - a. The decrease reflects delays in project delivery as well as delays and decreases in engineering costs, construction costs and right of way acquisition costs.
10. Discuss any labor contracts of RCTC? (Question 9 of the Fitch list)

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- a. RCTC has few employees and no labor contracts.
11. Does RCTC have any significant OPEB liability?
- a. The annual required contribution is funded each year, and RCTC has established an account in the CalPERS trust for OPEB liabilities. While there have been some losses in investments, RCTC is responsibly funding its liabilities.
12. What is the new money component of the 2010 issue to be used for?
- a. The bond proceeds will be used for costs for the SR-91 project, engineering/design for other projects and right of way acquisition, particularly for the SR-91 project.
13. Which activities generating sales tax have declined and which activities might rebound?
- a. Car sales declined significantly; they may take a significant time to completely rebound. Construction dropped significantly and it is unclear if it will ever reach the pre-recession levels of sales tax activity.

Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York - Tuesday, September 28, 9:30 am EDT

Representing Moody's was Kevork Khrimian, Vice President/Senior Analyst.

Specific Discussion:

Mr. Khrimian has significant experience with the Commission. His primary questions were related to the scenarios for the 2010 sales tax revenue bond financing. He noted that we could develop calculations based on the Commission's most recent realized sales tax revenues, \$114.2 million, rather than the \$106 million budget. He also asked us to develop an estimate of the coverage of revenues for debt at the entire Measure K allowance of \$975 million. These additional analyses were provided to him the day after the meeting.

JPMorganChase, 383 Madison Avenue, 13th Floor, New York - Tuesday, September 28, 12:00 noon EDT

Representing JPMorganChase were: Timothy Self, Director; Daniel Feitelberg, Executive Director; James Millard, Executive Director; and Matthew Levin, Executive Director from JPMorgan's Transportation Group.

JPMorganChase has over \$1 billion in obligations securing sales tax pledges in California. It anticipates being available to renew the Standby Bond Purchase Agreement (SBPA) in 2011. However, it sees massive needs for liquidity renewal in 2011, particularly late in the year.

Pricing gains recently seen for liquidity facilities are starting to reverse. Basel III accords will impose new liquidity coverage requirements. Under the proposed Basel III standards, the liquidity coverage ratio will no longer be determined based on credit quality - RCTC's SBPA required only a few

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percent of the total liability to 100% of the short term liability. The proposed new standard will become effective on January 1, 2015 unless previously revised.

JPMorganChase is urging liquidity customers to comment on the proposed new liquidity standard, which is expected to increase liquidity costs significantly.

It may be possible to approve the extension of RCTC's SBPA in 2011 without requiring a reserve fund for the outstanding 2009 bonds.

Riverside County Transportation Commission (CA)

Meeting Time: 2pm EDT on Monday, September 27, 2010

Requested Items:

- A. P&I schedule for new issuances
- B. Last 24 months of sales tax revenues by month
- C. Coverage workbook

Questions:

Debt

- 1) If voters approve the ballot measure to increase the commission's debt ceiling to \$975MM from \$500MM, what is the commission's intent with regard to future debt financing?
- 2) Is the commission's total CIP still \$3-4billion?
 - a. Please provide an update of funding sources.
- 3) A significant portion of the series 2010 bonds will pay down the commission's commercial paper (CP) program.
 - a. How will the remainder of the Commission's CP be retired or rolled?
 - b. What is management's plan when the BofA LOC expires in March, 2012?
- 4) Is management's 2.0x debt coverage policy gross or net of BAB subsidies?

Finances

- 5) Page 18 of the FY09 audit indicates the CP Capital Projects Fund has a \$30MM deficit. How does the commission plan on closing the deficit?
- 6) Page 37 of the FY09 audit discusses a collision involving a Metrolink train. Could this event result in a material liability? If so, please discuss.
- 7) In response to the deteriorating revenue environment, has management scaled back expenditures or its CIP program? If so, please discuss.
- 8) Page 21 of the FY11 budget shows projected FY10 revenues coming in \$52MM below revised budget figures. Please discuss the largest contributing factors.

- a. On the same page, projected expenditures are \$201MM below revised budget expenditures. Please discuss this major variance.
- 9) Discuss labor contracts/costs for fiscal years 2010 and 2011.
- 10) Please discuss your assumptions regarding the largest revenue sources in your FY11 budget, including sales tax and intergovernmental revenues.
- a. How does management project and monitor sales tax revenues?
 - b. How would the commission cope with potential state diversion of Prop 42 transportation funds?
- 11) What is the transportation uniform mitigation fee?
- 12) What further flexibility could the commission exercise if the revenue situation continues to deteriorate?