

STANISLAUS COUNTY ECONOMIC FORECAST

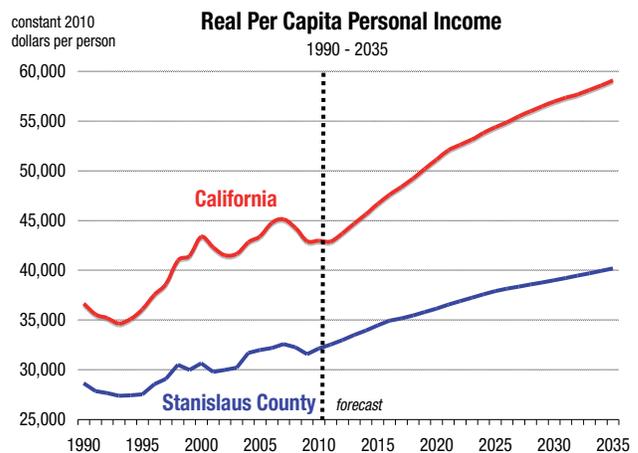
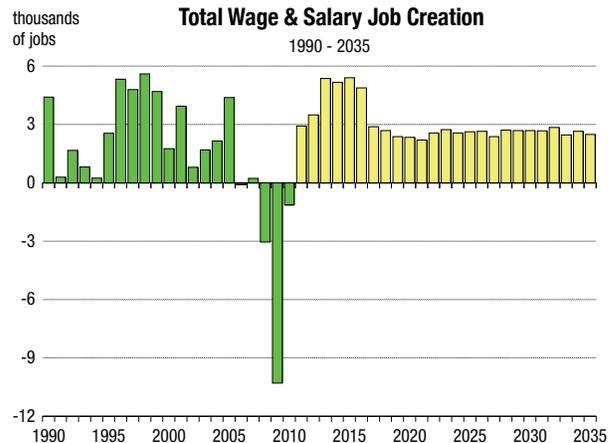
Stanislaus County is located in the heart of the San Joaquin Valley, bordered by the Bay Area to the west and the Sierra Nevada to the east. Stanislaus County has a population of 515,200 people and 158,500 wage and salary jobs, most of them located in the largest city, Modesto. The per capita income in Stanislaus County is \$32,130, and the average salary per worker is \$46,900.

Employment in Northern California contracted during 2010, consistent with the rest of the state and nation. In 2010, 1,100 total wage and salary jobs were lost in Stanislaus County, a decline of 0.7 percent. Non-farm employment declined 1.0 percent. Employment in the farm sector rose by 370 jobs. The annual unemployment rate increased to 17.4 percent in 2010.

The professional business services, manufacturing, and education and healthcare sectors all created jobs in Stanislaus County during 2010, creating a total of nearly 1,500 positions. The largest employment losses occurred in the government (-780 jobs), construction (-760 jobs), and professional services (-460 jobs) sectors. New home production in 2010 fell to a record low, 95 percent from peak production in 2005.

Between the 2000 and 2010 census the population in Stanislaus County increased by 15.1 percent. Approximately 39 percent of the population resides in the city of Modesto, which grew just 6.5 percent over the last 10 years.

Over the long term, population in the county will grow at a rate exceeding the state average. Employment returns to pre-recession levels by 2014.



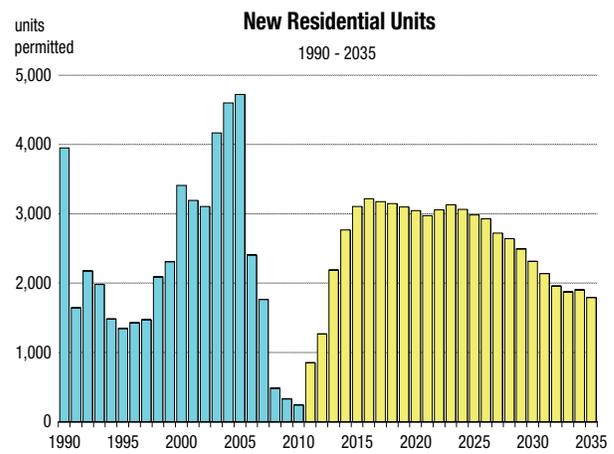
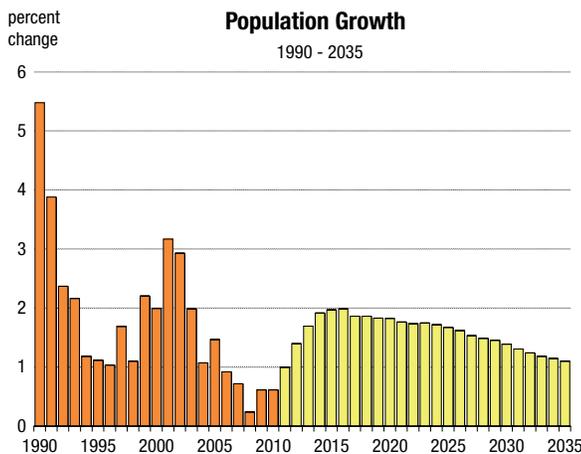
FORECAST HIGHLIGHTS

- Total wage and salary job growth is forecast to be positive in 2011, averaging 1.8 percent. From 2011 to 2016, farm employment will decline slightly, total job growth averages 2.8 percent per year and non-farm job growth averages 3.1 percent per year.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast. Average salaries adjusted for inflation are forecast to rise an average of 0.9 percent per year from 2011 to 2016.
- Between 2011 and 2016, employment growth will be led by job creation in professional services, education and healthcare services, leisure services, retail trade, and construction. Farm employment is the only sector to lose jobs during this period.
- Population growth is expected to accelerate through 2016 before gradually moderating. Annual growth in the 2011 to 2016 period averages 1.8 percent per year.
- Net migration will turn positive in 2011, with in-migration forecast at approximately 1,000 people. Between 2011 and 2016 net migration is expected to average 4,700 net migrants entering the county per year.
- Real per capita incomes are forecast to rise 1.2 percent in 2011. From 2011 to 2016 real per capita incomes are forecast to increase 1.4 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 5.0 percent per year over the 2011 to 2016 period. Sales do not eclipse their 2005 peak until 2018.
- Industrial production is forecast to increase 3.2 percent in 2011. From 2011 to 2016 the growth rate of industrial production is expected to average 2.0 percent per year.
- Farm production is forecast to decline by 0.05 percent per year between 2011 and 2016. The principal crop in the county is dairy products.

Stanislaus County Economic Forecast

2006-2010 History, 2011-2040 Forecast

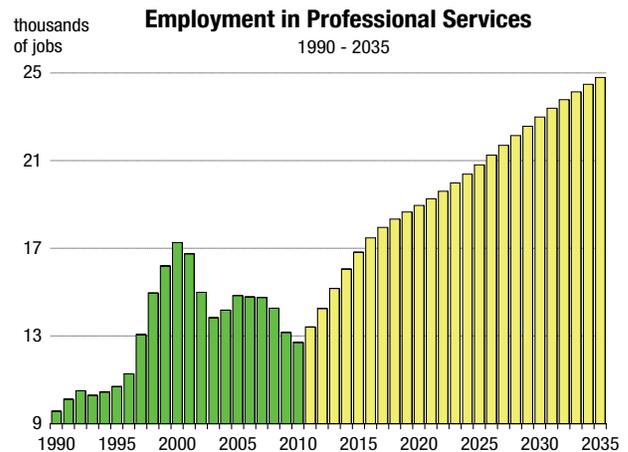
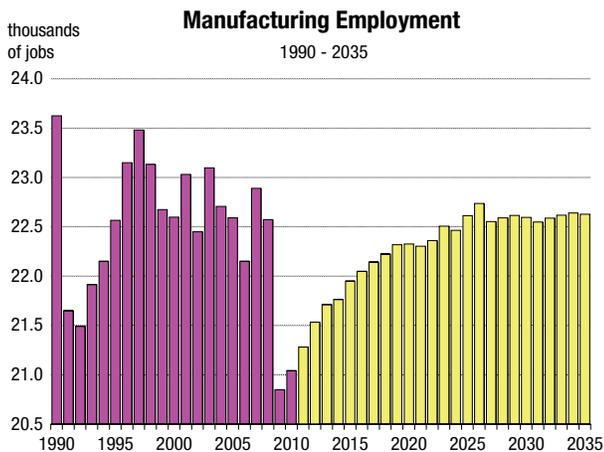
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	504,076	-155	455	165	2,410	\$7.35	\$14.92	\$32,195	3.2	2.34	4.26	8.0
2007	507,690	-1,581	451	168	1,767	\$7.14	\$15.73	\$32,586	3.4	2.55	4.49	8.7
2008	508,918	-3,896	448	170	486	\$6.73	\$16.07	\$32,268	3.0	2.53	4.96	11.0
2009	512,048	-1,732	445	171	331	\$5.85	\$15.95	\$31,560	0.8	2.34	5.14	15.9
2010	515,197	-1,361	443	172	246	\$6.09	\$16.55	\$32,130	1.3	2.39	5.41	17.4
2011	520,332	988	435	172	853	\$6.34	\$17.48	\$32,521	3.3	2.50	5.59	16.5
2012	527,605	3,119	444	173	1,267	\$6.80	\$18.38	\$32,973	2.3	2.54	5.70	15.1
2013	536,535	4,749	458	174	2,189	\$7.35	\$19.42	\$33,501	2.3	2.55	5.82	13.3
2014	546,818	6,061	471	177	2,769	\$7.89	\$20.54	\$33,940	2.4	2.53	5.88	11.3
2015	557,587	6,499	485	179	3,107	\$8.46	\$21.72	\$34,465	2.1	2.46	6.00	9.6
2016	568,658	6,739	497	182	3,220	\$9.02	\$22.91	\$34,932	2.1	2.50	6.16	8.5
2017	579,248	6,203	504	186	3,177	\$9.53	\$23.97	\$35,156	2.1	2.51	6.39	7.8
2018	590,036	6,349	511	189	3,151	\$10.06	\$25.11	\$35,441	2.0	2.52	6.60	7.3
2019	600,849	6,316	517	192	3,100	\$10.62	\$26.31	\$35,796	1.9	2.56	6.83	6.8
2020	611,834	6,443	523	195	3,049	\$11.17	\$27.52	\$36,135	1.7	2.47	7.05	6.4
2021	622,625	6,209	529	198	2,974	\$11.73	\$28.80	\$36,538	1.7	2.37	7.28	6.5
2022	633,428	6,192	536	201	3,060	\$12.34	\$30.23	\$36,892	2.2	2.42	7.52	6.6
2023	644,493	6,432	543	204	3,133	\$12.97	\$31.71	\$37,235	2.2	2.44	7.80	6.5
2024	655,572	6,424	549	207	3,066	\$13.63	\$33.24	\$37,582	2.1	2.48	8.02	6.5
2025	666,532	6,297	556	210	2,987	\$14.35	\$34.82	\$37,917	2.1	2.50	8.32	6.5
2026	677,333	6,126	563	213	2,929	\$15.06	\$36.35	\$38,155	2.1	2.48	8.64	6.5
2027	687,735	5,732	569	216	2,724	\$15.78	\$37.87	\$38,350	2.1	2.45	8.86	6.5
2028	697,985	5,600	576	219	2,645	\$16.54	\$39.46	\$38,564	2.1	2.45	9.17	6.5
2029	708,134	5,525	583	222	2,496	\$17.34	\$41.11	\$38,774	2.1	2.43	9.48	6.5
2030	717,975	5,244	589	224	2,315	\$18.15	\$42.80	\$38,985	2.1	2.33	9.79	6.5
2031	727,370	4,827	596	226	2,141	\$18.99	\$44.56	\$39,212	2.2	2.24	10.11	6.5
2032	736,413	4,510	604	228	1,960	\$19.88	\$46.38	\$39,454	2.2	2.30	10.48	6.6
2033	745,125	4,218	610	230	1,874	\$20.78	\$48.22	\$39,682	2.1	2.34	10.86	6.6
2034	753,668	4,092	617	232	1,904	\$21.74	\$50.15	\$39,930	2.2	2.36	11.25	6.6
2035	761,958	3,892	623	234	1,794	\$22.73	\$52.14	\$40,196	2.2	2.33	11.64	6.6
2036	770,111	3,810	630	236	1,830	\$23.77	\$54.24	\$40,508	2.1	2.39	12.07	6.6
2037	777,806	3,408	637	238	1,926	\$24.86	\$56.42	\$40,832	2.2	2.39	12.50	6.6
2038	785,148	3,113	645	240	2,024	\$26.00	\$58.69	\$41,205	2.1	2.26	12.91	6.6
2039	792,217	2,904	653	242	2,045	\$27.20	\$61.09	\$41,635	2.1	2.28	13.38	6.7
2040	798,786	2,470	661	244	1,931	\$28.43	\$63.54	\$42,083	2.1	2.29	13.88	6.8

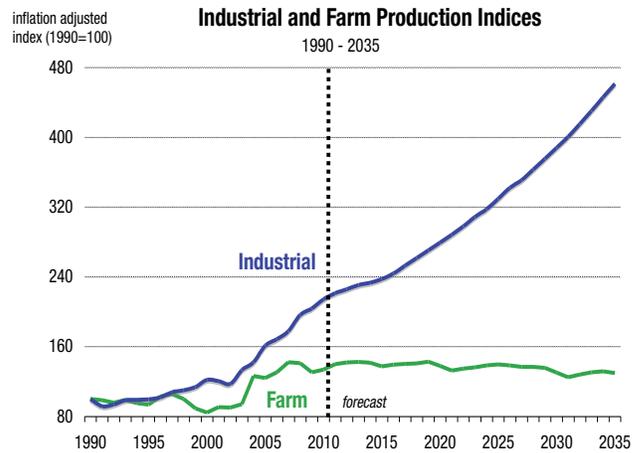
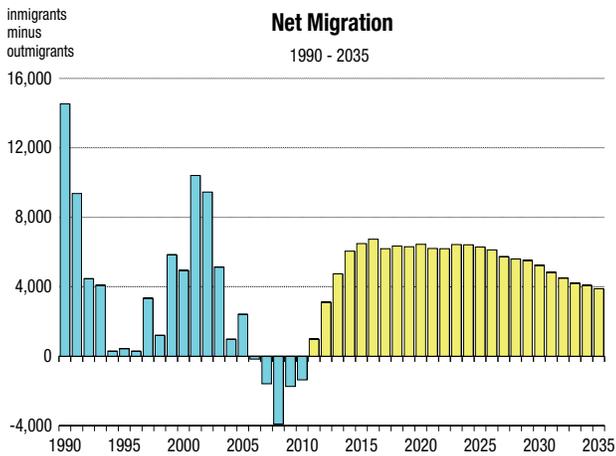
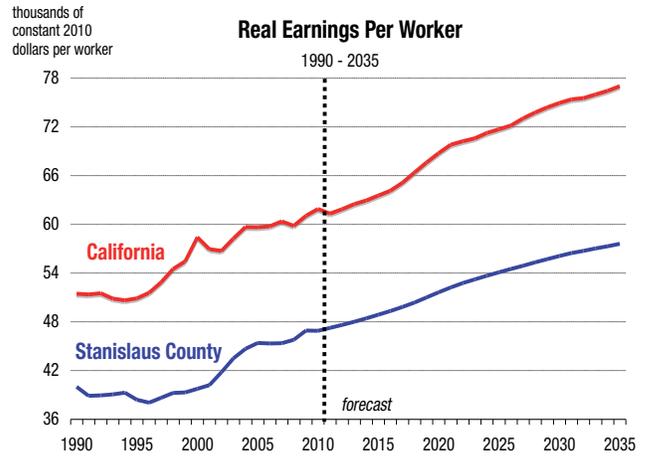
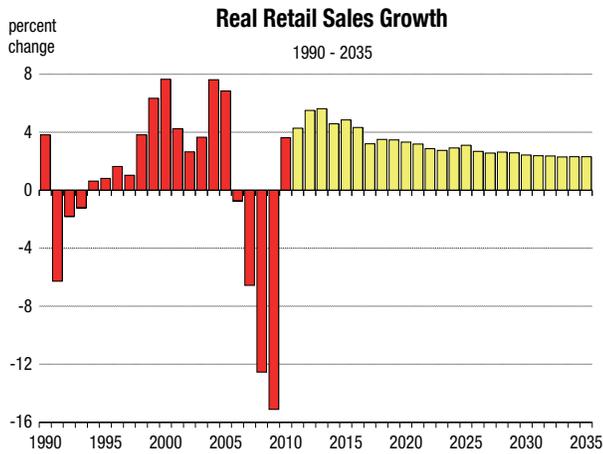


Stanislaus County Employment Forecast

2006-2010 History, 2011-2040 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	172.8	12.9	13.2	22.2	5.2	28.4	6.3	14.8	2.4	19.9	15.3	26.3
2007	173.0	12.9	11.2	22.9	5.6	28.1	6.2	14.8	2.3	21.1	15.4	26.5
2008	170.0	13.6	9.1	22.6	5.7	27.2	6.1	14.3	1.9	21.7	15.5	26.7
2009	159.7	12.9	6.6	20.9	5.7	25.6	5.6	13.2	1.3	22.2	14.7	25.8
2010	158.5	13.3	5.9	21.0	6.2	25.3	5.5	12.7	1.2	22.9	14.5	25.0
2011	161.5	13.4	6.4	21.3	6.4	25.8	5.5	13.4	1.3	23.3	14.9	24.8
2012	165.0	13.2	7.0	21.5	6.5	26.6	5.5	14.3	1.3	23.8	15.3	24.4
2013	170.3	13.2	8.4	21.7	6.7	27.6	5.7	15.2	1.3	24.3	15.8	24.8
2014	175.5	13.1	9.1	21.8	6.9	28.8	5.7	16.0	1.4	24.7	16.4	25.4
2015	180.9	13.2	9.9	21.9	7.1	29.9	5.8	16.8	1.4	25.2	17.0	26.2
2016	185.8	13.3	10.7	22.0	7.3	30.9	5.8	17.5	1.4	25.7	17.6	26.7
2017	188.7	13.2	10.9	22.1	7.5	31.7	5.9	18.0	1.4	26.1	18.0	26.7
2018	191.4	13.1	11.1	22.2	7.7	32.3	5.9	18.3	1.5	26.6	18.4	27.0
2019	193.7	13.0	11.3	22.3	8.0	33.0	6.0	18.7	1.5	26.9	18.8	27.1
2020	196.1	12.9	11.5	22.3	8.3	33.6	6.0	19.0	1.5	27.2	19.1	27.3
2021	198.3	13.0	11.3	22.3	8.6	34.2	6.1	19.3	1.5	27.5	19.3	27.5
2022	200.9	13.2	11.3	22.4	8.9	34.9	6.1	19.6	1.5	27.9	19.5	27.6
2023	203.6	13.2	11.5	22.5	9.2	35.6	6.1	20.0	1.5	28.2	19.8	27.7
2024	206.2	13.2	11.7	22.5	9.6	36.2	6.2	20.4	1.5	28.6	20.0	27.9
2025	208.8	13.1	11.7	22.6	9.9	36.9	6.2	20.8	1.5	29.0	20.2	28.1
2026	211.5	13.0	11.8	22.7	10.3	37.5	6.3	21.3	1.5	29.4	20.4	28.3
2027	213.8	13.0	11.8	22.6	10.7	38.1	6.3	21.7	1.6	29.9	20.6	28.5
2028	216.6	13.1	11.7	22.6	11.0	38.7	6.4	22.1	1.6	30.5	20.8	28.7
2029	219.2	13.1	11.8	22.6	11.4	39.3	6.4	22.6	1.6	31.0	21.0	28.8
2030	221.9	13.2	11.8	22.6	11.8	39.9	6.5	23.0	1.6	31.5	21.3	29.1
2031	224.6	13.4	11.8	22.5	12.2	40.4	6.6	23.4	1.6	31.9	21.5	29.2
2032	227.5	13.6	11.9	22.6	12.6	41.0	6.6	23.8	1.6	32.4	21.7	29.4
2033	229.9	13.6	11.8	22.6	13.0	41.6	6.7	24.1	1.6	32.9	21.9	29.6
2034	232.6	13.5	11.9	22.6	13.4	42.1	6.7	24.5	1.6	33.4	22.2	29.8
2035	235.1	13.4	11.9	22.6	13.8	42.7	6.8	24.8	1.7	33.9	22.4	30.0
2036	238.0	13.5	12.0	22.7	14.3	43.2	6.9	25.1	1.7	34.4	22.6	30.2
2037	240.7	13.4	12.1	22.7	14.8	43.8	6.9	25.4	1.7	35.1	22.9	30.3
2038	243.6	13.4	12.3	22.6	15.2	44.3	7.0	25.7	1.7	35.7	23.1	30.6
2039	247.0	13.6	12.5	22.6	15.7	44.9	7.0	26.1	1.7	36.4	23.4	30.8
2040	250.1	13.6	12.6	22.6	16.3	45.5	7.1	26.4	1.7	37.1	23.6	31.0





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	27.5 %
Expected job growth:	15.1 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	17.4 %

Expected population growth:	9.3 %
Net migration to account for:	56.2 %
Expected growth in number of vehicles:	14.3 %

Demographics (2011)

Unemployment rate (June 2011):	17.2 %
County Rank* in California (58 counties):	50th
Working age (16-64) population:	63.4 %

Population with B.A. Degree or higher:	16.2 %
Median Home Selling Price:	\$139,000
Median Household Income:	\$48,517

Quality of Life

Violent Crime rate (2009):	517 per 100,000 persons
County Rank* in California (58 counties):	46th
Average Commute Time to work (2011):	27.1 minutes

High School drop out rate (2009):	23.5 %
Households at/below poverty line:	12.6 %

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