

IMPERIAL COUNTY ECONOMIC FORECAST

Imperial County is located at the extreme southeastern edge of the state, adjacent to San Diego County. It is the home of the Salton Sea, the largest lake in California. Imperial County has a population of 178,700 people and a total of 55,600 wage and salary jobs. The income per capita is \$27,942 and the average salary per worker is \$44,827, both of which represent the lowest levels among all Southern California counties.

Imperial County's economy is heavily agricultural. With roughly 9,900 farm workers, the county is responsible for approximately \$2 billion of agricultural output per year. Its most prevalent commodities are cattle and leaf lettuce. The public sector also plays a large role in Imperial County's economy, and with almost 18,000 workers, it is the county's largest employment sector.

During 2012, employment across Southern California increased by 2.1 percent. Imperial County gained 600 wage and salary jobs, representing a growth rate of 1.1 percent. Farm employment declined by 4.8 percent, while non-farm employment increased by 2.5 percent. The unemployment rate improved somewhat, falling from 29.7 percent in 2011 to 28.3 percent in 2012. However, the unemployment rate is still extremely high, and is currently higher than any other county in the state. This high unemployment rate is due largely to the large farm sector, which represents 18 percent of total employment in the county.

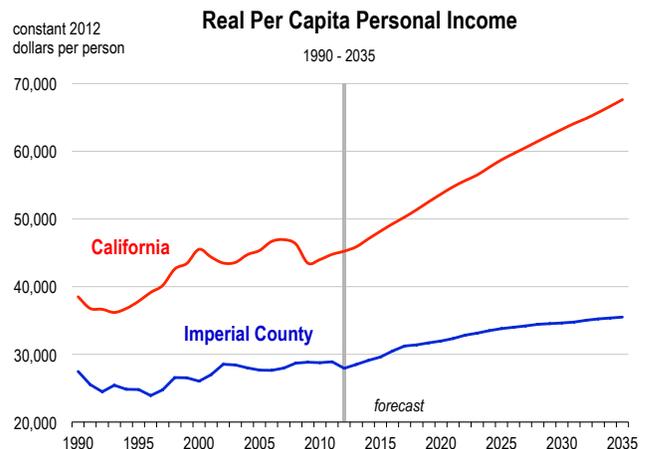
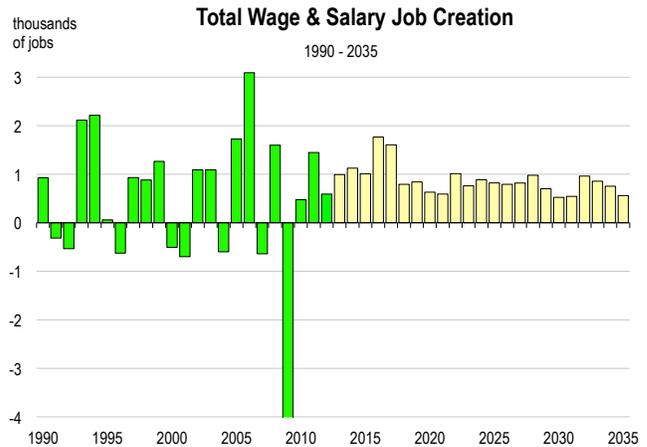
The principal employment sectors in Imperial County are farming, retail trade, and government. The latter accounts for 32 percent of total employment, while retail trade represents 13 percent. A substantial number of the government jobs in Imperial County are related to the two state correctional facilities, which employ approximately 2,200 staff and house nearly 6,400 inmates.

In 2012, the largest employment gains were observed in professional services (+210 jobs), education and healthcare (+180 jobs), leisure and hospitality (+180 jobs), construction (+180 jobs), and manufacturing (+130 jobs). The largest losses were observed in agriculture (-500 jobs) the public sector (-230 jobs).

Between 2007 and 2012, the Imperial County population grew at an average rate of 1.4 percent per year. This growth was largely due to the natural increase (new births), as net migration was extremely low. Over the forecast period, the county will continue to grow faster than Southern California and the broader state.

FORECAST HIGHLIGHTS

- Total employment is expected to increase by 1.8 percent in 2013. From 2013 to 2018, the growth rate will average 2.1 percent per year. Over the same period, agricultural employment will be relatively flat.
- Average salaries are currently well below the California state average, and will remain so over the forecast horizon. Adjusted for inflation, average salaries in Imperial County will rise by an average of 1.0 percent per year from 2013 to 2018.
- The sectors that create the most jobs between 2013 and 2018 will be government, education and healthcare, and wholesale and retail trade. Together, these industries will account for 74 percent of net job creation in the county.

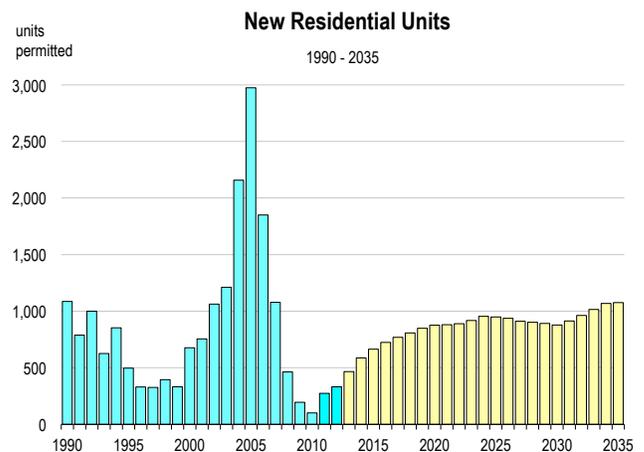
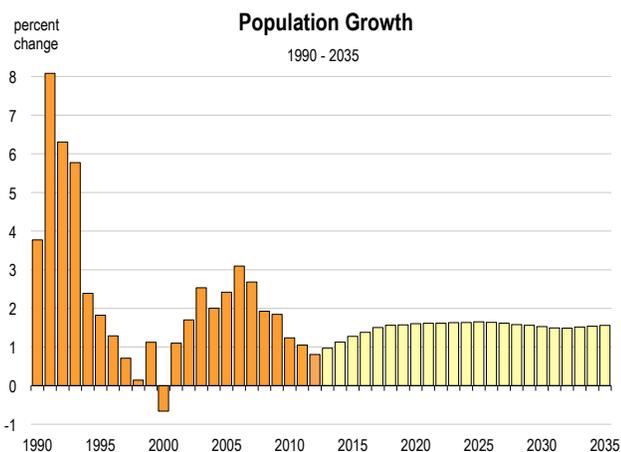


- The population will continue to grow faster than the state average. Annual growth in the 2013 to 2018 period will average 1.4 percent.
- Net migration is expected to remain negative through 2014, but turn positive thereafter. Over the entire 2013-2018 period, an average of 140 net migrants will enter the county per year. This is a low level, representing just 5 percent of total population growth.
- Real income per capita, adjusted for inflation, is projected to increase by 2.0 percent in 2013. Between 2013 and 2018, growth will average 2.0 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.6 percent per year between 2013 and 2018.
- Industrial production is expected to increase by 8.0 percent in 2013. From 2013 to 2018, the growth rate of industrial production is expected to average 5.5 percent per year.
- Farm production is forecast to increase by 0.3 percent per year between 2013 and 2018. The principal farm products in the county are cattle and leaf lettuce.

Imperial County Economic Forecast

2007-2012 History, 2013-2040 Forecast

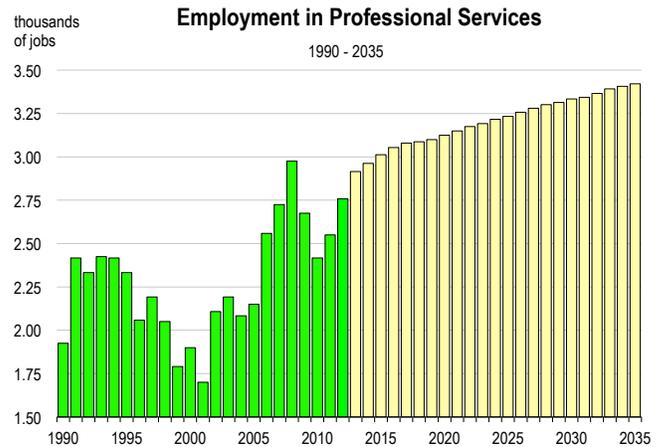
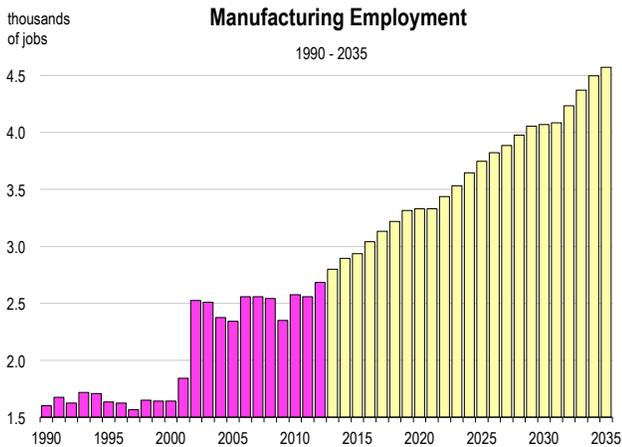
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (billions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2006 | 162,532 | 2,845 | 144.6 | 46.0 | 1,850 | \$2.15 | \$3.99 | \$27,623 | 4.3 | 1.54 | 0.71 | 15.4 |
| 2007 | 166,894 | 2,132 | 145.0 | 48.2 | 1,079 | \$2.25 | \$4.29 | \$27,980 | 3.3 | 1.51 | 0.71 | 18.0 |
| 2008 | 170,104 | 857 | 147.7 | 48.5 | 464 | \$2.18 | \$4.64 | \$28,704 | 3.5 | 1.77 | 0.76 | 22.3 |
| 2009 | 173,241 | 847 | 151.5 | 49.0 | 195 | \$1.77 | \$4.71 | \$28,851 | -0.8 | 1.54 | 0.73 | 27.8 |
| 2010 | 175,389 | -25 | 155.8 | 49.1 | 102 | \$1.97 | \$4.82 | \$28,771 | 1.2 | 1.67 | 0.79 | 29.9 |
| 2011 | 177,229 | -360 | 157.3 | 49.2 | 274 | \$2.18 | \$5.02 | \$28,900 | 2.7 | 2.00 | 0.80 | 29.7 |
| 2012 | 178,659 | -762 | 159.9 | 49.3 | 332 | \$2.40 | \$4.99 | \$27,942 | 2.0 | 2.06 | 0.85 | 28.3 |
| 2013 | 180,390 | -339 | 163.2 | 49.6 | 466 | \$2.51 | \$5.23 | \$28,508 | 1.7 | 2.08 | 0.92 | 25.9 |
| 2014 | 182,422 | -136 | 166.6 | 50.0 | 587 | \$2.63 | \$5.51 | \$29,097 | 2.1 | 2.08 | 0.97 | 23.5 |
| 2015 | 184,749 | 45 | 169.9 | 50.5 | 664 | \$2.73 | \$5.76 | \$29,592 | 1.5 | 2.06 | 1.02 | 21.0 |
| 2016 | 187,298 | 155 | 174.3 | 51.2 | 724 | \$2.87 | \$6.13 | \$30,492 | 1.8 | 2.08 | 1.08 | 18.8 |
| 2017 | 190,115 | 277 | 178.4 | 51.9 | 769 | \$2.99 | \$6.47 | \$31,234 | 1.5 | 2.09 | 1.14 | 17.2 |
| 2018 | 193,086 | 350 | 181.1 | 52.6 | 808 | \$3.09 | \$6.70 | \$31,400 | 1.5 | 2.11 | 1.20 | 16.4 |
| 2019 | 196,123 | 380 | 183.9 | 53.4 | 849 | \$3.21 | \$6.98 | \$31,708 | 1.5 | 2.13 | 1.27 | 16.1 |
| 2020 | 199,268 | 438 | 186.6 | 54.2 | 876 | \$3.31 | \$7.25 | \$31,966 | 1.5 | 2.10 | 1.31 | 16.0 |
| 2021 | 202,485 | 467 | 189.3 | 55.1 | 881 | \$3.42 | \$7.57 | \$32,322 | 1.6 | 2.06 | 1.35 | 15.8 |
| 2022 | 205,757 | 470 | 192.4 | 55.9 | 889 | \$3.55 | \$7.96 | \$32,836 | 1.7 | 2.08 | 1.42 | 15.2 |
| 2023 | 209,114 | 501 | 194.9 | 56.8 | 918 | \$3.66 | \$8.30 | \$33,131 | 1.7 | 2.10 | 1.49 | 14.8 |
| 2024 | 212,531 | 532 | 197.6 | 57.7 | 955 | \$3.80 | \$8.68 | \$33,495 | 1.8 | 2.12 | 1.56 | 14.6 |
| 2025 | 216,042 | 585 | 200.2 | 58.6 | 949 | \$3.96 | \$9.06 | \$33,807 | 1.8 | 2.13 | 1.64 | 14.5 |
| 2026 | 219,579 | 577 | 202.5 | 59.6 | 937 | \$4.11 | \$9.44 | \$34,014 | 1.9 | 2.13 | 1.71 | 14.6 |
| 2027 | 223,130 | 561 | 204.7 | 60.5 | 911 | \$4.28 | \$9.83 | \$34,203 | 1.9 | 2.12 | 1.78 | 14.6 |
| 2028 | 226,656 | 528 | 207.1 | 61.4 | 902 | \$4.45 | \$10.24 | \$34,439 | 1.9 | 2.12 | 1.87 | 14.6 |
| 2029 | 230,196 | 524 | 209.1 | 62.3 | 892 | \$4.62 | \$10.62 | \$34,538 | 1.9 | 2.12 | 1.95 | 14.7 |
| 2030 | 233,715 | 503 | 210.9 | 63.1 | 878 | \$4.78 | \$11.02 | \$34,621 | 1.9 | 2.08 | 2.01 | 14.8 |
| 2031 | 237,206 | 479 | 212.8 | 64.0 | 914 | \$4.96 | \$11.44 | \$34,775 | 1.9 | 2.05 | 2.08 | 14.9 |
| 2032 | 240,738 | 520 | 215.1 | 64.9 | 962 | \$5.17 | \$11.92 | \$35,051 | 1.9 | 2.08 | 2.20 | 14.9 |
| 2033 | 244,390 | 595 | 217.1 | 65.8 | 1,015 | \$5.39 | \$12.40 | \$35,242 | 1.9 | 2.11 | 2.32 | 14.9 |
| 2034 | 248,149 | 659 | 219.1 | 66.8 | 1,068 | \$5.60 | \$12.88 | \$35,386 | 1.9 | 2.12 | 2.44 | 15.0 |
| 2035 | 252,018 | 724 | 221.0 | 67.8 | 1,076 | \$5.82 | \$13.36 | \$35,489 | 1.9 | 2.11 | 2.54 | 15.1 |
| 2036 | 255,900 | 724 | 222.9 | 68.9 | 1,069 | \$6.05 | \$13.89 | \$35,644 | 1.9 | 2.15 | 2.69 | 15.2 |
| 2037 | 259,796 | 722 | 224.7 | 69.9 | 1,058 | \$6.26 | \$14.40 | \$35,712 | 1.9 | 2.15 | 2.82 | 15.4 |
| 2038 | 263,681 | 704 | 226.2 | 71.0 | 1,049 | \$6.47 | \$14.91 | \$35,760 | 1.9 | 2.10 | 2.90 | 15.6 |
| 2039 | 267,544 | 676 | 228.1 | 72.0 | 1,049 | \$6.69 | \$15.50 | \$35,946 | 1.9 | 2.12 | 3.04 | 15.7 |
| 2040 | 271,438 | 687 | 229.8 | 73.0 | 1,051 | \$6.91 | \$16.08 | \$36,093 | 1.8 | 2.13 | 3.19 | 15.8 |

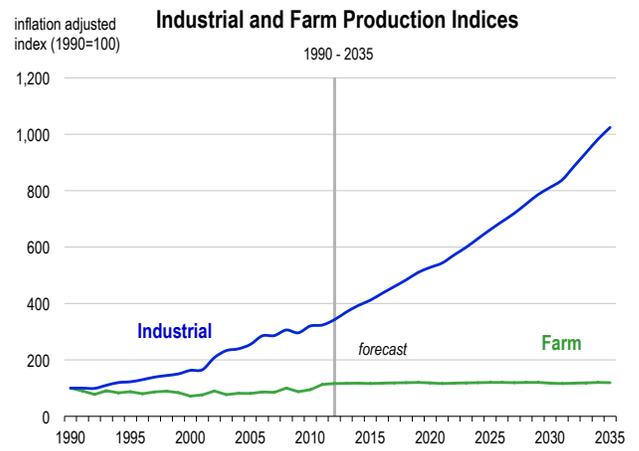
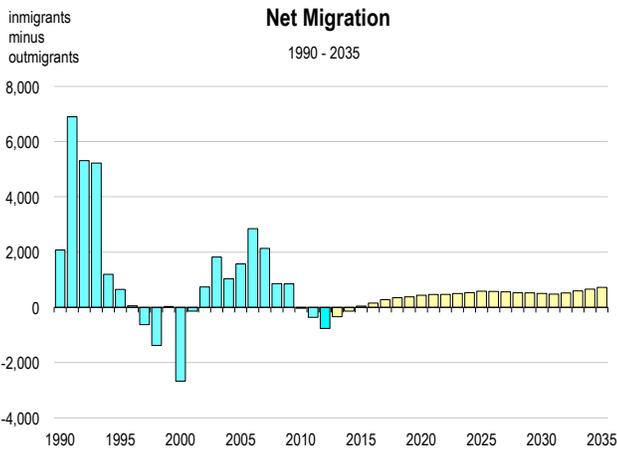
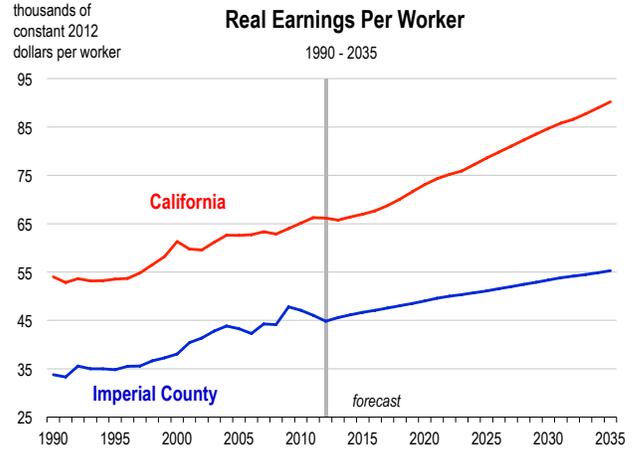
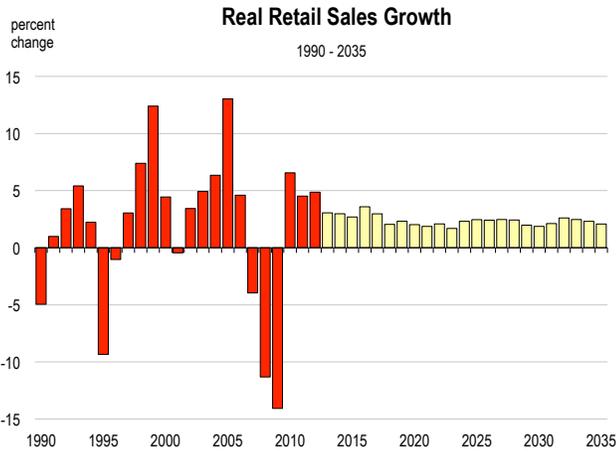


Imperial County Employment Forecast

2006-2012 History, 2013-2040 Forecast

| | Total Wage & Salary | Farm | Construction | Manufacturing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|------|--|------|--------------|---------------|----------------------------|--------------------------|----------------------|-----------------------|-------------|--------------------|---------|------------|
| | -----employment (thousands of jobs)----- | | | | | | | | | | | |
| 2006 | 56.1 | 11.5 | 2.0 | 2.6 | 1.8 | 9.4 | 1.4 | 2.6 | 0.4 | 2.9 | 3.3 | 17.4 |
| 2007 | 55.5 | 9.7 | 1.9 | 2.6 | 1.8 | 9.4 | 1.4 | 2.7 | 0.4 | 2.9 | 3.5 | 18.1 |
| 2008 | 57.1 | 10.3 | 1.7 | 2.5 | 1.8 | 9.5 | 1.3 | 3.0 | 0.4 | 3.4 | 3.6 | 18.5 |
| 2009 | 53.1 | 7.6 | 1.5 | 2.4 | 1.8 | 8.6 | 1.3 | 2.7 | 0.4 | 3.8 | 3.4 | 18.8 |
| 2010 | 53.5 | 9.1 | 1.3 | 2.6 | 1.8 | 8.6 | 1.3 | 2.4 | 0.4 | 3.6 | 3.3 | 18.4 |
| 2011 | 55.0 | 10.4 | 1.4 | 2.6 | 1.8 | 8.7 | 1.3 | 2.6 | 0.4 | 3.7 | 3.4 | 18.1 |
| 2012 | 55.6 | 9.9 | 1.5 | 2.7 | 1.8 | 9.2 | 1.3 | 2.8 | 0.4 | 3.9 | 3.5 | 17.9 |
| 2013 | 56.6 | 9.8 | 1.6 | 2.8 | 1.9 | 9.3 | 1.3 | 2.9 | 0.4 | 4.0 | 3.6 | 18.1 |
| 2014 | 57.7 | 9.7 | 1.6 | 2.9 | 2.0 | 9.5 | 1.3 | 3.0 | 0.4 | 4.2 | 3.7 | 18.6 |
| 2015 | 58.7 | 9.6 | 1.6 | 2.9 | 2.1 | 9.6 | 1.3 | 3.0 | 0.4 | 4.4 | 3.8 | 19.0 |
| 2016 | 60.5 | 9.7 | 1.7 | 3.0 | 2.2 | 9.7 | 1.3 | 3.1 | 0.4 | 4.8 | 3.8 | 19.8 |
| 2017 | 62.1 | 9.7 | 1.7 | 3.1 | 2.3 | 9.9 | 1.3 | 3.1 | 0.4 | 5.2 | 3.9 | 20.5 |
| 2018 | 62.9 | 9.8 | 1.7 | 3.2 | 2.3 | 10.0 | 1.3 | 3.1 | 0.4 | 5.4 | 4.0 | 20.7 |
| 2019 | 63.7 | 9.8 | 1.6 | 3.3 | 2.4 | 10.0 | 1.3 | 3.1 | 0.4 | 5.6 | 4.0 | 21.0 |
| 2020 | 64.3 | 9.7 | 1.6 | 3.3 | 2.4 | 10.1 | 1.3 | 3.1 | 0.4 | 5.8 | 4.0 | 21.3 |
| 2021 | 64.9 | 9.6 | 1.6 | 3.3 | 2.4 | 10.2 | 1.3 | 3.1 | 0.4 | 6.1 | 4.1 | 21.6 |
| 2022 | 66.0 | 9.7 | 1.7 | 3.4 | 2.4 | 10.3 | 1.3 | 3.2 | 0.4 | 6.4 | 4.1 | 21.9 |
| 2023 | 66.7 | 9.7 | 1.7 | 3.5 | 2.5 | 10.4 | 1.3 | 3.2 | 0.4 | 6.6 | 4.2 | 22.1 |
| 2024 | 67.6 | 9.8 | 1.7 | 3.6 | 2.5 | 10.5 | 1.3 | 3.2 | 0.4 | 6.8 | 4.2 | 22.4 |
| 2025 | 68.4 | 9.8 | 1.7 | 3.7 | 2.5 | 10.6 | 1.3 | 3.2 | 0.4 | 7.0 | 4.2 | 22.7 |
| 2026 | 69.2 | 9.8 | 1.7 | 3.8 | 2.5 | 10.7 | 1.3 | 3.3 | 0.4 | 7.2 | 4.3 | 23.0 |
| 2027 | 70.0 | 9.8 | 1.7 | 3.9 | 2.5 | 10.7 | 1.3 | 3.3 | 0.4 | 7.4 | 4.3 | 23.3 |
| 2028 | 71.0 | 9.8 | 1.7 | 4.0 | 2.5 | 10.8 | 1.3 | 3.3 | 0.4 | 7.7 | 4.3 | 23.7 |
| 2029 | 71.7 | 9.8 | 1.7 | 4.1 | 2.5 | 10.9 | 1.3 | 3.3 | 0.4 | 7.9 | 4.4 | 24.0 |
| 2030 | 72.2 | 9.6 | 1.7 | 4.1 | 2.6 | 11.0 | 1.3 | 3.3 | 0.4 | 8.1 | 4.4 | 24.3 |
| 2031 | 72.8 | 9.5 | 1.7 | 4.1 | 2.6 | 11.1 | 1.3 | 3.3 | 0.4 | 8.3 | 4.4 | 24.5 |
| 2032 | 73.7 | 9.7 | 1.7 | 4.2 | 2.6 | 11.2 | 1.3 | 3.4 | 0.4 | 8.5 | 4.5 | 24.8 |
| 2033 | 74.6 | 9.8 | 1.7 | 4.4 | 2.6 | 11.3 | 1.3 | 3.4 | 0.4 | 8.7 | 4.5 | 25.0 |
| 2034 | 75.4 | 9.8 | 1.7 | 4.5 | 2.6 | 11.4 | 1.3 | 3.4 | 0.4 | 8.9 | 4.5 | 25.2 |
| 2035 | 75.9 | 9.8 | 1.7 | 4.6 | 2.7 | 11.5 | 1.4 | 3.4 | 0.4 | 9.0 | 4.5 | 25.3 |
| 2036 | 76.7 | 9.9 | 1.7 | 4.7 | 2.7 | 11.6 | 1.4 | 3.4 | 0.5 | 9.2 | 4.6 | 25.5 |
| 2037 | 77.3 | 9.9 | 1.7 | 4.9 | 2.7 | 11.6 | 1.4 | 3.5 | 0.5 | 9.3 | 4.6 | 25.6 |
| 2038 | 77.4 | 9.7 | 1.7 | 4.8 | 2.7 | 11.7 | 1.4 | 3.5 | 0.5 | 9.5 | 4.6 | 25.7 |
| 2039 | 78.0 | 9.8 | 1.7 | 5.0 | 2.7 | 11.8 | 1.4 | 3.5 | 0.5 | 9.6 | 4.7 | 25.8 |
| 2040 | 78.5 | 9.8 | 1.7 | 5.1 | 2.7 | 11.8 | 1.4 | 3.5 | 0.5 | 9.7 | 4.7 | 25.9 |





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

| | |
|---------------------------------|--------------------------|
| Expected retail sales growth | 15.1% |
| Expected job growth | 11.1% |
| Fastest growing jobs sector | Education and Healthcare |
| Expected personal income growth | 17.9% |

| | |
|---------------------------------------|-------|
| Expected population growth | 7.0% |
| Net migration to account for: | 5.4% |
| Expected growth in number of vehicles | 10.9% |

Demographics (2013)

| | |
|--|-------|
| Unemployment rate (April 2013) | 24.0% |
| County Rank* in California (58 counties) | 58th |
| Percent of population working age (16-64): | 63.8% |

| | |
|---|-----------|
| Percent of population with B.A. or higher | 13.1% |
| Median Home Selling Price (2012): | \$130,000 |
| Median Household Income: | \$40,849 |

Quality of Life

| | |
|---|-------------------------|
| Violent Crime rate (2010) | 336 per 100,000 persons |
| County Rank in California (58 counties) | 21st |
| Average Commute Time to work (2013): | 22.1 minutes |

| | |
|---|-------|
| High School drop out rate (2011) | 8.9% |
| Households at/below poverty line (2013) | 20.5% |

* The county ranked 1st corresponds to the lowest rate in California