

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

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 3, 2020

**NEW ISSUE RATINGS:
BOOK ENTRY ONLY**

S&P (Insured Series 2020A Bonds): “AA”

S&P (Underlying): “A+”

See “RATINGS”

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Successor Agency, 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, and subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020A Bonds. See “OTHER INFORMATION – Tax Matters” herein.

\$6,500,000*

**Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020A
(Forward Delivery)**

Dated: Date of Delivery

Due: September 1, as shown on inside cover page

The Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “Series 2020A Bonds”) will, subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” be issued by the Successor Agency to the Indian Wells Redevelopment Agency (the “Successor Agency”) to assist in refinancing certain redevelopment activities with respect to the Consolidated Whitewater Project Area of the Successor Agency (the “Project Area”), as further described herein. The Series 2020A Bonds will be secured and payable under an Indenture of Trust, dated as of May 1, 2014 (the “Original Indenture”) as supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, a Second Supplemental Indenture of Trust, dated as of July 1, 2016, and a Third Supplemental Indenture of Trust, dated as of June 1, 2020 (as amended, the “Indenture”), each by and between the Successor Agency and MUFJ Union Bank, N.A., formerly Union Bank, N.A., as trustee (the “Trustee”). The payments due under the Indenture will be secured by a pledge of, security interest in and lien on Pledged Tax Revenues (as defined in the Indenture and described herein) allocated as described herein on parity with the Series 2014 Bonds and Series 2015A Bonds (as defined herein) and subject to certain Pre-Existing Agreements (as defined herein) of the Successor Agency outstanding in the aggregate principal amount of \$8,050,000. The Successor Agency has covenanted not to issue any obligations payable from Tax Increment Revenues (as defined in the Indenture and described herein) on a senior basis to the Series 2020A Bonds. See “SECURITY FOR THE BONDS.”

The Series 2020A Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2020A Bonds. Individual purchases of the Series 2020A Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Series 2020A Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the Series 2020A Bonds purchased. Interest on the Series 2020A Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2020. Payments of principal, premium, if any, and interest on the Series 2020A Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2020A Bonds, as more fully described herein.

The Series 2020A Bonds are subject to optional redemption prior to maturity as described herein. See “THE SERIES 2020A BONDS – Redemption of the Series 2020A Bonds.”

The scheduled payment of principal of and interest on the Series 2020A Bonds maturing on September 1, 20__ through September 1, 20__, inclusive (the “Insured Series 2020A Bonds”) when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2020A Bonds by Build America Mutual Assurance Company.



Series 2020A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City of Indian Wells (the “City”), the County of Riverside (the “County”), the State of California (the “State”) nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2020A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2020A Bonds. The issuance of the Series 2020A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meanings set forth herein.

For a discussion of some of the risks associated with a purchase of the Series 2020A Bonds, see “BOND OWNERS’ RISKS.”

MATURITY SCHEDULE

See inside front cover

The Series 2020A Bonds are offered when, as and if issued, subject to the approval of their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain disclosure matters will be passed upon for the Successor Agency by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Disclosure Counsel. Certain matters will be passed upon for City Attorney, as general counsel to the Successor Agency, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Series 2020A Bonds will be available for delivery in definitive form on or about June 3, 2020. Potential investors should carefully review the information under the caption “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds” herein. The Underwriter reserves the right to obligate investors purchasing the Series 2020A Bonds to execute and deliver to the Underwriter a Forward Delivery Contract, the form of which is attached hereto as Appendix J.

STIFEL

Dated: March __, 2020

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$ _____

**Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020A**

**Series 2020A Bonds
(Base CUSIP[†] No.: 45454R)**

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					

* Preliminary, subject to change.

[†] Copyright 2020, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Underwriter nor the Successor Agency assumes any responsibility for the accuracy of the CUSIP data.

**INDIAN WELLS SUCCESSOR AGENCY
CITY COUNCIL**

Ty Peabody, Mayor
Dana Reed, *Mayor Pro-Tem*
Richard Balocco, *Council Member*
Ted J. Mertens, *Council Member*
Kimberly Muzik, *Council Member*

SUCCESSOR AGENCY/CITY STAFF

Christopher Freeland, *City Manager*
Peter Castro, *Deputy City Manager*
Kevin McCarthy, *Finance Director*
Jeff Ballinger, *City Attorney and General Counsel to the Successor Agency*

SPECIAL SERVICES

Trustee

MUFG Union Bank, N.A.
Los Angeles, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Municipal Advisor

Columbia Capital Management, LLC
Glendale, California

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Series 2020A Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020A Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Successor Agency. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking” statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein) and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Series 2020A Bond and the Successor Agency.

The issuance and sale of the Series 2020A Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2020A BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THE PUBLIC OFFERING PRICE STATED ON THE INSIDE COVER PAGE HEREOF. THE OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2020A Bonds or the advisability of investing in the Series 2020A Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented under the heading “BOND INSURANCE” and in APPENDIX H – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and APPENDIX I – “SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

The City maintains a website and certain social media accounts for various purposes. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2020A Bonds.

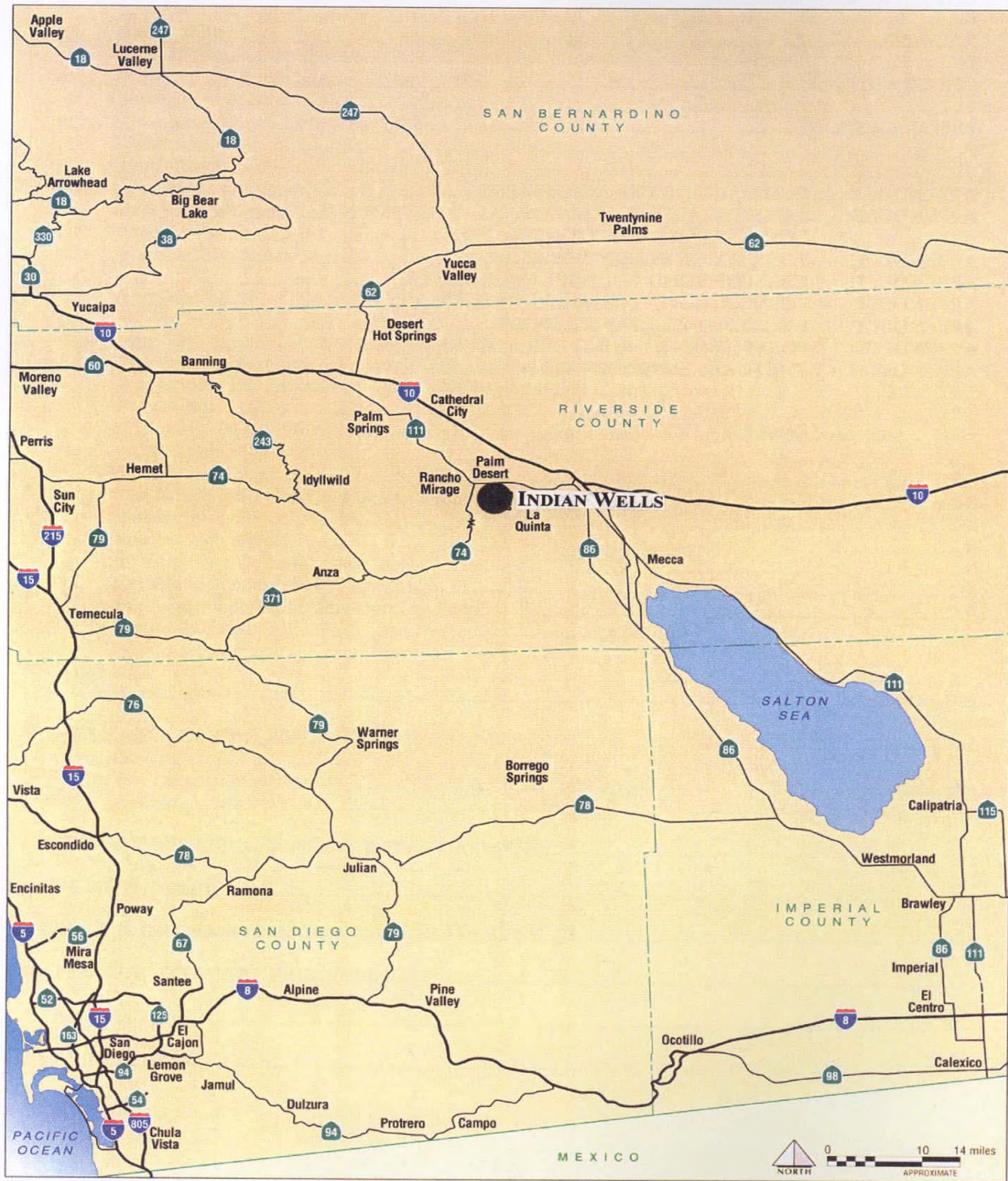
TABLE OF CONTENTS

<p>INTRODUCTION..... 1</p> <p style="padding-left: 20px;">General 1</p> <p style="padding-left: 20px;">Purpose..... 2</p> <p style="padding-left: 20px;">The City..... 2</p> <p style="padding-left: 20px;">The Successor Agency 2</p> <p style="padding-left: 20px;">The Project Area..... 3</p> <p style="padding-left: 20px;">Authority for Issuance of the Series 2020A Bonds..... 3</p> <p style="padding-left: 20px;">Terms of the Series 2020A Bonds 4</p> <p style="padding-left: 20px;">Security for the Bonds 5</p> <p style="padding-left: 20px;">Municipal Bond Insurance Policy and Reserve</p> <p style="padding-left: 40px;">Fund Surety 6</p> <p style="padding-left: 20px;">Professionals Involved in the Offering 7</p> <p style="padding-left: 20px;">Continuing Disclosure..... 7</p> <p style="padding-left: 20px;">Reference to Underlying Documents..... 7</p> <p>PLAN OF REFUNDING 7</p> <p style="padding-left: 20px;">General 7</p> <p style="padding-left: 20px;">Forward Delivery of the Series 2020A Bonds 8</p> <p style="padding-left: 20px;">Additional Risks Relating to Forward Delivery</p> <p style="padding-left: 40px;">Period 12</p> <p>ESTIMATED SOURCES AND USES OF FUNDS..... 13</p> <p>ANNUAL DEBT SERVICE REQUIREMENTS OF</p> <p style="padding-left: 20px;">THE BONDS..... 13</p> <p>THE SERIES 2020A BONDS..... 14</p> <p style="padding-left: 20px;">General 14</p> <p style="padding-left: 20px;">Redemption of the Series 2020A Bonds 14</p> <p>SECURITY FOR THE BONDS..... 15</p> <p style="padding-left: 20px;">Special Obligations..... 15</p> <p style="padding-left: 20px;">Tax Increment Financing Generally 15</p> <p style="padding-left: 20px;">Pledged Tax Revenues 16</p> <p style="padding-left: 20px;">Tax Sharing 17</p> <p style="padding-left: 20px;">Low- and Moderate-Income Housing Set-Aside 18</p> <p style="padding-left: 20px;">Redevelopment Property Tax Trust Fund 18</p> <p style="padding-left: 20px;">Allocation of Taxes Subsequent to the Dissolution</p> <p style="padding-left: 40px;">Act 18</p> <p style="padding-left: 20px;">Recognized Obligation Payment Schedule 19</p> <p style="padding-left: 20px;">Security for the Bonds 22</p> <p style="padding-left: 20px;">Last and Final Recognized Obligation Payment</p> <p style="padding-left: 40px;">Schedule 30</p> <p>BOND INSURANCE..... 31</p> <p style="padding-left: 20px;">Municipal Bond Insurance Policy..... 31</p> <p style="padding-left: 20px;">Build America Mutual Assurance Company 32</p> <p>SUCCESSOR AGENCY TO THE INDIAN WELLS</p> <p style="padding-left: 20px;">REDEVELOPMENT AGENCY 33</p> <p style="padding-left: 40px;">The Successor Agency 33</p> <p style="padding-left: 40px;">General 34</p> <p style="padding-left: 40px;">Successor Agency Staff 34</p> <p style="padding-left: 40px;">Countywide Oversight Board 35</p> <p style="padding-left: 40px;">Department of Finance Finding of Completion 35</p> <p style="padding-left: 40px;">State Controller Asset Transfer Review..... 36</p> <p>THE CONSOLIDATED WHITEWATER PROJECT</p> <p style="padding-left: 20px;">AREA..... 36</p> <p style="padding-left: 40px;">General 36</p> <p style="padding-left: 20px;">Pass-Through Agreements..... 39</p> <p style="padding-left: 20px;">Statutory Tax Sharing..... 39</p> <p style="padding-left: 20px;">Ten Largest Assesseees 40</p> <p style="padding-left: 20px;">Property Tax Delinquencies 41</p> <p style="padding-left: 20px;">Property Value by Land Use..... 42</p> <p style="padding-left: 20px;">Plan Limitations 42</p> <p style="padding-left: 20px;">Assessment Appeals 42</p> <p>ESTIMATED REVENUES AND BOND</p> <p style="padding-left: 20px;">RETIREMENT..... 46</p> <p>BOND OWNERS' RISKS 49</p> <p style="padding-left: 20px;">Limited Special Obligations 49</p> <p style="padding-left: 20px;">Recognized Obligation Payment Schedule..... 49</p>	<p>Challenges to Dissolution Act..... 49</p> <p>Reduction in Taxable Value 50</p> <p>Bond Insurance Risk Factors 50</p> <p>Risks Related to Real Estate Generally 51</p> <p>Reduction in Inflationary Rate and Changes in</p> <p style="padding-left: 20px;">Legislation 52</p> <p style="padding-left: 20px;">Change in Law 52</p> <p style="padding-left: 20px;">Bankruptcy of Landowners 52</p> <p style="padding-left: 20px;">Earthquake and Other Natural Disasters 53</p> <p style="padding-left: 20px;">Levy and Collection of Taxes 53</p> <p style="padding-left: 20px;">Estimated Revenues 53</p> <p style="padding-left: 20px;">Hazardous Substances..... 54</p> <p style="padding-left: 20px;">State Budget..... 54</p> <p style="padding-left: 20px;">Future Legislation and Initiatives..... 55</p> <p style="padding-left: 20px;">Assessment Appeals..... 55</p> <p style="padding-left: 20px;">Economic Risks 55</p> <p style="padding-left: 20px;">Investment Risk 55</p> <p style="padding-left: 20px;">Secondary Market 56</p> <p style="padding-left: 20px;">Bankruptcy..... 56</p> <p>LIMITATIONS ON TAX REVENUES 56</p> <p style="padding-left: 20px;">Property Tax Limitations - Article XIII A 56</p> <p style="padding-left: 20px;">Implementing Legislation 57</p> <p style="padding-left: 20px;">Redevelopment Plan Limits 58</p> <p style="padding-left: 20px;">Unitary Property 58</p> <p style="padding-left: 20px;">Tax Increment Limitations; Senate Bill 107..... 59</p> <p style="padding-left: 20px;">Property Taxes; Teeter Plan 60</p> <p style="padding-left: 20px;">Tax Collection Fees 60</p> <p style="padding-left: 20px;">Cybersecurity..... 60</p> <p style="padding-left: 20px;">Future Initiatives 61</p> <p>OTHER INFORMATION 61</p> <p style="padding-left: 20px;">Continuing Disclosure 61</p> <p style="padding-left: 20px;">Litigation 61</p> <p style="padding-left: 20px;">Tax Matters..... 62</p> <p style="padding-left: 20px;">Legal Opinion 64</p> <p style="padding-left: 20px;">Verification of Mathematical Accuracy 64</p> <p style="padding-left: 20px;">Ratings 64</p> <p style="padding-left: 20px;">Underwriting..... 65</p> <p style="padding-left: 20px;">Miscellaneous 65</p> <p>APPENDIX A FISCAL CONSULTANT REPORT A-1</p> <p>APPENDIX B GENERAL INFORMATION</p> <p style="padding-left: 20px;">CONCERNING THE CITY OF</p> <p style="padding-left: 40px;">INDIAN WELLS B-1</p> <p>APPENDIX C COMPREHENSIVE ANNUAL</p> <p style="padding-left: 20px;">FINANCIAL REPORT FOR THE</p> <p style="padding-left: 40px;">YEAR ENDED JUNE 30, 2019..... C-1</p> <p>APPENDIX D SUMMARY OF CERTAIN</p> <p style="padding-left: 20px;">PROVISIONS OF THE</p> <p style="padding-left: 40px;">INDENTURE..... D-1</p> <p>APPENDIX E FORM OF OPINION OF BOND</p> <p style="padding-left: 20px;">COUNSEL E-1</p> <p>APPENDIX F FORM OF CONTINUING</p> <p style="padding-left: 20px;">DISCLOSURE CERTIFICATE..... F-1</p> <p>APPENDIX G DTC AND BOOK-ENTRY ONLY</p> <p style="padding-left: 20px;">SYSTEM G-1</p> <p>APPENDIX H SPECIMEN MUNICIPAL BOND</p> <p style="padding-left: 20px;">INSURANCE POLICY H-1</p> <p>APPENDIX I SPECIMEN MUNICIPAL BOND</p> <p style="padding-left: 20px;">DEBT SERVICE RESERVE</p> <p style="padding-left: 40px;">INSURANCE POLICY I-1</p> <p>APPENDIX J FORM OF FORWARD DELIVERY</p> <p style="padding-left: 20px;">CONTRACT J-1</p>
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LOCATION MAP

Regional Location Map

Riverside/ San Diego Counties, California



\$6,500,000 *
Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020A

(Forward Delivery)

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Series 2020A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Indian Wells Redevelopment Agency (the “Successor Agency”) of its Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “Series 2020A Bonds”). The Series 2020A Bonds will, subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” be issued to assist in refinancing certain redevelopment activities with respect to the Consolidated Whitewater Project Area of the Successor Agency (the “Project Area”), as further described herein.

Subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” the Series 2020A Bonds will be secured and payable under an Indenture of Trust, dated as of May 1, 2014 (the “Original Indenture”) as supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, a Second Supplemental Indenture of Trust, dated as of July 1, 2016, and a Third Supplemental Indenture of Trust, dated as of June 1, 2020 (as amended, the “Indenture”), each by and between the Successor Agency and MUFJ Union Bank, N.A., formerly Union Bank, N.A., as trustee (the “Trustee”). The payments due under the Indenture will be secured by a pledge of, security interest in and lien on Pledged Tax Revenues (as defined in the Indenture and described below) allocated on parity with the Series 2014 Bonds, Series 2015A Bonds and Series 2016A Bonds (each as defined herein) and subject to certain Pre-Existing Agreements and Statutory Tax Sharing payments) (each as defined below). As defined in the Indenture, the term “Pre-Existing Agreements” means the contractual and statutory obligations secured by a lien on Tax Increment Revenues superior to the lien securing the Bonds. See “SECURITY FOR THE BONDS – Tax Sharing.” The Successor Agency has covenanted not to issue any obligations payable from Tax Increment Revenues, described herein, on a senior basis to the Series 2020A Bonds. See “SECURITY FOR THE BONDS.”

Potential investors should review the information under the caption “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds” herein.

* Preliminary, subject to change.

Purpose

The Series 2020A Bonds are being issued to refund, on a current basis, all of the outstanding Indian Wells Redevelopment Agency Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2010A, of which \$8,050,000 is currently outstanding (the “Refunded Bonds”). The Refunded Bonds are defined as Senior Bonds under the Indenture. With the refunding of the Refunded Bonds, no Senior Bonds will remain outstanding, and there will be no claim therefor on Pledged Tax Revenues to denote the Series 2020A Bonds subordinate to, the payment of debt service on any Senior Bonds. Proceeds of the Series 2020A Bonds will additionally be applied to fund the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the reserve account for the Series 2020A Bonds, and to pay costs of issuance of the Series 2020A Bonds, including the premium for the Policy and the 2020 Reserve Policy (as such terms are defined below). See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Refunded Bonds were issued pursuant to a Fiscal Agent Agreement, dated as of September 1, 1992, between the Former Agency (as defined herein) and Bank of America National Trust and Savings Association, as succeeded by the Fiscal Agent (as amended, the “Fiscal Agent Agreement”). With the refunding of the Refunded Bonds, the Fiscal Agent Agreement will be discharged.

The City

The City of Indian Wells (the “City”) is located in the Coachella Valley in eastern Riverside County (the “County”), 20 miles southeast of Palm Springs and 120 miles southeast of Los Angeles. The City is traversed by State Highway 111, which connects the Coachella Valley desert communities to Interstate 10. For many years the region has been popular with vacationers and retirees because of the dry desert climate, resort amenities, and close proximity to population centers in Los Angeles, Orange County, and San Diego, all of which are within approximately two hours driving time. The City was incorporated as a general law city on July 14, 1967. Subsequently, upon the approval of the voters on November 5, 2002, the City became a charter city. The 2019 permanent population is 5,445. For certain information regarding the City, see APPENDIX B – “GENERAL INFORMATION CONCERNING THE CITY OF INDIAN WELLS.”

The Successor Agency

As described below, the Successor Agency has succeeded to certain rights of the Indian Wells Redevelopment Agency (the “Former Agency”). The Former Agency was activated by the City Council (the “City Council”) of the City in 1981, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 *et seq.* of the California Health and Safety Code) (the “Redevelopment Law”).

Pursuant to California legislation enacted in 2011 and 2012 and most recently in 2014 (as more fully described herein, the “Dissolution Act”), redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See “–The Project Area” below. Additional amendments constituting a portion of the Dissolution Act resulted from the enactment of Senate Bill No. 107 (“SB 107”) (Chapter 325, Statutes of 2015), which became effective on September 22, 2015. See also “SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY” for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

The Project Area

The Redevelopment Plan for the Project Area (as amended, the “Redevelopment Plan”) was adopted by the City Council on July 15, 1982. The Project Area represents approximately 80% of the City’s total acreage. Tax Increment Revenues (as defined in the Indenture and described herein) are generated from approximately 3,327 acres of the Project Area. See “THE CONSOLIDATED WHITEWATER PROJECT AREA.”

Under the Dissolution Act, the Series 2020A Bonds will be secured by a pledge of, and payable from Pledged Tax Revenues (as defined in the Indenture and described herein) consisting mainly of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Riverside (the “County Auditor-Controller”) with respect to the Successor Agency (the “Redevelopment Property Tax Trust Fund” or “RPTTF”). DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES OR PLEDGED TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to make payments under certain enforceable obligations, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Series 2020A Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See “SECURITY FOR THE BONDS – Tax Revenues Allocable to the Successor Agency.”

Authority for Issuance of the Series 2020A Bonds

The Series 2020A Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act, the Redevelopment Law and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California.

The Series 2020A Bonds will be payable from and secured by, designated property tax (formerly tax increment revenues) related to the Project Area (the Pledged Tax Revenues), which will include, moneys deposited, from time to time, in the RPTTF on a parity with the Series 2014 Bonds and the Series 2015A Bonds, the Series 2016A Bonds. Pledged Tax Revenues exclude Pre-Existing Agreements as more fully described herein. See “SECURITY FOR THE BONDS.”

The issuance of the Series 2020A Bonds was subject to approvals under the Dissolution Act, of the Countywide Oversight Board, as described below, and the Department of Finance of the State of California (the “State Department of Finance”). All such approvals have been obtained. See “SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY.” The Successor Agency approved the issuance of the Series 2020A Bonds by resolution adopted on November 7, 2019. The Countywide Oversight Board approved the issuance of the Series 2020A Bonds by the Successor Agency by resolution adopted on November 21, 2019. The State Department of Finance released its letter approving the Countywide Oversight Board Resolution approving the issuance of the Series 2020A Bonds on January 23, 2020. The Series 2020A Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act. The Series 2020A Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act, the Redevelopment Law and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California.

Pursuant to, and as indebtedness under, the Indenture, the Successor Agency has previously issued the following tax allocation refunding bonds, payable from moneys deposited, from time to time,

in the RPTTF on a parity with the Series 2020A Bonds, designated as \$6,505,000 Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2014A (the “Series 2014A Bonds”), \$27,480,000 Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Taxable Tax Allocation Refunding Bonds, Series 2014 A-T (the “Series 2014 A-T Bonds,” and together with the Series 2014A Bonds, the “Series 2014 Bonds”), and \$20,575,000 Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and \$37,470,000 Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2016A (the “Series 2016A Bonds”). The net proceeds of the Series 2014 Bonds, the Series 2015A Bonds and the Series 2016A Bonds were applied to refund certain then outstanding bonds and indebtedness of the Successor Agency. The Series 2014 Bonds were sold to the Riverside County Public Financing Authority in connection with its issuance of 2014 Tax Allocation Revenue Bonds (Indian Wells Refunding Project). The Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds and any Parity Debt issued as bonds are referred to collectively as, the “Bonds.” With the refunding of the Refunded Bonds, no Senior Bonds will remain outstanding, and there will be no claim therefor on Pledged Tax Revenues to denote the Bonds (including the Series 2020A Bonds) subordinate to, the payment of debt service on any Senior Bonds.

The Series 2020A Bonds will be payable from and secured by, designated property tax (formerly tax increment revenues) related to the Project Area, which will include, moneys deposited, from time to time, in the RPTTF on a parity with the Series 2014 Bonds, Series 2015A Bonds and Series 2016A Bonds and on a subordinate basis to certain Pre-Existing Agreements, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as “Pledged Tax Revenues.” See “SECURITY FOR THE BONDS.”

Previous descriptions of the source of payment and security for the Series 2014 Bonds and the Series 2015A Bonds included summary descriptions of time and financial limitations applicable to the Project Area, which limits are no longer applicable to the repayment of principal of and interest on the Bonds. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency’s enforceable obligations such as the Series 2014 Bonds, Series 2015A Bonds, Series 2016A Bonds, Series 2020A Bonds and Parity Debt. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan.

Terms of the Series 2020A Bonds

The Series 2020A Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the “Authorized Denominations”). The Series 2020A Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2020.

The Series 2020A Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2020A Bonds. Ownership interests in the Series 2020A Bonds may be purchased in book-entry form only. Principal of and interest on the

Series 2020A Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Series 2020A Bonds. See APPENDIX G – “DTC AND BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Series 2020A Bonds are subject to redemption prior to maturity, as described herein. See “THE SERIES 2020A BONDS – Redemption of the Series 2020A Bonds” herein.

Security for the Bonds

The Series 2020A Bonds will be secured by a lien on and pledge of Pledged Tax Revenues on a parity with the Series 2014 Bonds, the Series 2015A Bonds and the Series 2016A Bonds. Under the Indenture, “Pledged Tax Revenues” is defined to mean the portion of the monies deposited from time to time in the RPTTF as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2020A Bonds, pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pre-Existing Agreements, (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law. At the time of issuance of the Series 2014 Bonds, the 2015A Bonds, and the Series 2016A Bonds, certain Senior Bonds (as defined in the Indenture) were outstanding. With the refunding of the Refunded Bonds, no Senior Bonds will remain outstanding, and there will be no claim therefor on Pledged Tax Revenues to denote the Bonds (including the Series 2020A Bonds) subordinate to, the payment of debt service on any Senior Bonds. In accordance with the Dissolution Act, the Series 2020A Bonds and Parity Debt shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the RPTTF as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above. The Indenture defines “Tax Revenues” to mean the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements and “Tax Increment Revenues” to mean all taxes allocated and paid to the Successor Agency pursuant to Article 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Redevelopment Plan, including all payments and reimbursements, if any, to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations. As of the date of issuance of the Series 2020A Bonds, there will no longer be any Senior Bonds outstanding.

The Series 2020A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City, the County, the State of California (the “State”) nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2020A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2020A Bonds. The issuance of the Series 2020A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has

no taxing power. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.

Municipal Bond Insurance Policy and Reserve Fund Surety

Concurrently with the issuance of the Series 2020A Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”) guaranteeing the scheduled payment of principal of and interest on the Series 2020A Bonds maturing on September 1, 20__ through September 1, 20__, inclusive (the “Insured Series 2020A Bonds”) when due as set forth in the form of the Policy included as APPENDIX I – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

In order to further secure the payment of the principal of and interest on the Series 2020A Bonds, the Series 2020 Subaccount of the Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy for the reserve account for the Series 2020A Bonds (the “2020 Reserve Policy”) issued by BAM in an amount to provide coverage equal to the portion of the Reserve Requirement for the Series 2020A Bonds. The 2020 Reserve Policy will secure the Series 2020A Bonds. The initial Reserve Requirement for the Series 2020A Bonds is the amount of \$_____. See “SECURITY FOR THE BONDS – Security for the Bonds – Specimen Municipal Bond Debt Service Reserve Insurance Policy.” and APPENDIX I – “SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.” The 2020 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds or any other series of Bonds or Parity Debt.

In connection with the delivery of the Series 2014 Bonds, the Series 2014 Subaccount of the Reserve Account was funded by the purchase of a Municipal Bonds Debt Service Reserve Fund Insurance Policy (the “2014 Reserve Policy”) issued by Assured Guaranty Municipal (“AGM”) in the amount of \$4,462,503, equal to the initial Reserve Requirement for the Series 2014 Bonds. See “SECURITY FOR THE BONDS – Security for the Bonds – *Reserve Requirement.*” The 2014 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds, or any other series of Bonds or Parity Debt.

In connection with the delivery of the Series 2015A Bonds, the Series 2015 Subaccount of the Reserve Account was funded by the purchase of a Municipal Bonds Debt Service Reserve Fund Insurance Policy (the “2015 Reserve Policy”) issued by AGM in in the amount of \$2,558,250, equal to the initial Reserve Requirement for the Series 2015A Bonds. The 2015 Reserve Policy will secure the Series 2015A Bonds. See “SECURITY FOR THE BONDS – Security for the Bonds – *Security for the Bonds - Reserve Requirement.*” The 2015 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2014 Bonds, the 2016A Bonds, the Series 2020A Bonds or any other series of Bonds or Parity Debt.

In connection with the delivery of the Series 2016A Bonds, the Series 2016 Subaccount of the Reserve Account was funded by the purchase of a Debt Service Reserve Fund Surety Bond (the “2016 Reserve Surety”) issued by National Public Finance Guarantee Corporation (“National”) in the amount of \$5,303,350, equal to the initial Reserve Requirement for the Series 2016A Bonds. The 2016 Reserve Surety will secure the Series 2016A Bonds. See “SECURITY FOR THE BONDS – Security for the Bonds – *Reserve Requirement.*” The 2016 Reserve Surety is not available to secure the payment of the principal of and interest on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2020A Bonds or any other series of Bonds or Parity Debt.

Professionals Involved in the Offering

MUFG Union Bank, N.A., formerly Union Bank, N.A., Los Angeles, California, will act as trustee with respect to the Series 2020A Bonds under the Indenture.

Columbia Capital Management, LLC, Glendale, California, has acted as Municipal Advisor to the Successor Agency and the Successor Agency in the structuring and presentation of the financing.

Urban Analytics, LLC, San Francisco, California, has acted as Fiscal Consultant to the Successor Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Area. See APPENDIX A – “FISCAL CONSULTANT REPORT” herein.

All proceedings in connection with the issuance of the Series 2020A Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel. Certain legal matters will be passed on for City Attorney, as general counsel to the Successor Agency, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Bond Counsel, Disclosure Counsel and Underwriter’s Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement. The fees and expenses of the Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Series 2020A Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Successor Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and notices of enumerated events required under the Continuing Disclosure Certificate. Initially, the Successor Agency will act as Dissemination Agent and will ensure that the annual reports and notices are filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”). See the caption “OTHER INFORMATION – Continuing Disclosure” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Reference to Underlying Documents

Brief descriptions of the Series 2020A Bonds, the Indenture, the Successor Agency, the Project Area and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Successor Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

PLAN OF REFUNDING

General

Net proceeds of the Series 2020A Bonds, together with other available moneys, will be applied to prepay and refund all of the outstanding Indian Wells Redevelopment Agency Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2010A (the Refunded Bonds herein), currently outstanding in

the principal amount of \$8,050,000. With the refunding of the Refunded Bonds, there will remain no Senior Bonds (as defined in the Indenture) outstanding. The following table details the Refunded Bonds.

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$ 385,000	4.250%
2021	400,000	4.375
2022	415,000	4.500
2023	435,000	4.500
2024	455,000	4.625
2025	480,000	4.750
2026	500,000	4.875
2027	520,000	4.875
2028	545,000	5.000
2029	580,000	5.000
2030	600,000	5.000
2031	635,000	5.100
2032	660,000	5.100
2033	705,000	5.250
2034	735,000	5.250
	\$8,050,000	

On the date of issuance of the Series 2020A Bonds, a portion of the proceeds thereof, together with other available moneys, will be deposited in a special trust fund for the Refunded Bonds, to be held in trust by MUFG Union Bank, N.A., as prior trustee, in accordance with those Irrevocable Refunding Instructions with respect to the Refunded Bonds dated June __, 2020 (the “Instructions”). The Successor Agency expects to apply remaining amounts in the approximate amount of \$790,000 currently on deposit under the Fiscal Agent Agreement for the Refunded Bonds in accordance with the Instructions. Such funds on hand and proceeds deposited into the Bond Fund pursuant to the Instructions will be invested in U.S. Treasury securities, with the remainder held uninvested, and applied to pay the scheduled principal of and interest on the Refunded Bonds on September 1, 2020, and the redemption price of all of the Refunded Bonds on September 1, 2020, at a redemption price equal to 100% of their principal amount as specified in the Instructions, plus accrued interest. See “ESTIMATED SOURCES AND USES OF FUNDS.” Upon deposit of such proceeds and other moneys into the Bond Fund, the Refunded Bonds will no longer be deemed outstanding.

The moneys and securities held in accordance with the Instructions are pledged to the payment of the Refunded Bonds. Moneys deposited and in accordance with the Instructions are not available to pay principal of or interest on the Series 2020A Bonds or other outstanding bonds of the Successor Agency.

See “ESTIMATED SOURCES AND USES OF FUNDS” below. See also “OTHER INFORMATION – Verification of Mathematical Accuracy” below.

Forward Delivery of the Series 2020A Bonds

The Successor Agency anticipates that the Series 2020A Bonds will be issued for sale to and purchase by the Underwriter on the Settlement Date. The following is a description of certain provisions of the Forward Delivery Bond Purchase Agreement, dated March __, 2020, between the Underwriter and the Successor Agency, with respect to the Series 2020A Bonds (the “Forward Delivery Bond Purchase Agreement”). This description is not to be considered a full statement of the terms of the

Forward Delivery Bond Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

Conditions of Settlement. The execution and delivery and purchase of the Series 2020A Bonds on the Settlement Date are subject to the satisfaction of certain conditions set forth in the Forward Delivery Bond Purchase Agreement, including, among other things, the delivery to the Underwriter of certain documents and legal opinions in connection with the execution and delivery of the Forward Delivery Bond Purchase Agreement and this Official Statement on and as of a nominal closing date as specified in the Forward Delivery Bond Purchase Agreement (the “Closing Date”), and thereafter the delivery to the Underwriter of certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Settlement Date, including the delivery of each of the Insurance Policy and the Reserve Policy in an amount equal to the initial Reserve Requirement, by BAM, and the delivery to the Underwriter of: (i) the opinion of Bond Counsel, substantially in the form and to the effect set forth in Appendix E relating to the Series 2020A Bonds, (ii) the Updated Official Statement (as defined below), and (iii) written evidence satisfactory to the Underwriter that, as of the Settlement Date, S&P has rated the Series 2020A Bonds and S&P has provided its underlying rating on the Successor Agency (see “RATINGS” herein). Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the Successor Agency to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the Series 2020A Bonds will be issued unless all of the Series 2020A Bonds are issued on the Settlement Date.

The Settlement and the execution and delivery of the Series 2020A Bonds will not require further approval of the Successor Agency, Countywide Oversight Committee or the Department of Finance. The Settlement documents include, among other items, the opinion of Bond Counsel in substantially the form set forth as Appendix E hereto and certain opinions of Bond Counsel (see “Additional Risks Relating to Forward Delivery Period - Tax Law Risks” below), Disclosure Counsel and Underwriter’s Counsel, and certificates of the Successor Agency as to the completeness and accuracy of the updated Official Statement (the “Updated Official Statement”) relating to the Series 2020A Bonds, which the Forward Delivery Bond Purchase Agreement requires the Successor Agency to prepare and furnish to the Underwriter, as such Updated Official Statement may have been supplemented and amended to the Settlement Date.

Official Statement and Updated Official Statement. During the period of time between the date of this Official Statement for the Series 2020A Bonds (the “Official Statement”) and the issuance of the Series 2020A Bonds (the “Delayed Delivery Period”), certain information contained in this Official Statement could change in a material respect. The Successor Agency has agreed (i) to provide an Updated Official Statement to purchasers of the Series 2020A Bonds, which shall be dated a date not more than two weeks prior to the Settlement Date, unless the Underwriter requests the Successor Agency to prepare such document earlier, and gives the Successor Agency at least 10 business days’ advance written notice of such request, and (ii) that the Updated Official Statement will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. Any changes in such information will not permit the Underwriter to terminate the Forward Delivery Bond Purchase Agreement unless the change is an event described under “Termination of Forward Delivery Bond Purchase Agreement” below. In addition to the risks set forth above, purchasers of the Series 2020A Bonds are subject to certain additional risks, some of which are described below.

Termination of Forward Delivery Bond Purchase Agreement. The Underwriter has the right, between the date of the Forward Delivery Bond Purchase Agreement and the Settlement Date, by written

notice to the Successor Agency, to cancel the Underwriter's obligation to purchase the Series 2020A Bonds if, for any reason Bond Counsel cannot deliver the opinion referenced above, or in the Underwriter's sole and reasonable judgment, any of the following events occur during that time and cause the market price or marketability of the Series 2020A Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Series 2020A Bonds, to be materially adversely affected:

- There shall have been a Change in Law. A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date which is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Series 2020A Bonds or selling the Series 2020A Bonds or beneficial ownership interests therein to the public, or (B) as to the Successor Agency, would make the completion of the issuance or sale of the Series 2020A Bonds illegal.

- As a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement Date), or for any other reason Bond Counsel cannot issue an opinion substantially in the form of Appendix E to this Official Statement as to the tax-exempt status of the Series 2020A Bonds.

- There shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere.

- A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the U. S Securities and Exchange Commission ("SEC") or any other governmental authority having jurisdiction.

- A general banking moratorium has been declared by federal, New York or State authorities and shall remain in effect.

- Legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Series 2020A Bonds or the Indenture, or any comparable securities of the Successor Agency, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, the Securities Exchange Act of 1934 or the Trust Indenture Act of 1939 or otherwise, or would be in violation of any provision of the federal securities laws.

- Any event or circumstance exists that either makes untrue or incorrect, in a material respect, any statement or information contained in the Updated Official Statement (as then updated or supplemented), or is not reflected in the Updated Official Statement (as then updated or supplemented) but should be reflected in the Updated Official Statement (as then updated or supplemented) in order to make the statements and information contained in the Updated Official Statement not misleading in any material respect and, in either such event, the Successor Agency refuses to permit the Updated Official Statement to be supplemented to supply such statement or information, or the effect of the Updated Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Series 2020A Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2020A Bonds.

- Additional material restrictions not in force as of the date of the Forward Delivery Bond Purchase Agreement shall have been imposed upon trading in securities generally by any federal, State or New York governmental authority or by any United States national securities exchange.

- The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose as to the Series 2020A Bonds or securities of the general character of the Series 2020A Bonds any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of the Underwriter.

- An event of default, technical or otherwise, under the Indenture shall have occurred.

- The Successor Agency does not deliver a certification as of the Settlement Date to the effect that (A) the ratings on the Series 2020A Bonds delivered at and as of the Closing Date remains accurate or (B) the ratings on the Series 2020A Bonds at and as of the Settlement Date are as stated in such certification.

Forward Delivery Contract. The Underwriter reserves the right to obligate investors purchasing the Series 2020A Bonds to execute a Forward Delivery Contract (the “Forward Delivery Contract”) in substantially the form set forth in Appendix J. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the Series 2020A Bonds, even if the purchaser decides to sell the purchased Series 2020A Bonds following the date of the Forward Delivery Contract. The Successor Agency will not be a party to any Forward Delivery Contract, and neither is in any way responsible for the performance thereof or for any representations or warranties contained therein.

Pursuant to the terms of the Forward Delivery Contract, upon issuance by the Successor Agency of the Series 2020A Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased 2020A Bonds (as defined in the Forward Delivery Contract) under the Forward Delivery Contract shall be unconditional unless:

- The Successor Agency fails to deliver the Series 2020A Bonds as set forth in the Forward Delivery Bond Purchase Agreement or fails or is unable to comply with all of the conditions to settlement set forth in the Forward Delivery Bond Purchase Agreement on the Settlement Date, or

- The Underwriter terminates its agreement to purchase the Series 2020A Bonds on the Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Official Statement under this caption “—Certain Considerations Regarding Forward Delivery of the 2020A Bonds.” Upon the occurrence of such an event, the Underwriter, not the Purchaser, will make the decision whether to terminate the Forward Delivery Bond Purchase Agreement.

The rights and obligations under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Relating to Forward Delivery Period

In addition to the risks set forth above and under “RISK FACTORS,” purchasers of the Series 2020A Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the Series 2020A Bonds on the Settlement Date will not be different from those currently assigned to the Series 2020A Bonds. See “RATINGS.” The execution and delivery of the Series 2020A Bonds is not, and the Underwriter’s obligations under the Forward Delivery Bond Purchase Agreement are not, conditioned upon the assignment of any particular ratings for the Series 2020A Bonds or the maintenance of the initial ratings of the Series 2020A Bonds.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market for the Series 2020A Bonds and no assurance can be given that a secondary market will exist for the Series 2020A Bonds during the Forward Delivery or at any time thereafter. Prospective purchasers of the Series 2020A Bonds should assume that there will be no secondary market for the Series 2020A Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the Series 2020A Bonds as of the Settlement Date may be affected by a variety of factors including, without limitation, general market conditions; the ratings on the Series 2020A Bonds, the financial condition and business operations of the Successor Agency and federal and state tax, securities and other laws. The market value of the Series 2020A Bonds on the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series 2020A Bonds, and that difference could be substantial. Neither the Successor Agency nor the Underwriter makes any representation as to the expected market value of the Series 2020A Bonds as of the Settlement Date.

Tax Law Risks. Subject to the additional conditions of Settlement described above, the Forward Delivery Bond Purchase Agreement obligates the Successor Agency to deliver and the Underwriter to accept the Series 2020A Bonds if the Successor Agency delivers an opinion of Bond Counsel substantially in the form set forth in Appendix E or to the effect that interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. During the Delayed Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, promulgated or interpreted that might prevent Bond Counsel from rendering its opinion or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on “state or local bonds” (such as the Series 2020A Bonds) for federal income tax purposes, the Successor Agency might be able to satisfy the requirements for the delivery of the Series 2020A Bonds. In such event, the purchasers would be required to accept delivery of the Series 2020A Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Series 2020A Bonds.

Sources:

Par Amount of Series 2020A Bonds	
Net Original Issue Premium (Discount)	
Amounts Released from accounts of Refunded Bonds	
TOTAL SOURCES	

Uses:

Deposit to Redemption Fund	
Costs of Issuance ⁽¹⁾	
TOTAL USES:	

⁽¹⁾ Includes premiums for the Policy and the 2020 Reserve Policy, Underwriter’s discount, legal fees, printing, rating agency fees and expenses, fees of the Municipal Advisor, fees of the Fiscal Consultant, and other issuance costs of the Series 2020A Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Parity Debt, and the Series 2020A Bonds.

Bond Year Ended (Sept. 1)	Parity Debt	Series 2020A Bonds*			Annual Total*
		Principal	Interest	Total	
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
Total					

* Preliminary, subject to change.
 Note: Totals may not tie due to rounding.

THE SERIES 2020A BONDS

General

The Series 2020A Bonds will be dated as of the date of original delivery (the Settlement Date), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Series 2020A Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Interest on the Series 2020A Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2020 (each an “Interest Payment Date”). Principal of and premium, if any, on the Series 2020A Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the “Record Date”). At the written request of an Owner of either the Series 2020A Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Series 2020A Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Series 2020A Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Notwithstanding the foregoing, while the Series 2020A Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Series 2020A Bonds, for subsequent disbursement to Participants and beneficial owners. See APPENDIX G – “DTC AND BOOK-ENTRY SYSTEM.”

Redemption of the Series 2020A Bonds

Optional Redemption. The Series 2020A Bonds maturing on and after September 1, 20__ shall be subject to redemption prior to their maturity at the option of the Successor Agency on or after September 1, 20__, as a whole or in part on any date, from funds derived by the Successor Agency from any source and deposited with the Trustee not later than the date of redemption, at a redemption price equal to the principal amount of Series 2020A Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least 30 but not more than 60 days prior to the redemption date, to (i) the Owners of any Series 2020A Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 2020A Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Series 2020A Bonds to be redeemed, shall state the individual number of each Series 2020A Bond to be redeemed or state that all Series 2020A Bonds between two stated numbers (both inclusive) or shall state that all of the Series 2020A Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Series 2020A Bonds be then surrendered at the Trust Office for redemption at the said redemption price, giving notice also that further interest on the Series 2020A Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2020A Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Partial Redemption of Series 2020A Bonds. In the event only a portion of any Series 2020A Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Series 2020A Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2020A Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Series 2020A Bonds so called for redemption shall have been duly deposited with the Trustee, such Series 2020A Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

SECURITY FOR THE BONDS

Special Obligations

The Series 2020A Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Pledged Tax Revenues and funds on deposit in certain funds and account established under the Indenture, allocated as described herein on parity with the Series 2014 Bonds, Series 2015A Bonds and Series 2016A Bonds, and the Successor Agency is not obligated to pay such principal and interest except from such Pledged Tax Revenues. Series 2020A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City, the County, the State of California (the "State") nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2020A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2020A Bonds. The issuance of the Series 2020A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power.

Tax Increment Financing Generally

Prior to the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax revenues. This financing mechanism provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Thereafter, the increase in taxable valuation becomes the increment upon which taxes are levied and allocated to the applicable agency. Redevelopment agencies have no authority to levy property taxes, but must instead look to this allocation of tax revenues to finance their activities.

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, city and county, district or other public corporation (the “Taxing Agencies”) when collected are divided as follows:

(i) An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project area last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(ii) That portion of the levied taxes in excess of the amount described in paragraph (i) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

That portion of the levied taxes described in paragraph (ii) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the RPTTF. In addition, Section 34183 of the Dissolution Act effectively eliminates the “on and after January 1, 1989” reference from paragraph (i) above.

Pledged Tax Revenues

In accordance with the Dissolution Act, the Bonds and Parity Debt shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the RPTTF as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183 as more fully described below. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above. The Indenture defines “Tax Increment Revenues” to mean all taxes allocated and paid to the Successor Agency pursuant to Article 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Redevelopment Plan, including all payments and reimbursements, if any, to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations. The Indenture defines “Tax Revenues” to mean the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements. At the time of issuance of the Series 2014 Bonds, the 2015A Bonds, and the Series 2016A Bonds, certain Senior Bonds (as defined in the Indenture) were outstanding, the payment of debt service thereon excluded from Pledged Tax Revenues and senior thereto. With the refunding of the Refunded Bonds, no Senior Bonds will remain outstanding, and there will be no claim therefor on Pledged Tax Revenues to denote the Bonds (including the Series 2020A Bonds) subordinate to, the payment of debt service on any Senior Bonds.

Tax Sharing

The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into agreements with seven taxing entities regarding payments under Section 33401 (the “Pass-Through Agreements”). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994 or amended thereafter (as is the case for the Redevelopment Plan) in certain manners specified in such statutes (the “Statutory Pass-Through Amounts”).

By application, the statutory formula for Statutory Pass-Through Amounts, which applies to tax increment revenues net of the housing set-aside is as follows: The first 25% of net tax increment generated by the increase in assessed value after the establishment of the project area or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional 21% of the increment generated by increases in assessed value after the tenth year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional 14% of the increment generated by increases in assessed value after the 30th year must be so paid.

The tax sharing payments described above are required to be made prior to payment of debt service on bonds or loans secured by tax increment from project areas which are subject to Assembly Bill 1290 (being Chapter 942, Statutes of 1993) (“AB 1290”). However, the provisions of Section 33607.5(e) of the Redevelopment Law set forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency did not take any action to subordinate the payments with respect to the pass-through payments to debt service on the Series 2014 Bonds, the Series 2015A, the Series 2016A Bonds or the Series 2020A Bonds.

The Dissolution Act requires county auditor-controllers to distribute from the RPTTF amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the RPTTF to the Successor Agency’s Redevelopment Obligation Retirement Fund each January 2 and June 1, unless: (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the RPTTF allocation to the Successor Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance for the applicable six month period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency’s enforceable obligations, pass-through payments and the Successor Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency

for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated pass-through obligations, if any, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Pass-Through Amounts subordinate to the Series 2020A Bonds. The Successor Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are senior to the Bonds, including the Series 2020A Bonds. Furthermore, the Pass-Through Agreements have not been expressly subordinated to the Series 2020A Bonds and therefore constitutes obligations senior in right of payment to the Bonds. See the captions “SECURITY FOR THE BONDS” for information regarding the revenues derived from the Project Area and the tables under the caption “ESTIMATED REVENUES AND BOND RETIREMENT” for projections of Tax Revenues after deduction of the Pass-Through Agreements and Statutory Pass-Through Amounts.

Low- and Moderate-Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low- and moderate-income housing fund not less than 20% of all tax revenues allocated to such agencies. This 20% set-aside requirement was eliminated by the Dissolution Act. There are currently no obligations outstanding which will have a prior lien on the Low and Moderate Housing Fund. Accordingly, Pledged Tax Revenues are not subject to the former set aside requirement for such purposes and the former set aside requirement is included in Pledged Tax Revenues pledged to the payment of debt service on the Bonds, including the Series 2020A Bonds.

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Series 2020A Bonds, to be secured by a pledge of moneys deposited from time to time in a RPTTF held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

Allocation of Taxes Subsequent to the Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of California Assembly Bill X1 26 (“AB 26”), using current assessed values on the last equalized roll on August 20, and to deposit that amount in the RPTTF for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds and any such Parity Debt. Pursuant to the Dissolution Act, the Successor

Agency has covenanted to take all actions necessary to ensure that the Series 2020A Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules (as defined herein) as prepared from time to time under the Dissolution Act. See "Recognized Obligation Payment Schedule" below.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll within the Project Area, to the extent they constitute Tax Increment Revenues, less administrative costs, as described herein, will be deposited in the RPTTF for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund established pursuant to the Dissolution Act on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "Recognized Obligation Payment Schedule" below.

Recognized Obligation Payment Schedule

The Dissolution Act provides for the completion, approval and submission of an annual Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. The timing for the preparation and approval of a Recognized Obligation Payment Schedule, among other procedures, was changed with the amendments to the Dissolution Act under SB 107. On or before each February 1, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the Countywide Oversight Board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Housing Fund. The Dissolution Act permits a successor agency to request additional amounts on a Recognized Obligation Payment Schedule to fund a reserve when required by a bond indenture or when the next property tax allocation will be insufficient to pay all enforceable obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

On December 5, 2019, the Successor Agency filed a Recognized Obligation Payment Schedule with the County Oversight Board which was approved on January 9, 2020. The Successor Agency filed the Recognized Obligation Schedule with the Department of Finance on January 10, 2020.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the RPTTF (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Successor Agency submits the amendment to State Department of Finance no later than October 1, (ii) the oversight board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Successor Agency may only amend the amount requested for payment of approved enforceable obligations. The State Department of Finance shall notify the Successor Agency and the County Auditor-Controller as to whether the Successor Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the oversight board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance and the State Controller by February 1 in each year. If the Successor Agency does not submit a Countywide Oversight Board -approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Successor Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Successor Agency does not submit a Countywide Oversight Board approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Series 2020A Bonds, see the caption "BOND OWNERS' RISKS – Recognized Obligation Payment Schedule."

With respect to each Recognized Obligation Payment Schedule submitted by the Successor Agency, the Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the State Department of Finance and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the February 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Countywide Oversight Board and the State Department of Finance at least 60 days prior to the next February 1 property tax distribution date.

The Successor Agency has submitted each Recognized Obligation Payment Schedule to State Department of Finance on or before the applicable statutory deadline.

See the caption "– Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the RPTTF, under the Dissolution Act the County Auditor-Controller must

prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made for the upcoming fiscal year, and provide those estimates to the entities receiving the distributions and State Department of Finance by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Successor Agency from the RPTTF allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Successor Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance by no later than 10 days from the date of the Successor Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, and if the Successor Agency's tax sharing obligations described in Section 38183(a)(1) of the Dissolution Act have been subordinated to the Successor Agency's enforceable obligations, then the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption "– Tax Increment Financing Generally" above.

The Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to such date, will be included in the Successor Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF established pursuant to the Dissolution Act. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the State Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the State Department of Finance's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Series 2020A Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate could reduce the amount of Tax Increment Revenues and, accordingly, Pledged Tax Revenues that would otherwise be available to pay the principal of, and interest on, the Series 2020A Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

The Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the Tax Increment Revenues and the contractual and statutory tax sharing amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Series 2020A Bonds when due. See "–Recognized Obligation Payment Schedule." See also "ESTIMATED REVENUES AND BOND RETIREMENT" for additional information regarding the Statutory Pass-Through Amounts and Pre-Existing Agreements applicable to the Successor Agency and

the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the Series 2020A Bonds. See “BOND OWNERS’ RISKS.”

The Series 2020A Bonds are not a debt of the City, the County, the State or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State or any of its political subdivisions (except the Successor Agency) is liable therefor. The Series 2020A Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Security for the Bonds

Pledged Tax Revenues. The following is a discussion of the flow of funds under the Indenture after payments of debt service for the entire year, and payments with respect to Pre-Existing Agreements, are set aside.

Under the Indenture, the Pledged Tax Revenues (as defined below) allocated and paid to the Successor Agency are pledged to the payment of debt service on the Series 2020A Bonds and Parity Debt (subject to the lien of the Pre-Existing Agreements) together with moneys in the funds and accounts. See Table 5 herein showing the projected Pledged Tax Revenues, and debt service coverage on the Series 2020A Bonds.

“Pledged Tax Revenues” means the portion of the monies deposited from time to time in the RPTTF as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2020A Bonds, pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pre-Existing Agreements, and (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law. In accordance with the Dissolution Act, the Series 2020A Bonds and Parity Debt shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the RPTTF as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above.

Pre-Existing Agreements include Pass-Through Agreements to other taxing agencies, which are discussed under the caption, “THE CONSOLIDATED WHITEWATER PROJECT AREA – Pass-Through Agreements,” herein.

Prior to the discharge of the Fiscal Agent Agreement, all payments due in any Bond Year were required to be deposited in the Special Fund, established under the Fiscal Agent Agreement, including any replenishment of the reserve account established thereunder, prior to transferring any Pledged Tax Revenues to the Debt Service Fund for the Series 2020A Bonds and any Parity Debt. With the delivery of the Series 2020A Bonds and simultaneous discharge of the Fiscal Agent Agreement, the Successor

Agency will deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in the Debt Service Fund established under the Indenture.

Pass-Through Agreements and Statutory Tax Sharing. The Successor Agency has entered into tax-sharing agreements with taxing entities and school districts with respect to the portions of the Project Area that were adopted prior to 1994 (the “Pass-Through Agreements”) which are senior to the payment of debt service on the Series 2020A Bonds. See “Tax Sharing” above, “THE CONSOLIDATED WHITEWATER PROJECT AREA – Pass-Through Agreements” and “– Statutory Tax Sharing,” and APPENDIX A – “FISCAL CONSULTANT REPORT – Fiscal Agreements.”

Debt Service Fund. The Indenture establishes a special trust fund known as the “Debt Service Fund” and the accounts therein which shall be held by the Trustee in accordance with Indenture. Pursuant to the Indenture, the Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Series 2020A Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under the Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues is not sufficient to pay debt service on the Series 2020A Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Series 2020A Bonds and any Parity Debt on a *pro rata* basis (based on the amount of debt service coming due during any such period of insufficiency).

Moneys in the Debt Service Fund shall be transferred in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund, which accounts are held by the Trustee to pay debt service on the Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) **Interest Account.** On or before the fourth Business Day preceding each date on which interest on the Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Series 2014 Bonds, Series 2015A Bonds, Series 2016A Bonds, Series 2020A Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture).

(b) **Principal Account.** On or before the fourth Business Day preceding each date on which principal of the Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for

the purpose of paying the principal of the Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, the Successor Agency shall withdraw from the Debt Service Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Written Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

The Reserve Requirement with respect to the Series 2020A Bonds shall be satisfied by the delivery of the 2020 Reserve Policy, described herein, to the Trustee. The Trustee shall credit the 2020 Reserve Policy to the Series 2020 Subaccount of the Reserve Account, which subaccount is created under Indenture. The Trustee shall comply with all of the terms and

provisions of the 2020 Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the 2020 Reserve Policy. All amounts drawn by the Trustee under the 2020 Reserve Policy will be deposited into the Series 2020 Subaccount of the Reserve Account and applied for the purposes of paying principal and interest on the Series 2020A Bonds.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) Equal Rights. It is the intention of the Successor Agency that the Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the Bonds and Parity Debt as it becomes due, the Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund.

Reserve Requirement. The “Reserve Requirement” is defined in the Indenture to mean, with respect to the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds and any Parity Debt issued as Bonds (including the Series 2020A Bonds) pursuant to a Supplemental Indenture supplemental to the Indenture, as of any calculation date, the lesser of (i) Maximum Annual Debt Service with respect to the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds or Parity Debt, as applicable, or (ii) 125% of average Annual Debt Service on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds or Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Tax Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such of additional Parity Debt pursuant to a Supplemental Indenture, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of paragraph (d) immediately above. The portion of the Reserve Requirement with respect to the Series 2014A Bonds and the Taxable Series 2014A-T Bonds has been calculated on a combined basis, provided that, in the event the portion of the Reserve Requirement for the Series 2014A Bonds and the Taxable Series 2014A-T Bonds is funded with cash, the Trustee shall establish separate subaccounts for the proceeds of the Series 2014A Bonds and the Taxable Series 2014A-T Bonds to enable the Trustee to track the investment of the proceeds of the Series 2014A Bonds and the Taxable Series 2014A-T Bonds. The portion of the Reserve Requirement with respect to the Series 2015A Bonds and the Series 2016A Bonds has been and, in the case of the Series 2020A Bonds will be, calculated on a stand-alone basis.

In order to further secure the payment of the principal of and interest on the Series 2020A Bonds, the Series 2020 Subaccount of the Reserve Account will be funded by the purchase of the 2020 Reserve Policy issued by BAM in an amount to provide additional coverage equal to the portion of the Reserve Requirement for the Series 2020A Bonds. The 2020 Reserve Policy will secure the Series 2020A Bonds. The initial Reserve Requirement for the Series 2020A Bonds is the amount of \$_____. See “– Specimen Municipal Bond Debt Service Reserve Insurance Policy” below and APPENDIX I – “SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.” The 2020 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds or any other series of Bonds or Parity Debt.

As defined in the Indenture, the term “Qualified Reserve Account Credit Instrument” means (i) the 2020 Reserve Policy (and includes the 2014 Reserve Policy, 2015 Reserve Policy and the 2016 Reserve Surety) or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is “A” (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to paragraph (d) immediately above; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

In connection with the delivery of the Series 2014 Bonds, the 2014 Reserve Policy was issued by AGM in an amount equal to the initial Reserve Requirement for the Series 2014 Bonds. The 2014 Reserve Policy secures the Series 2014 Bonds in the amount of \$4,462,503. See “– *Security for the Bonds - Reserve Requirement*” below. The 2014 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds or any other series of Bonds or Parity Debt.

In connection with the delivery of the Series 2015A Bonds, the 2015 Reserve Policy was issued by AGM in an amount equal to the initial Reserve Requirement for the Series 2015A Bonds. The 2015 Reserve Policy secures the Series 2015A Bonds in the amount of \$2,558,250. See “– *Security for the Bonds - Reserve Requirement*” below. The 2015 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2014 Bonds, the Series 2020A Bonds or any other Parity Debt.

In connection with the delivery of the Series 2016A Bonds, the 2016 Reserve Surety was issued by National in an amount equal to the initial Reserve Requirement for the Series 2016A Bonds. The 2016 Reserve Surety secures the Series 2016A Bonds in the amount of \$5,303,350. See “– *Security for the Bonds - Reserve Requirement*” below. The 2016 Reserve Surety is not available to secure the payment of the principal of and interest on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2020A Bonds or any other series of Bonds or Parity Debt.

“Maximum Annual Debt Service” is defined in the Indenture to mean, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

If circumstances should ever cause a Qualified Reserve Account Credit Instrument to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by such Qualified Reserve Account Credit Instrument.

Specimen Municipal Bond Debt Service Reserve Insurance Policy.

The 2020 Reserve Policy provides that upon notice from the Trustee to BAM to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Series 2020A Bonds, BAM will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the Series 2020A Bonds or the available amount of the 2020 Reserve Policy, whichever is less.

The Trustee will ascertain the necessity for a claim upon the 2020 Reserve Policy in accordance with the provisions of this paragraph and provide notice to BAM at least three business days prior to each date upon which interest or principal is due on the Series 2020A Bonds. The Successor Agency will repay any draws under the 2020 Reserve Policy and pay all related reasonable expenses incurred by BAM from available Pledged Tax Revenues. Interest will accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate as defined in the Indenture. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) will commence in the first month following each draw, and each such monthly payment will be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to BAM will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the 2020 Reserve Policy will be increased by a like amount, subject to the terms of the 2020 Reserve Policy. All cash and investments in the Series 2020A Subaccount of the Reserve Account established for the Series 2020A Bonds, if any, will be transferred to the Debt Service Fund for payment of the debt service on the Series 2020A Bonds before any drawing may be made on the 2020 Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost will be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the 2020 Reserve Policy) on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2020A Subaccount of the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments will be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2020A Subaccount of the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

Draws under the 2020 Reserve Policy may only be used to make payments on Series 2020A Bonds.

Issuance of Additional Successor Agency Parity Debt. The Successor Agency will not incur any additional obligations which are senior to the lien of Pledged Tax Revenues under the Indenture. Indenture provides that the Successor Agency may issue or incur additional Parity Debt subject to the conditions summarized in part below. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” – “Issuance of Parity Debt” for a more complete description of the conditions precedent to the issuance or incurrence of Parity Debt.

(a) The Pledged Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred fifty percent (150%) of Maximum Annual Debt Service on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds and Parity Debt that will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. Notwithstanding the foregoing, the Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with Bonds and any outstanding Parity Debt without complying with the foregoing provision, if (a) annual debt service on such refunding bonds is lower than annual debt service on the bonds or other indebtedness being refunded during every year the Bonds or Parity Debt, as applicable, will be Outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds or Parity Debt being refunded, as applicable.

(b) The Successor Agency shall certify that the aggregate principal of and interest on the Bonds, any Parity Debt (including the Parity Debt to be incurred), Pre-Existing Agreements, and Subordinate Debt coming due and payable will not exceed the maximum amount of Pledged Tax Revenues permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt.

(c) In the event the Successor Agency issues Parity Debt pursuant to a Supplemental Indenture supplemental hereto, the Successor Agency shall cause the amount on deposit in the Reserve Account to equal the Reserve Requirement.

(d) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in clauses (a), (b), (c) and (d) above have been satisfied.

Issuance of Successor Agency Subordinate Debt. Indenture provides that the Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency.

Events of Default and Acceleration of Maturities. Each of the following events constitutes an Event of Default under the Indenture:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Series 2014 Bonds, Series 2015A Bonds, Series 2016A Bonds and Series 2020A Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or Bond Insurer or any other Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is

instituted by the Successor Agency within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect shall be given to payments made by Bond Insurer under the Policy.

Subject in all respects to the provisions of Indenture, if an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority of the principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Pledged Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, *ex parte*, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under the Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with the Indenture.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall

have been made therefor, then, and in every such case, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to Indenture, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law; and

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

(c) To the payment of amounts owed to AGM, National, BAM or any other Insurer under the Indenture.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a “Last and Final Recognized Obligation Payment Schedule”) for approval by the oversight board and State Department of Finance if: (i) The successor agency’s only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules, (ii) All remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by State Department of Finance, and (iii) The successor agency is not a party to outstanding or unresolved litigation. The Last and Final Recognized Obligation Payment Schedule must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the RPTTF, (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources, and (C) loans or deferrals authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency’s housing functions and assets. The Last and Final Recognized Obligation Payment Schedule must also include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation described in (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to (C) above. The Last and Final Recognized Obligation Payment Schedule will also establish the maximum amount of RPTTF revenues to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. State Department of Finance approval is required for any Last and Final Recognized Obligation Payment Schedule to become effective. The county auditor-controller is also required to review the Last and Final Recognized Obligation Payment Schedule and provide any

objection to the inclusion of any items or amounts to State Department of Finance. Successor agencies may only amend an approved Last and Final Recognized Obligation Payment Schedule twice. Commencing on the effective date of the approved Last and Final Recognized Obligation Payment Schedule, the successor agency will not prepare or transmit annual Recognized Obligation Payment Schedules.

After the Last and Final Recognized Obligation Payment Schedule is approved by State Department of Finance, the county auditor-controller will continue to allocate moneys in the successor agency's RPTTF pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller will allocate such moneys in each fiscal period, after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass-through payments pursuant to Section 34183(a)(1) of the Dissolution Act, (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final Recognized Obligation Payment Schedule, (C) scheduled payments on revenue bonds listed and approved in the Last and Final Recognized Obligation Payment Schedule, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds, (D) scheduled payments for debts and obligations listed and approved in the Last and Final Recognized Obligation Payment Schedule to be paid from the RPTTF, (E) payments listed and approved on the Last and Final Recognized Obligation Payment Schedule that were authorized but unfunded in prior periods, (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets that are listed and approved on the Last and Final Recognized Obligation Payment Schedule, and (G) any moneys remaining in the RPTTF after the payments and transfers described in (A) to (F), above, will be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the RPTTF will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "– Tax Increment Financing Generally" above.

The Successor Agency is not currently eligible to submit a Last and Final Recognized Obligation Payment Schedule and has no current plans to seek approval of a Last and Final Recognized Obligation Payment Schedule.

BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Series 2020A Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Insured Series 2020A Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2020A Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com. The information on such website is not incorporated herein by such reference or otherwise.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2020A Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Series 2020A Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Series 2020A Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Insured Series 2020A Bonds, nor does it guarantee that the rating on the Insured Series 2020A Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Insured Series 2020A Bonds or the advisability of investing in the Insured Series 2020A Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this

Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM’s website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Insured Series 2020A Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Insured Series 2020A Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Insured Series 2020A Bonds, whether at the initial offering or otherwise.

SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY

The Successor Agency

As described below, the Successor Agency was established by the City Council following dissolution of the Former Agency pursuant to the Dissolution Act. Set forth below is a discussion the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Dissolution Act, and the limitations thereon.

General

The City, acting pursuant to the Redevelopment Law, activated the Former Agency by Ordinance No. 186 of the City adopted on October 16, 1981. Under the terms of this Ordinance the City Council declared itself to be the governing body of the Former Agency.

As of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy “enforceable obligations” of the former redevelopment agency all under the supervision of a new oversight board, the State Department of the Finance and the State Controller.

The present members of the City Council acting as the Successor Agency are as follows:

Ty Peabody, Mayor
Dana Reed, *Mayor Pro-Tem*
Richard Balocco, *Council Member*
Ted J. Mertens, *Council Member*
Kimberly Muzik, *Council Member*

The Successor Agency is a component unit of the City for financial reporting purposes and does not leave separate audited financial statements. The audited financial statements of the City for year ending June 30, 2019, are included herein as APPENDIX C. The City’s strategic financial planning system has received national and state finance officer associations’ recognition for “excellence in financial reporting” and “Distinguished Budgeting.” The inclusion of such financial statements should not suggest that the City is obligated in any way with respect to the Bonds. The Bonds are payable solely from Pledged Tax Revenues and other sources as described herein. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds.

The Successor Agency has one project area, The Consolidated Whitewater Project Area, referred to as the Project Area herein (see “THE CONSOLIDATED WHITEWATER PROJECT AREA”).

Pursuant to Resolution No. 2012-03 (the “Establishing Resolution”) adopted by the City Council on January 12, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the City Council appointed itself as successor to the Former Agency. On June 27, 2012, the Redevelopment Law was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

As discussed below, many actions of the Successor Agency are subject to approval by an “oversight board” and the review or approval by the State Department of Finance, including the issuance of bonds such as the Series 2020A Bonds.

Successor Agency Staff

The City Manager also serves as the Executive Director of the Successor Agency. The City Finance Director maintains the Successor Agency’s financial records and serves as the Successor Agency’s Treasurer. The City Attorney also serves as the Successor Agency’s counsel. Brief résumés of the key staff at the City and Successor Agency are set forth below:

Christopher Freeland was appointed City Manager for the City of Indian Wells on May 2, 2019. Prior to this new assignment, Chris spent over 18 years with the City of West Covina where he served in several executive roles, including City Manager, Assistant City Manager, Community Development Director, Human Resources Director, Parks and Recreation Director, and Deputy City Manager. He has extensive experience in economic development, working on the revitalization of several shopping centers, an auto plaza, a regional mall, and an award-winning brownfield development. During his tenure in West Covina, Chris was successful in restructuring the City's finances, building new playgrounds and sports facilities, replacing aging police and fire equipment, completing a General Plan Update, streamlining the entitlement process for new businesses, reducing and refinancing all city debt, and much more.

Chris holds a Bachelor of Arts in Political Science and a Bachelor of Science in Civil Engineering from Cal Poly Pomona, a Master of Public Administration from Cal State Long Beach and is a graduate of the UC Berkeley Executive Leadership Program for Strategic Management of Public Organizations. Chris has served on various League of California Cities Public Policy Committees, and currently holds a seat on the Transportation, Public Works and Communications Committee.

Peter Castro has served local government for 12 years. He is currently the Deputy City Manager for Indian Wells, joining the team in 2017. He directs Personnel, Public Safety, Marketing, Tourism, Information Technology, and the Economic Development operations of the City. Prior to his work with Indian Wells, Peter was a Division Manager for the City of La Cañada Flintridge where he was responsible for the City's Public Safety, Information Technology, and Parks and Recreation Divisions. Peter completed his Master of Public Administration from the University of Southern California in 2011. He is a Past President of the Municipal Management Association of Southern California. He is a member of the International City County Management Association and is currently a participant in the Leadership ICMA Class of 2020. Additionally, Peter sits on both the USC Price Alumni Board and the USC City/County Management Fellowship Board.

Kevin McCarthy, City Finance Director and Successor Agency Treasurer, has been with the City and Former Agency and Successor Agency since 1998. Mr. McCarthy previously served as the senior accountant for the SunLine Transit Agency, the Coachella Valley's public bus service. Mr. McCarthy earned his business management degree from California State University, San Bernardino.

Countywide Oversight Board

California Health and Safety Code Section 34179 provides for the appointment of a countywide oversight board (in place of the former successor agency oversight boards) with specific duties to approve certain successor agency actions pursuant to Health and Safety Code Section 34180 and to direct the successor agency in certain other actions pursuant to Health and Safety Code Section 34181. The Countywide Oversight Board for the County of Riverside (the "Countywide Oversight Board") was created pursuant to California Health and Safety Code Section 34179(j). Pursuant to Health and Safety Code Section 34179, the County Auditor-Controller selected the County Executive Office to staff the Countywide Oversight Board for the County of Riverside. The Countywide Oversight Board is governed by a seven-member governing board. The Memorandum of Understanding and Resolution delegating the staffing obligations to the County Executive Office was approved by the County of Riverside Board of Supervisors on February 27, 2018 pursuant to Minute Order No. 3.11.

Department of Finance Finding of Completion

The Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers

for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Within five business days of receiving notification from the State Department of Finance, a successor agency must remit to the county auditor-controller the amount of unobligated balances determined by the State Department of Finance, or it may request a meet and confer with the State Department of Finance to resolve any disputes.

The Successor Agency has paid to the County Auditor-Controller all unobligated balances relating to affording housing funds, as determined by the State Department of Finance. In July 2013, the Successor Agency remitted to the County Auditor-Controller all unobligated balances relating to all other funds determined by the State Department of Finance. The Successor Agency has made all payments required under AB 1484 and has received its finding of completion from the State Department of Finance on April 26, 2013. On January 17, 2014, the State Department of Finance approved the Successor Agency's Long-Range Property Management Plan which was submitted on September 20, 2013.

State Controller Asset Transfer Review

The Dissolution Act requires that any asset of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The State Controller reviewed and approved all transfers.

The audited financial statements of the City for year ending June 30, 2019, are included herein as APPENDIX C detail amounts due to the City from the Successor Agency including loans from the City in the amount of \$ 1,339,192 and \$17,739,192. Each is subordinate in right of payment to the Bonds.

THE CONSOLIDATED WHITEWATER PROJECT AREA

General

In 1982, the Successor Agency adopted redevelopment plans for two separate projects, Whitewater Redevelopment Project Area No. 1 and Whitewater Redevelopment Project Area No. 2. In 1987 the two project areas were consolidated into one project area and named the "Consolidated Whitewater Project Area," which is referred to herein as the "Project Area." Currently, 3,327 acres within the Project Area produce tax increment.

The Project Area includes 80% of land within the City limits. Nearly 90% of the Project Area is developed residential property with the balance representing retail, office commercial and hotel resorts. The City does not have any industrial zoned areas. The residential development consists primarily of higher-end single family homes which represent 70% of the Project Area secured value. Apartments and condominiums represent 20% of the secured value.

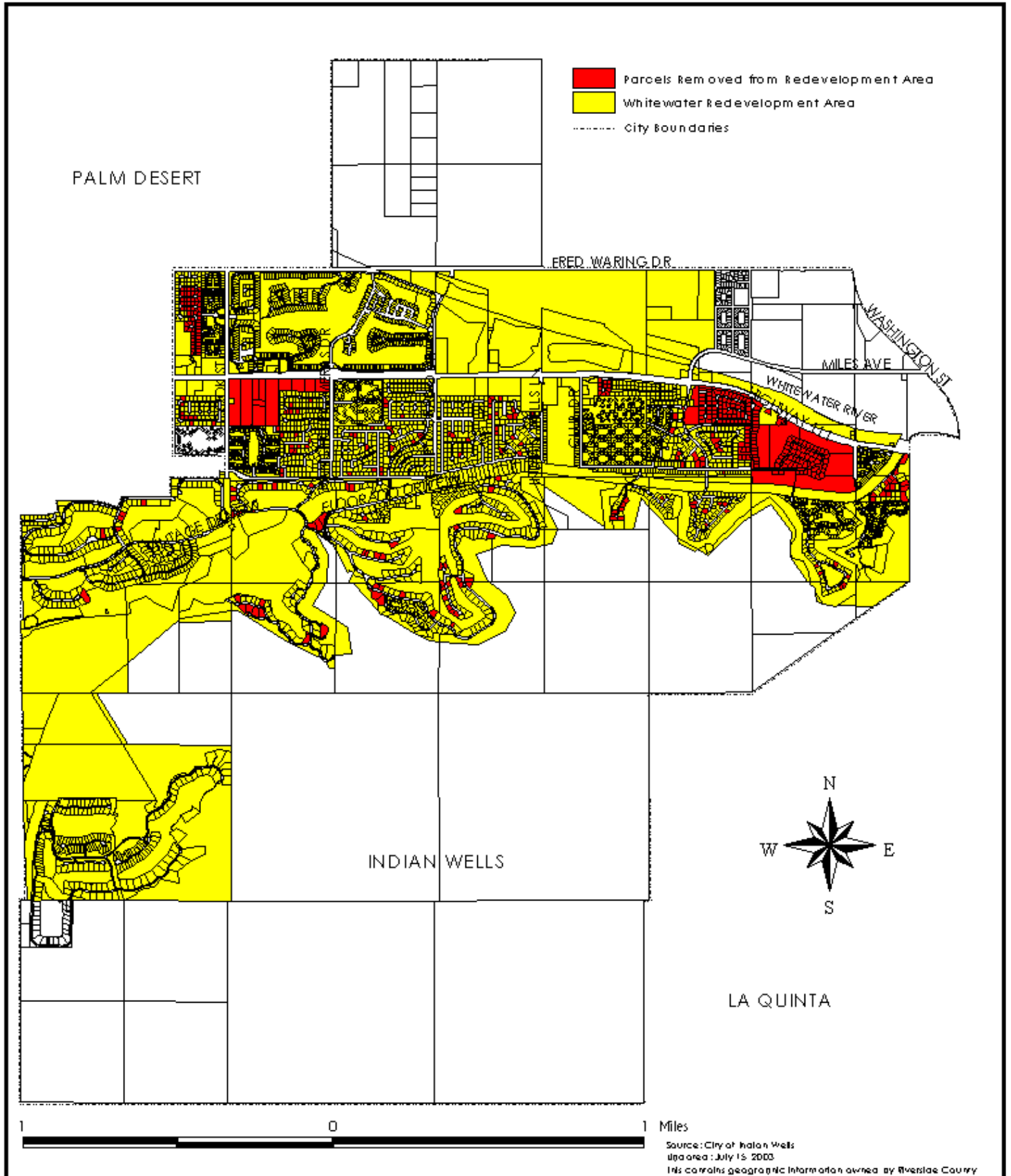
There are 2,323 single family homes in the Project Area as of July 1, 2019. Residential country clubs located in the Project Area include the Hyatt Regency Resort and Spa, Renaissance Indian Wells Resort and Spa, Miramonte Resort and Spa, the Vintage Club and the El Dorado Country Club.

Of the major taxpayers, Hyatt Regency Indian Wells Resort and Spa (owned by H E Indian Wells), the Renaissance Indian Wells Resort and Spa (owned by BBC Esmeralda), the Miramonte Resort and Spa (owned by RPCWG Miramonte), and The Vintage Club (a private golf course) are all located in the Project Area and together represent approximately 5.0% of the assessed valuation in the Project Area. The Project Area includes 171 holes of golf, divided among the various private clubs and resorts, as well

as numerous grass, clay and hard surface tennis courts serving the resort developments. The City and the Successor Agency have reconstructed two championship quality eighteen-hole golf courses owned by the City, along with the clubhouse, known as the Indian Wells Golf Resort.

PROJECT AREA MAP

Consolidated Whitewater Redevelopment Project Area



Pass-Through Agreements

Under redevelopment law existing at the time of the Former Agency's plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or passthrough, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity's share of the tax increment received by the Successor Agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

The Successor Agency has agreements with seven taxing entities regarding payments under Section 33401 (the Pass-Through Agreements herein). Under these agreements, the County Auditor-Controller passes through to the taxing entities varying percentages of the tax increment that the entities would otherwise receive.

The fiscal agreement with the County, covering both the County General Fund and the County Fire District, requires these entities to receive 100% of the combined County and County Fire District share of tax increment, approximately 36%. The Coachella Valley Water District receives 100% of its 6% share of tax increment. Three entities – the Desert Sands Unified School District, County Superintendent of Schools and the College of the Desert – each receive 30% of their share of tax increment (respectively and approximately, 38%, 4% and 8%) above a \$5 million threshold, calculated annually. The Desert Recreation and Park District and the Coachella Valley Mosquito Abatement District each receive 100% of their shares (approximately 2% and 1%) of tax increment over a threshold of \$6.5 million annually.

Under the Section 33401 fiscal agreements, the taxing entities agreed to rescind any resolutions then in effect also claiming payments under Section 33676. Consequently, there are no resolutions in effect requiring payments under Section 33676.

The Section 33401 fiscal agreements contain no clauses allowing the Successor Agency to subordinate payments to the taxing entities to debt service payments. Therefore, all passthrough payments made under the fiscal agreements are senior to the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds, any other series of Bonds or Parity Debt.

Statutory Tax Sharing

In addition, certain sub-areas of the Project Areas are subject to the tax sharing provisions of AB 1290. Under Section 33607.5 and Section 33607.7 of the Law (added by AB 1290), any territory added to a project area after 1994 is required to share in tax increment revenues generated by such territory pursuant to a statutory formula ("Statutory Tax Sharing"). See APPENDIX A – "FISCAL CONSULTANT REPORT – Fiscal Agreements" for a description of the Successor Agency's obligation to make statutory tax sharing payments.

The adoption of Ordinance 551 on November 6, 2003 eliminating the plan limitation on the issuance of indebtedness also triggered a statutory requirement that the Successor Agency commence making Statutory Tax Sharing payments to taxing entities not already subject to fiscal agreements. This requirement of the Redevelopment Law sets the date on which new Statutory Tax Sharing payments commence as the date on which the plan limitation eliminated by the ordinance would have gone into effect. As the plan limitation on the issuance of indebtedness had been January 1, 2004, the new Statutory Tax Sharing payments for certain taxing entities commenced on that date.

The taxing entities subject to the Statutory Tax Sharing payments, and their approximate shares of tax increment, are the County Recreation and Park District (0.5%), the Coachella Valley Cemetery District (0.4%), the Desert Center Hospital District (0.6%) and the Coachella Valley Resource Conservation District (0.03%). The Statutory Tax Sharing payments are senior to debt service payable on the Series 2015A Bonds, the Series 2016A Bonds and the Series 2020A Bonds.

The Statutory Tax Sharing payments, specified in redevelopment law established by AB 1290, provide taxing entities with their share of 25% percent of incremental tax revenues above certain thresholds; in this case the initial threshold is the tax increment received from assessed valuation in 2003-04. Tax increment above that amount is distributed to the four taxing entities identified above that did not already have Section 33401 fiscal agreements in effect with the Successor Agency. New thresholds are established ten and thirty years beyond the initial threshold date and a portion of tax increment above these new thresholds are also paid to taxing entities.

Projections used in the fiscal consultant’s report incorporate the pass-through payments made under the AB 1290 Statutory Tax Sharing provisions as well as under the Pass-Through Agreements.

Ten Largest Assesseees

Table 1 below sets forth the ten largest assesseees in the Project Area whose property in the aggregate comprises approximately 7.30% of the total taxable value in the Project Area. As noted below, certain parcels owned by these entities are located adjacent to, but outside of, the Project Area and as such do not generate RPTTF tax increment and are excluded from the valuations shown.

Table 1
Consolidated Whitewater Project Area
Ten Largest Fiscal Year 2019-20 Assesseees

<u>Property Owner</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent of Total</u>	<u>Principal Use</u>
H E Indian Wells	\$ 111,241,737	\$ 9,735,000	\$ 120,976,737	2.56%	Hotel
BBC Esmeralda ⁽¹⁾	73,615,140	0	73,615,140	1.56	Hotel
Vintage Club	27,200,965	0	27,200,965	0.57	Golf Courses
RPCWG Miramonte ⁽¹⁾	24,355,301	0	24,355,301	0.51	Hotel
Toscana ⁽²⁾	21,659,466	0	21,659,466	0.46	Golf Courses
Eldorado Country Club ⁽¹⁾	18,018,653	0	18,018,653	0.38	Golf Courses
Village Shopping Center	17,522,274	0	17,522,274	0.37	Retail
Cook, Leo W.	14,230,826	0	14,230,826	0.30	Hotel/Comm.
Homeowner	14,061,719	0	14,061,719	0.30	Residential
Homeowner ⁽¹⁾	13,649,579	0	13,649,579	0.29	Residential
Total, Top Ten:	\$ 335,555,660	\$ 9,735,000	\$ 345,290,660	7.30%	
Total, Top Twenty:	452,505,354	9,735,000	462,240,354	9.77	
Total, Top Hundred:	977,934,857	9,735,000	987,669,857	20.87	
Total for the Area:	\$4,700,707,077	\$31,487,665	\$4,732,194,742	100.00%	

⁽¹⁾ Certain properties have pending assessment appeals. See “Assessment Appeals” below.

⁽²⁾ Includes the Toscana Country Club and related residential development entities Toscana Homes and Toscana Land. Certain parcels owned by these entities are located adjacent to, but outside of, the Project Area; these parcels do not generate RPTTF tax increment and are excluded from the valuations shown.

Source: Riverside County Office of the Assessor; Urban Analytics.

There is some variety in use among the ten largest assessees. The H E Indian Wells property is the 22-acre Hyatt Regency Indian Wells Resort and Spa on Indian Wells Lane with the primary resort property valued at \$89.9 million and 26 villas and other hotel parcels totaling \$21.3 million. The villas and other hotel parcels, previously assessed under separate ownership, were consolidated under H E Indian Wells ownership in 2018. The unsecured assessment for business personal property purchased by H E Indian Wells in 2018 was placed temporarily on the unsecured roll and is expected to be included in the owner's secured assessed valuation in subsequent years.

The BBC Esmeralda property is the nearby 20-acre Renaissance Indian Wells Resort and Spa also on Indian Wells Lane; the property's assessed valuation increased by approximately \$18 million in Fiscal Year 2017-18 with the transfer of ownership from Felcor Esmerelda to BBC Esmerelda.

Of the remaining properties, Vintage Club and El Dorado Country Club are golf course properties, while RPCWG Miramonte is the owner of the Miramonte Resort and Spa on Indian Wells Lane. Toscana includes parcels held by the Toscana Country Club resort property as well as parcels held by related development entities Toscana Homes and Toscana Land; these entities also own parcels located outside of the Project Area that are excluded from the valuations shown. Alexander & Baldwin, a Hawaii-based property development company, owns the Village Shopping Center at Indian Wells, a 104,600 square foot shopping center. Cook is the owner of a hotel on Highway 111 as well as two vacant commercial lots. Two of the largest owners are single-family homeowners, with one property located on Las Cascadas Court and another on Morningstar Drive.

Certain properties owned by El Dorado Country Club, RPCWG Miramonte, and a private homeowner have pending assessment appeals. See "Assessment Appeals" below.

Property Tax Delinquencies

The County utilizes a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 *et seq.* of the California Revenue and Taxation Code).

The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the Successor Agency is not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

In the past five years, the delinquency rate for all secured properties in the Project Area has been negligible. As of October 24, 2019, the delinquency rate on Fiscal Year 2018-19 secured property taxes in the Project Area was 0.9%.

Property Value by Land Use

Table 2 below sets forth the distribution of property value located in the Project Area by principal purpose for which the land is used.

Table 2
Consolidated Whitewater Project Area
Property Value by Land Use⁽¹⁾
Fiscal Year 2019-20

Land Use	Secured AV	Percent of AV	Number of Parcels	Percent of Parcels	Acres	Percent of Acres
Commercial	\$ 392,657,454	8.4%	282	3.0%	1,756	52.8%
Single-Family Residential	3,090,840,690	65.8	3,145	33.5	945	28.4
Condominiums	813,054,363	17.3	5,603	59.7	184	5.5
Other Residential	345,315,732	7.3	68	0.7	44	1.3
Vacant	57,131,091	1.2	286	3.0	348	10.5
Other	1,707,746	0.0	3	0.0	50	1.5
Total	\$4,700,707,077	100.0%	9,387	100.0%	3,327	100.0%

⁽¹⁾ Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Successor Agency. Timeshares are included in Commercial Secured assessed valuation figure but are excluded from the parcel count and acreage figures.

Source: Riverside County Office of the Assessor; Urban Analytics.

Plan Limitations

Under the provisions of Redevelopment Law, the following limitations were formerly imposed upon the redevelopment plan for the Project Area: (1) the time limit on the effectiveness of the Redevelopment Plan - July 15, 2025, (2) the time limit for the repayment of indebtedness - July 15, 2035, (3) tax increment dollars that may be allocated to the Successor Agency - \$1.2 billion, and (4) the amount of bonded indebtedness outstanding at one time - \$120 million. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Successor Agency are no longer effective for purposes of paying the Successor Agency's enforceable obligations such as the Series 2020A Bonds and Parity Debt. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the original time and financial limitations set forth in the Redevelopment Plan.

Assessment Appeals

Property owners can appeal the assessment of their property to the county assessment appeals board. See "BOND OWNERS' RISKS – Assessment Appeals" and APPENDIX A – "FISCAL CONSULTANT REPORT." The Fiscal Consultant conducted a review of pending and recently resolved assessment appeals in order to determine potential impact on current and future Project Area value and tax increment revenue. The results of this review are described in the Fiscal Consultant's Report attached as APPENDIX A, portions of which are summarized below.

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the county assessor immediately subsequent to a change in ownership or completion of new construction. If the base year value assigned by the county assessor is reduced, the valuation of the property cannot increase in subsequent years more than two percent annually unless and until another change in ownership and/or additional new construction activity occurs.

The most common type of appeal filed, a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's assessment based on the current economic value of the property. The county assessor may also adjust valuations based on Proposition 8 criteria. Reductions in valuation made under Proposition 8 are temporary, with valuations restored to their full assessments once the economic reason for the reduction no longer applies. Such reductions can affect the Successor Agency's tax increment while they are in effect.

The Riverside County Assessor (the "Assessor") annually reports on the number of assessments by the City subject to Proposition 8 reductions, and the amount of Proposition 8 reductions, as shown below. For Fiscal Year 2019-20, the Assessor reports 1,000 properties reduced through Proposition 8 in the City of Indian Wells and \$486,754,466 in reduced valuation. This continues a downward trend in Proposition 8 reductions in the City from a high of 4,434 properties and \$902,804,427 in reduced valuation in Fiscal Year 2012-13 and 4,112 properties with \$915,179,042 in reduced valuation in Fiscal Year 2011-12.

With respect to the Project Area, a review of the Project Area property tax rolls for Fiscal Year 2018-19 indicates that a substantial number of residential parcels that appear to have previously been subject to Proposition 8 reductions have had their valuations increased, while some vacant properties have had their valuations reduced through what appear to be Proposition 8 reductions (the Assessor does not indicate which parcels are subject to Proposition 8). These reductions and restorations are discussed further below and in the Fiscal Consultant's Report attached hereto as APPENDIX A.

With respect to direct property owner appeals, the County experienced a high level of assessment appeals in the late 1990's and again in the late 2000's. Within the Project Area, the primary cause of such appeals was declining market value of improved and unimproved residential property. Further significant appeals to assessed values in the Project Area may be filed from time to time in the future. The Successor Agency cannot predict the extent of any such appeals or their likelihood of success.

Based on information provided by the County Assessor's office on December 18, 2019 there are 77 appeals pending in the Project Area, as shown in Table 3 below. The amount of assessed valuation in dispute (the original County valuation less the applicant's opinion of value) is \$105.9 million for pending appeals. The disputed amounts will be resolved in the appeals process and some portion of those amounts may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, Table 3 provides information on resolved appeals filed in previous years in the Project Area. Overall, the 813 appeals settled in the Project Area during the Fiscal Year 2010-11 to Fiscal Year 2019-20 period resulted in reductions in valuation of \$41.5 million out of \$1.9 billion in enrolled valuation subject to appeals, or 2.2%. The overall retention rate has thus been approximately 97.8% of the original valuation.

The potential exposure of the Successor Agency's tax increment revenue to appeals, were either (i) the County Auditor-Controller to change its policy of deducting appeal-related tax refunds solely from supplemental revenue and not from tax increment or (ii) the Assessor to continue Proposition 8 reductions on future rolls for properties granted prior year reductions, may be seen by applying the retention rate to the amount of valuation in dispute in pending appeals.

Applying the 97.8% retention rate for resolved appeals to the \$281.2 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of \$6.1 million or approximately \$61,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$105.9 million or approximately \$1.1 million in tax revenue. As noted below herein, and under the heading “Tax Increment Projection” in APPENDIX A – “FISCAL CONSULTANT REPORT – Assessment Appeals,” no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

See APPENDIX A – “FISCAL CONSULTANT REPORT – Assessment Appeals.” The County has two years from the date of filing to rule on appeal requests. If the County reduces the assessed value of any parcel, there can be no assurance that the reduction will be by the amount estimated by the Fiscal Consultant. Also, additional appeals on property within the Project Area may be filed in the future. The Successor Agency cannot predict the extent of any such appeals or their likelihood of success.

The following Table 3 illustrates the pending and resolved assessment appeals in the Project Area, and a projection of the estimated impact of pending appeals on assessed value.

Table 3

**Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project
Assessment Appeals**

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate⁽¹⁾
2019-20	Resolved	--	--	--	--	--
2019-20	Pending	33	58,895,557	58,919,652	TBD	TBD
2018-19	Resolved	58	160,865,143	100,246,299	153,823,486	95.6%
2018-19	Pending	35	125,801,887	71,733,835	TBD	TBD
2017-18	Resolved	64	148,406,398	87,496,720	144,060,656	97.1%
2017-18	Pending	3	25,065,560	19,498,000	TBD	TBD
2016-17	Resolved	74	165,197,233	101,462,125	164,918,704	99.8%
2016-17	Pending	2	22,950,551	16,796,400	TBD	TBD
2015-16	Resolved	89	250,357,746	142,541,780	247,204,151	98.7%
2015-16	Pending	3	862,084	538,767	TBD	TBD
2014-15	Resolved	86	228,885,479	134,776,972	224,828,451	98.2%
2014-15	Pending	--	--	--	--	--
2013-14	Resolved	80	233,768,679	155,465,649	223,861,717	95.8%
2013-14	Pending	--	--	--	--	--
2012-13	Resolved	112	222,868,321	143,296,659	219,258,630	98.4%
2012-13	Pending	1	47,600,000	7,768,700	TBD	TBD
2011-12	Resolved	124	263,608,843	153,583,871	256,684,426	97.4%
2011-12	Pending	--	--	--	--	--
2010-11	Resolved	126	241,669,527	135,574,027	239,530,713	99.1%
2010-11	Pending	--	--	--	--	--
All Years	Resolved	813	1,915,627,369	1,154,444,102	1,874,170,934	97.8%
All Years	Pending	77	281,175,639	175,255,354	TBD	TBD

⁽¹⁾ Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the “Valuation After Appeal” into the “County Valuation.” For withdrawn and denied appeals, the “Valuation After Appeal” is the original County valuation.

Data obtained from the Riverside County Assessor’s Assessment Appeals Database as of December 18, 2019.

Source: Riverside County Office of the Assessor; Urban Analytics.

Under Section 51 of the Revenue and Taxation Code the annual increase in assessed valuation for real property is limited to the lesser of two percent or the October-to-October change in the California Consumer Price Index (CCPI) preceding the January 1 lien date. The State Board of Equalization reports the figure annually in late December. Since 1976-77 the CCPI has been above two percent in all but seven years, with the lowest CCPIs being a negative 0.237% for Fiscal Year 2010-11 and a positive 0.753% for Fiscal Year 2011-12. The factor applied to the Fiscal Year 2017-18 through Fiscal Year 2019-20 rolls was 2.00%. The factor for the Fiscal Year 2014-15 rolls was 0.454%, the Fiscal Year 2015-16 factor was 1.998% and the Fiscal Year 2016-17 factor was 1.525%. This factor, referred to at times in this Analysis as the Proposition 13 inflation factor, is applied to land and improvements where the property has not been sold or, in the case of improvements, newly constructed. Properties whose valuations have been reduced under Proposition 8 continue to receive an inflationary adjustment under Proposition 13 on the reduced valuation.

A number of appeals have been filed by large property owners in the Project Area, as shown in Table 4 below. Properties owned by RPCWG Miramonte, El Dorado Country Club and a private

homeowner have appeals pending for the 2018-19 roll year; RPCWG Miramonte also has appeals pending for the 2017-18 and 2016-17 roll years. Resolved appeals by El Dorado Country Club for the 2016-17 and 2015-16 roll years resulted in no changes in valuation.

Table 4

**Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project
Assessment Appeals by Large Owners**

Roll Year	Owner Name	Status	County Valuation	Applicant Opinion of Value	Valuation After Appeal
2018-19	El Dorado Country Club	9 Pending	17,490,455	6,430,000	TBD
2018-19	Homeowner	1 Pending	13,381,941	8,698,000	TBD
2018-19	RPCWG Miramonte Owner	2 Pending	23,877,748	11,939,000	TBD
2017-18	RPCWG Miramonte Owner	2 Pending	23,409,560	17,998,000	TBD
2016-17	El Dorado Country Club	9 Resolved	19,023,956	6,430,000	19,023,956
2016-17	RPCWG Miramonte Owner	2 Pending	22,950,551	16,796,400	TBD
2015-16	BBC Esmeralda	1 Resolved	53,000,000	26,708,087	53,000,000
2015-16	El Dorado Country Club	9 Resolved	21,479,001	6,430,000	21,479,001

Data obtained from the Riverside County Assessor’s Assessment Appeals Database as of December 18, 2019.
Source: Riverside County Office of the Assessor; Urban Analytics.

ESTIMATED REVENUES AND BOND RETIREMENT

The Successor Agency has retained Urban Analytics, LLC, San Francisco, California (the “Fiscal Consultant”), to analyze the Project Area and to project future Tax Increment Revenues for the Project Area. The Fiscal Consultant’s report is included as APPENDIX A and should be read in its entirety.

The Project Area base year 1981-82 assessed valuation is \$390,429,692. The assessed valuation for Fiscal Year 2018-19 is \$4,700,707,077, which produces a total incremental value of \$4,349,007,250. The total Tax Increment Revenues for Fiscal Year 2018-19 are estimated to be approximately \$43,490,073 and total Tax Revenues are estimated to be approximately \$18,376,097. The Tax Rate calculated by the City is 1.000% for the secured roll and the unsecured roll for the Successor Agency. In accordance with Health and Safety Code Section 33670(e) the Successor Agency Tax Rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. The Successor Agency does not receive, on an annual basis, all Tax Increment Revenues, unless required to pay debt service.

Actual levels of future Tax Increment Revenues will depend upon the rate of growth in tax increment resulting from change of ownership and inflation, further development, and changes in tax rates, and may differ from the projections presented herein.

Table 5

**Successor Agency to the Indian Wells Redevelopment Agency
Historical Assessed Valuation and Tax Increment Verification
Fiscal Year 2015-16 through 2019-20**

Roll	2015-16	2016-17	2017-18	2018-19	2019-20
Secured and Utility					
Land	\$1,419,856,571	\$1,447,340,114	\$1,481,398,865	\$1,553,203,683	\$1,586,222,175
Improvements	2,700,653,272	2,765,628,902	2,842,348,951	3,018,713,906	3,113,139,588
Personal Property	17,040,410	20,609,423	13,103,751	14,623,651	9,622,815
Exemptions	(8,342,297)	(8,405,749)	(8,333,393)	(8,351,469)	(8,277,501)
Secured Total	\$4,129,207,956	\$4,225,172,690	\$4,328,518,174	\$4,578,189,771	\$4,700,707,077
Unsecured					
Land	--	--	--	--	--
Improvements	7,505,601	7,137,394	5,956,881	6,459,108	10,166,904
Personal Property	13,731,194	14,156,316	12,018,022	13,030,990	21,320,761
Exemptions	--	--	--	--	--
Unsecured Total	\$ 21,236,795	\$ 21,293,710	\$ 17,974,903	\$ 19,540,098	\$ 31,487,665
Totals:	\$4,150,444,751	\$4,246,466,400	\$4,346,493,077	\$4,597,729,869	\$4,732,194,742
<i>Percent Change</i>	<i>3.80%</i>	<i>2.31%</i>	<i>2.36%</i>	<i>5.78%</i>	<i>2.92%</i>
Plus: HOPTR AV ⁽¹⁾	7,369,600	7,424,200	7,422,800	7,415,800	7,242,200
Less: Base AV	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)
Incremental AV:	\$3,767,384,659	\$3,863,460,908	\$3,963,486,185	\$4,214,715,977	\$4,349,007,250
Incremental Revenue (1%)	37,673,847	38,634,609	39,634,862	42,147,160	43,490,073
Tax Increment Collected	\$ 37,673,847	\$ 38,634,609	\$ 39,634,862	\$ 42,147,160	\$ 43,490,073

⁽¹⁾ The Homeowner's Property Tax Relief exemption, reimbursed by the state.

Sources: *Urban Analytics; County of Riverside, the Successor Agency.*

As detailed in the Fiscal Consultant's Report, the Fiscal Year 2019-20 valuation increase of \$121.5 million was attributable to a combination of factors. Secured valuation increases from the Proposition 13 inflation factor totaled \$62.6 million while valuation gains from new ownership on 922 parcels accounted for \$73.2 million of the increase and new development on 12 parcels contributed \$17.4 million of overall growth. The unsecured roll grew by \$11.9 million.

Tax increment is projected over the duration of the plan in the Project Area, as shown in Table 6 below and in Table 8 of the Fiscal Consultant's Report. Table 8 in the Fiscal Consultant's Report attached hereto as APPENDIX A sets forth estimated Fiscal Year 2018-19 Tax Increment Revenues and Tax Revenues and forecasts growth in Tax Increment Revenues and Pledged Tax Revenues through Fiscal Year 2034-35, incorporating the Proposition 13 adjustment of 2% in real property. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be less than the projected rate in the Project Area. Secured personal property and unsecured valuations are assumed to remain constant throughout.

Table 6

**Successor Agency to the Indian Wells Redevelopment Agency
Estimated Debt Service Coverage
Fiscal Years 2019-20 through 2034-35**

Year	Available Tax Increment Revenues⁽¹⁾	County Admin. Fee	Pass-Through Payments	Pledged Tax Revenues⁽²⁾	Debt Service on the Series 2014 Bonds	Debt Service on the Series 2015A Bonds	Debt Service on the Series 2016A Bonds	Debt Service on the Series 2020A Bonds*	Debt Service on All Bonds*	Excess Tax Increment	Coverage on All Bonds (%)*
2020	\$44,050,073	\$440,501	\$25,233,475	\$18,376,097	\$4,457,873	\$2,330,500	\$1,809,850	\$653,893	\$9,252,116	\$9,123,981	199%
2021	44,766,567	447,666	25,662,306	18,656,595	4,459,032	2,333,750	1,809,600	652,467	9,254,849	9,401,746	202
2022	45,720,562	457,206	26,233,284	19,030,072	4,457,372	2,333,000	1,809,100	654,068	9,253,540	9,776,533	206
2023	46,693,638	466,936	26,815,682	19,411,020	--	2,553,250	2,648,350	649,917	5,851,517	13,559,503	332
2024	47,686,174	476,862	27,409,728	19,799,584	--	2,558,250	2,650,350	649,934	5,858,534	13,941,051	338
2025	48,698,561	486,986	28,015,654	20,195,921	--	2,553,000	2,644,850	649,259	5,847,109	14,348,813	345
2026	49,731,197	497,312	28,633,699	20,600,186	--	2,557,750	2,647,100	652,587	5,857,437	14,742,749	352
2027	50,784,484	507,845	29,264,106	21,012,533	--	2,556,750	2,646,600	650,053	5,853,403	15,159,131	359
2028	51,858,838	518,588	29,907,120	21,433,130	--	--	5,303,350	651,415	5,954,765	15,478,364	360
2029	52,954,678	529,547	30,562,994	21,862,137	--	--	5,294,350	651,851	5,946,201	15,915,936	368
2030	54,072,436	540,724	31,231,986	22,299,726	--	--	5,301,100	651,329	5,952,429	16,347,296	375
2031	55,212,548	552,125	31,914,358	22,746,065	--	--	5,295,100	649,933	5,945,033	16,801,032	383
2032	56,375,463	563,755	32,610,378	23,201,330	--	--	5,302,500	652,522	5,955,022	17,246,309	390
2033	57,561,636	575,616	33,320,317	23,665,703	--	--	5,292,500	653,910	5,946,410	17,719,293	398
2034	58,771,533	587,715	34,044,456	24,139,362	--	--	5,302,500	649,845	5,952,345	18,187,017	406
2035	60,005,627	600,056	34,784,873	24,620,698	--	--	--	--	--	--	--
Total					\$13,374,277	\$19,776,250	\$55,757,200	\$9,772,983	\$98,680,710	\$217,748,754	

⁽¹⁾ Indicated amounts reflect the projected Tax Increment Revenues for the indicated years. Assumes 2% annual increase in value.

⁽²⁾ Indicated amounts are the projected Pledged Tax Revenues for the indicated years.

* Preliminary, subject to change.

Source: *Urban Analytics and the Underwriter.*

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2020A Bonds and the credit quality of the Series 2020A Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2020A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Pledged Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" of this Official Statement.

Limited Special Obligations

The Series 2020A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City, the County, the State of California (the "State") nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2020A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2020A Bonds. The issuance of the Series 2020A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Successor Agency prepares a single Recognized Obligation Payment Schedule each year, covering payments due in the January to June period (referred to as ROPS "B") and in the July to December period (referred to as ROPS "A"). In order to have sufficient funds in a subsequent period, the Successor Agency may identify on its Recognized Obligation Payment Schedule an amount necessary to be retained in the RPTTF to be applied to obligations shown on a subsequent Recognized Obligation Payment Schedule. The Controller deposits funds into the RPTTF twice each year, once on January 2 and again on June 1. Any amount remaining in the RPTTF after payment of administrative costs, passthrough payments and Recognized Obligation Payment Schedule obligations is immediately distributed to other taxing entities. Pledged Tax Revenues will not be withdrawn from the RPTTF by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to complete an approved Recognized Obligation Payment Schedule, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions since the inception of dissolution of redevelopment in California, challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers

domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance.

Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the “Redistribution Provisions” thereof (*i.e.*, California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency’s ability to timely pay debt service on the Series 2020A Bonds.

Reduction in Taxable Value

Tax Incremental Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency’s control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, appeals to value under Proposition 8 or other assessment appeals, or the discovery of hazardous substances on a property within the Project Area (see “Hazardous Substances,” below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see “Earthquake” below), flood or other natural disaster, could cause a reduction in the Pledged Tax Revenues securing the Series 2020A Bonds. Property owners may also appeal to the Assessor for a reduction of their assessed valuations or the Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See APPENDIX A – “FISCAL CONSULTANT REPORT – Assessment Appeals.”

Bond Insurance Risk Factors

The scheduled payment of principal of and interest on the Insured Series 2020A Bonds when due will be guaranteed under the Policy. The following are risk factors relating to the Policy.

In the event of default of the scheduled payment of principal of or interest on the Insured Series 2020A Bonds when all or some becomes due, the Trustee on behalf of the Owners of the Insured Series 2020A Bonds shall have a claim under the Policy for such payments. However, in the event of any

acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Insured Series 2020A Bonds by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by BAM at such time and in such amounts as would have been due absent such prepayment by the Successor Agency unless BAM chooses to pay such amounts at an earlier date.

A default of payment of principal and interest does not result in an acceleration of the Bonds or the obligations of BAM unless consented to by BAM, National and AGM. The Bond Insurer may direct and must consent to any remedies and BAMs', National's, and AGM's consent may be required in connection with amendments to any applicable bond documents.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Insured Series 2020A Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event BAM becomes obligated to make payments with respect to the Insured Series 2020A Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Series 2020A Bonds or the marketability (liquidity) for the Insured Series 2020A Bonds.

The insured ratings on the Insured Series 2020A Bonds are dependent in part on the financial strength of BAM and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the ratings of BAM and of the ratings on the Insured Series 2020A Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the Insured Series 2020A Bonds or the marketability (liquidity) for the Insured Series 2020A Bonds. See description of "OTHER INFORMATION – Rating" herein.

The obligations of BAM are unsecured obligations and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Insured Series 2020A Bonds and the claims paying ability of BAM, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information concerning BAM.

Risks Related to Real Estate Generally

The Owners and Beneficial Owners of the Series 2020A Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the respective project areas, the supply of or demand for competitive properties in such project areas, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation,

zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see “LIMITATIONS ON TAX REVENUES”), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%.

Since Fiscal Year 1976-77 the CCPI has been above two percent in all but seven years, with the lowest CCPIs being a negative 0.237% for Fiscal Year 2010-11 and a positive 0.753% for Fiscal Year 2011-12. The factor applied to the Fiscal Year 2017-18 through Fiscal Year 2019-20 rolls was 2.00%. The factor for the Fiscal Year 2014-15 rolls was 0.454%, the Fiscal Year 2015-16 factor was 1.998% and the Fiscal Year 2016-17 factor was 1.525%. This factor, referred to at times in this Official Statement and in the Fiscal Consultant’s Report as the Proposition 13 inflation factor, is applied to land and improvements where the property has not been sold or, in the case of improvements, newly constructed.

Properties whose valuations have been reduced under Proposition 8 continue to receive an inflationary adjustment under Proposition 13 on the reduced valuation. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIII A or will be in an amount less than 2%.

Change in Law

In addition to the other limitations on Pledged Tax Revenues, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Pledged Tax Revenues payable to the Successor Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledged Tax Revenues and adversely affect the security of the Series 2020A Bonds.

An initiative measure (the “Split Roll Initiative”) to amend Article XIII A has qualified for the State’s November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Nearly 90% of the Project Area is developed residential property and there can be no assurance that the Split Roll Initiative will be adopted. The Successor Agency is unable to predict how the Split Roll Initiative, if adopted, would affect the relationship of the assessed value between land use types (i.e. residential versus commercial) in the Project Area or what other impacts the Split Roll Initiative might have on the local economy or the Pledged Tax Revenues.

Bankruptcy of Landowners

The bankruptcy of a major assessee in the Project Area could delay and/or impair the collection of property taxes by the County with respect to properties in the bankruptcy estate. Although the

Successor Agency is not aware of any major property owners in the Project Area that are in bankruptcy or threatening to declare bankruptcy, the Successor Agency cannot predict the effects on the collections of Pledged Tax Revenues if such an event were to occur.

Earthquake and Other Natural Disasters

There are no known major faults within City limits; however, there are several faults in the Indian Wells area that potentially could result in damage to buildings, roads, bridges, and property within the Project Area in the event of an earthquake. Past experiences, including the July 1992, Landers 7.5 and Big Bear 6.6 Richter Scale earthquakes, have not resulted in damage to infrastructure or property in the City. One fault that could affect the Project Area is the San Andreas Fault, which is located approximately 8 to 10 miles northeast of the City. Other faults in the vicinity of the City include the San Jacinto Fault located 25 to 30 miles southwest of the City, and the Mission Creek Fault located 10 to 12 miles northeast of the City.

If an earthquake were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property could be reduced. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the Series 2020A Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and/or interest on the Series 2020A Bonds when due.

Although heavy rainfall is rare in the City, even moderate precipitation can cause significant flooding as the desert soil is unable to hold water. Droughts and wildfires are common hazards in the City, particularly during the summer season. Dust devils can cause havoc with wind speeds of 40 to 60 miles per hour.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Series 2020A Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments on the Series 2020A Bonds. The County currently allocates 100% of the Tax Revenues collected on the secured property tax roll to the Successor Agency, regardless of the actual amount of payments made by taxpayers (see "Property Taxes; Teeter Plan," below). The County currently allocates Tax Revenues collected with respect to unsecured property to the Successor Agency based upon the tax increment actually collected.

Estimated Revenues

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the Series 2020A Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Pledged Tax Revenues available to pay debt service on the Series 2020A Bonds will be less than those projected and such reduced Pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds and any Parity Debt.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

State Budget

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion).

SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorizes successor agencies to submit and obtain State Department of Finance approval of a Last and Final Recognized Obligation Payment Schedule to govern all remaining payment obligations of the successor agency, alters the provisions governing the distribution of RPTTF moneys attributable to pension and State Water Project tax rate overrides, and eliminates the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim RPTTF moneys for enforceable obligations and, for some successor agencies, impact the amount of RPTTF moneys that will be available for payment of the successor agency's enforceable obligations.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues and Pledged Tax Revenues. The Successor Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

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

None of the websites or webpages referenced above is incorporated into this Official Statement. They are cited for informational purposes only. The Successor Agency makes no representation as to the accuracy or completeness of any of the information on such websites.

Future Legislation and Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Successor Agency or the Successor Agency's ability to expend revenues. In addition, there are currently a number of proposed legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Successor Agency or the Successor Agency ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the Assessor. An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Project Area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Pledged Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Increment Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see "THE CONSOLIDATED WHITEWATER PROJECT AREA – Assessment Appeals" and APPENDIX A – FISCAL CONSULTANT REPORT – Assessment Appeals."

Economic Risks

The Successor Agency's ability to make payments on the Series 2020A Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the collection of Tax Increment Revenues. In the event of decreased values, Pledged Tax Revenues may decline even if property owners make timely payment of taxes.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX D attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Series 2020A Bonds will be deposited and into which Pledged Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Successor Agency cannot predict the effects on the receipt of Pledged Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See "BOND OWNERS' RISKS – Bankruptcy."

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2020A Bonds, or, if a secondary market exists, that the Series 2020A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Bankruptcy

The rights of the Owners of the Series 2020A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinion of Bond Counsel as to the enforceability of the obligation to make payments on the Series 2020A Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX E – "FORM OF OPINION OF BOND COUNSEL."

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

Article XIII A of the California Constitution. Section 1(a) of Article XIII A of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment will reduce the tax increment of the Successor Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly

constructed on or after June 5, 1990, and to exclude from the definition of “new construction” triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIII A.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the Successor Agency of proceeds of taxes levied by or on behalf of the Successor Agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Pledged Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainty the outcome of such determination, the Successor Agency does not believe that Proposition 218 will materially affect its ability to pay principal of and interest on the Series 2020A Bonds.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all

taxable property value is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The Successor Agency is not able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Redevelopment Plan Limits

The redevelopment plans for each project area comprising the Project Area originally included separate time and financial limitations applicable to each project area comprising the Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency’s enforceable obligations such as the Series 2020A Bonds and Parity Debt. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan. Previous descriptions of the source of payment and security for the Series 2014 Bonds and the Series 2015A Bonds included summary descriptions of time and financial limitations applicable to each project area comprising the Project Area, which limits are no longer applicable to the repayment of principal of and interest on such Bonds.

The redevelopment plan includes a limit on the amount of bonded indebtedness that can be outstanding at one time. This limit is \$120,000,000 in 1987 dollars and is to be adjusted annually using the local Consumer Price Index. Using the CPI for the Los Angeles-Anaheim area for the years 1987 through 2018 the current limit on bonded indebtedness is estimated by the Fiscal Consultant to be \$273,482,776. The Successor Agency reported total outstanding bonded indebtedness of \$137 million on its most recent ROPS.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a *pro rata* basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a *pro rata* share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax

rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

As noted in the Fiscal Consultant's Report, the secured roll accounted for 99% of the total valuation in the Project Area in Fiscal Year 2019-20, with the unsecured roll comprising 1%. The Fiscal Year 2019-20 valuation increase in the secured roll of \$121.5 million was attributable to a combination of factors. Secured valuation increases from the Proposition 13 inflation factor totaled \$62.6 million while valuation gains from new ownership on 922 parcels accounted for \$73.2 million of the increase and new development on 12 parcels contributed \$17.4 million of overall growth. The unsecured roll grew by \$11.9 million for the same period. There was no non-unitary utility roll valuation (the unitary utility roll is based on countywide assessments and is not reported by project area). The Successor Agency receives approximately \$560,000 in unitary revenue annually from the one percent levy, and has projected that amount to be allocated for Fiscal Year 2019-20 within the Project Area. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Tax Increment Limitations; Senate Bill 107

AB 1290, signed into law in December 1993, provided for the placement of time limits on the effectiveness of every redevelopment plan, and provided that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, will pay indebtedness or receive property taxes in connection therewith. Subsequent bills, Senate Bill 1045 ("SB 1045") and Senate Bill 1096 (SB "1096") allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Pledged Tax Revenues in the Project Area, by one year, and two years, subject to certain conditions and subject to compliance with major housing requirements. The Former Agency has taken such action with respect to SB 1045. Pursuant to the related redevelopment plan, the expiration date of the related redevelopment plan is as described in "THE CONSOLIDATED WHITEWATER PROJECT AREA," herein.

The redevelopment plans for each project area comprising the Project Area originally included separate time and financial limitations applicable to the Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency's enforceable obligations. See "THE CONSOLIDATED WHITEWATER PROJECT AREA - Plan Limitations." Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the

Redevelopment Plan. With the passage of SB 107, the Successor Agency is no longer subject to either the last date to repay indebtedness or the tax increment limit for purposes of payment of enforceable obligations.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 *et seq.* of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the Successor Agency is not affected by delinquent tax payments. For the past five years, the delinquency rate for all secured properties in the Project Area has been negligible. As of October 24, 2019, the delinquency rate on Fiscal Year 2018-19 secured property taxes in the Project Area was 0.9%.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 2% of the tax increment revenues from a project area. The calculations of Pledged Tax Revenues take such administrative costs into account.

Cybersecurity

The City relies heavily on computers and technology to conduct its daily operations. The City and its departments, and the Successor Agency, face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. The City has comprehensive security provisions to protect the City's digital assets and networks. The City also uses anti-phishing software and practices periodic security awareness training for end-users.

Although the City has a comprehensive layered security defense mechanism, no assurances can be given that the City's security and operational control measures will guard 100% against all cyber threats and attacks. The results of any attack on the City's computer and information-technology systems could adversely affect the City's operations and damage its digital networks and systems, and potential losses from such attacks, as well as the costs of defending against future attacks, could be substantial.

The Successor Agency is informed that the County maintains an Information Security Office (ISO), whose mission is to protect and maintain the confidentiality, integrity, and availability of information and information technology assets within Riverside County. The goal of the ISO is to implement effective security controls and security operations to prevent cyber intrusions into the County's networks including: promoting the awareness of information security to all County employees; preventing and/or minimizing data leakage and disruptions to application and network services; performing incident

management and response to cyber security threats; managing the risk of security exposure, compromise, and intellectual property; monitoring systems for anomalies such as asset misuse, loss, or unauthorized disclosure; and ensuring Countywide compliance with State and federal statutes and regulations. Current operations include 24/7 security monitoring, breach detection, incident management, cyber intelligence situational awareness, and security advisory notifications.

Future Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot under California’s initiative process. From time to time other initiative measures could be adopted, further affecting property tax revenues or the Successor Agency’s ability to expend such revenues.

OTHER INFORMATION

Continuing Disclosure

The Successor Agency will covenant pursuant to a Continuing Disclosure Certificate, dated as of June 1, 2020 (the “Continuing Disclosure Certificate”), to provide with respect to the Series 2020A Bonds, or to cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), for purposes of Rule 15c2–12(b)(5) (the “Rule”) adopted by the U.S. Securities and Exchange Commission (“SEC”), certain annual financial information and operating data relating to the Successor Agency not later than the first day of the month following the ninth month after the end of the Successor Agency’s fiscal year, which date hereof is March 1 (the “Annual Report”), commencing with the Annual Report for the fiscal year ending June 30, 2020 and notice of the occurrence of certain enumerated events (“Notice Events”) in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event. Initially, the Successor Agency will act as dissemination agent under the Continuing Disclosure Certificate. See APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with the Rule.

A review of compliance with previous continuing disclosure undertakings for the previous five years was conducted and the Successor Agency believes it has not failed to materially comply with its undertakings under the Rule.

Litigation

At the time of delivery of and payment for the Series 2020A Bonds, the Successor Agency will certify that, except as disclosed herein, to their respective best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2020A Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Tax Increment Revenues or the Pledged Tax Revenues to be pledged to pay the principal of and interest on the Series 2020A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2020A Bonds, the Indenture, or any action of the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the

Successor Agency contemplated by said documents, or which would adversely affect the exclusion of interest paid on the Series 2020A Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Series 2020A Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Successor Agency (“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, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2020A Bonds is less than the amount to be paid at maturity of such Series 2020A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2020A 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 Series 2020A 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 Series 2020A Bonds is the first price at which a substantial amount of such maturity of the Series 2020A 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 Series 2020A Bonds accrues daily over the term to maturity of such Series 2020A Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2020A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2020A Bonds. Beneficial Owners of the Series 2020A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2020A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2020A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2020A Bonds is sold to the public.

Series 2020A 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 Series 2020A 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 Series 2020A 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 Series 2020A Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series 2020A 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 Series 2020A Bonds.

The Successor Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2020A 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 Series 2020A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2020A 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 Series 2020A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2020A 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 Special Counsel is of the opinion, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading "PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds," that interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2020A 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2020A Bonds. Prospective purchasers of the Series 2020A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2020A 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 Successor Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Successor Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2020A Bonds ends with the issuance of the Series 2020A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Successor Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2020A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Successor Agency and its 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 Successor Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2020A 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 Series 2020A Bonds, and may cause the Successor Agency or the Beneficial Owners to incur significant expense.

The Series 2020A Bonds will be sold pursuant to the terms of the Forward Delivery Bond Purchase Agreement under which the Successor Agency will agree to sell to the Underwriter, and the Underwriter will agree to accept and purchase, the Series 2020A Bonds on or about the Settlement Date, subject to the satisfaction of certain conditions provided in the Forward Delivery Bond Purchase Agreement and the Indenture. Subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” Bond Counsel expects to be able to deliver on the Settlement Date an opinion substantially similar to the opinion described above. See the form of opinion attached hereto as Appendix E. The execution and delivery and delivery of the Series 2020A Bonds on the Settlement Date will be subject to, among other things, receipt of such opinion of Bond Counsel.

Legal Opinion

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, will render its opinion with respect to the validity of the Series 2020A Bonds in substantially the form set forth in Appendix E hereto. Copies of such approving opinion will be available at the time of delivery of the Series 2020A Bonds.

In addition, Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will deliver to the Underwriter a letter in customary form concerning the information set forth in this Official Statement.

Verification of Mathematical Accuracy

Causey Demgen & Moore P.C., certified public accountants, will verify, from the information provided to them, the mathematical accuracy of the computations contained in schedules to determine that the amounts to be held in the Bond Fund pursuant to the Instructions will be sufficient to pay principal, interest and redemption price due on the Refunded Bonds through and including the redemption date. Causey Demgen & Moore P.C. will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of interest on the Series 2020A Bonds.

Ratings

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, a part of McGraw Hill Financial (“Standard & Poor’s”) has assigned to the Insured Series 2020A Bonds its municipal bond rating of “AA” with the understanding that the Policy insuring the payment when due of the principal of and interest on the Insured Series 2020A Bonds will be issued concurrently with the delivery of the Series 2020A Bonds by BAM. Standard and Poor’s has assigned to the Series 2020A Bonds an underlying rating of “A+.” Such ratings reflect only the views of Standard & Poor’s, and do not constitute a recommendation to buy, sell or hold any of the Series 2020A Bonds. Explanation of the significance of such ratings may be obtained only from Standard and Poor’s Ratings Services, 55 Water Street, New York, New York 10041. The ratings issued reflect only the view of such rating agency, and any explanation of the significance of such ratings should be obtained from such rating agency. There is no assurance that such ratings will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Series 2020A Bonds.

Underwriting

The Series 2020A Bonds are expected to be purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed, subject to certain terms and conditions set forth in the Forward Delivery Bond Purchase Agreement, dated March __, 2020, by and between the Underwriter and the Successor Agency, to purchase the Series 2020A Bonds at a purchase price of \$_____ (being the principal amount of the Series 2020A Bonds, plus an original issue premium of \$_____, less an Underwriter’s discount of \$_____). The Forward Delivery Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2020A Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Forward Delivery Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. See “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds.”

The Underwriter may offer and sell the 2020A Bonds to certain dealers and others at prices lower than the public offering price stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Miscellaneous

All quotations from and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Series 2020A Bonds by the Successor Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Successor Agency. The information contained herein should not be construed as representing all conditions affecting the Successor Agency or the Series 2020A Bonds.

**SUCCESSOR AGENCY TO THE INDIAN
WELLS REDEVELOPMENT AGENCY**

By: _____
Finance Director of the City
on behalf of the Successor Agency

APPENDIX A
FISCAL CONSULTANT REPORT

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**FISCAL CONSULTANT REPORT
FOR THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY
OF INDIAN WELLS
CONSOLIDATED WHITEWATER REDEVELOPMENT
PROJECT AREA TAX ALLOCATION REFUNDING BONDS
SERIES 2020**

FEBRUARY 28, 2020

Urban
Analytics

INTRODUCTION

In preparation for the issuance of the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2020 (the “Bonds”), the Successor Agency to the Redevelopment Agency of the City of Indian Wells (the “Agency”) has retained Urban Analytics as fiscal consultant (the “Consultant”) to evaluate available tax revenue for the Agency’s Consolidated Whitewater Redevelopment Project Area (the “Project Area”) and provide a Fiscal Consultant Report.

This Fiscal Consultant Report (the “Report”) is based in part on assessed valuation information provided by the County of Riverside (the “County”), on the County’s assessment and apportionment practices, on base year assessed valuation for the Project Area as reported by the County, and on information regarding pass-through agreements and redevelopment plan terms provided by Agency staff.

The Report provides a review of various matters affecting the Agency’s receipt of tax increment in the Project Area. The Report also presents projections of tax increment available to the Agency over the life of the Project Area, incorporating the Agency’s obligations toward other taxing jurisdictions and projecting assessed valuation at a two percent growth rate.

SUMMARY

The Project Area is expected to generate a total of \$18,376,097 in property tax increment in FY 2019-20, after deductions for County administration fees and non-subordinated obligations.

THE ALLOCATION OF TAX INCREMENT REVENUE TO THE AGENCY

Under California redevelopment law, the County allocates to the Agency all locally assessed secured and unsecured property tax revenue and state-assessed utility revenue collected within the Project Area above the Project Area’s base year assessed valuation. The County also apportions to the Agency a share of state-assessed unitary revenue as well as revenue from supplemental assessments.

Tax revenue deriving from the base year assessed valuation is distributed to all other taxing jurisdictions within the tax rate areas comprising the Project Area. The distribution of the base year tax revenue is accomplished using the same apportionment process used to allocate property tax revenue in non-redevelopment tax rate areas.

As described further under “*Redevelopment Dissolution*”, tax revenue derived from assessed valuation in the Project Area in excess of the base year assessed valuation is allocated annually by the Controller to the Redevelopment Property Tax Trust Fund (the “RPTTF”). This allocation of tax increment (“Tax Increment Revenue”) is the maximum that the Agency may receive in a fiscal year. The Tax Increment Revenue is applied, in order of priority, to administrative costs of the state’s Department of Finance, to the administrative costs of the County Controller, to passthrough payments, to debt service and contractual obligations of the Agency, and to administrative costs of the Agency. To the extent the funds in the RPTTF are insufficient to meet these obligations, the Controller will withhold Agency administrative costs; if an insufficiency remains, subordinated passthrough payments would then be deferred.

Agency annual debt service and contractual obligations are identified on a Recognized Obligation Payment Schedule (ROPS) that is approved by the County Oversight Board and by the state Department of Finance. The Agency prepares a single ROPS each year, covering payments due in the January to June period (referred to as ROPS “B”) and in the July to December period (referred to as ROPS “A”). In order to have sufficient funds in a subsequent period, the Agency may identify on its ROPS an amount necessary to be retained in the RPTTF to be applied to obligations shown on a subsequent ROPS. The Controller deposits funds into the RPTTF twice each year, once on January 2 and again on June 1. Any amount remaining in the RPTTF after payment of administrative costs, passthrough payments and ROPS obligations is immediately distributed to other taxing entities.

Roll corrections include adjustments made to the roll after the equalized roll is released in July and before tax bills are generated in October. These corrections include Proposition 8 adjustments to the roll made by the Assessor as well as corrections to assessments including application of exemptions. Assessment appeal refunds are refunds paid to property owners who have had their assessed valuations reduced in the appeals process and are entitled to a refund of the property taxes paid on the amount reduced. As the appeals process can take two years to complete, the tax refunds paid in a given year may include taxes paid several years prior.

The Auditor-Controller’s office applies any tax refunds paid to property owners in the Project Area against the Agency’s allocation of supplemental assessment revenue. While it is the current practice of the Auditor-Controller not to apply refunds in excess of the supplemental revenue – thereby not affecting the tax increment revenue securing the bonds – it is possible that this practice could change in the future. Should the Auditor-Controller deduct tax refunds in amounts greater than the Agency’s supplemental assessment revenue, the Agency’s tax increment revenue could be reduced.

Unitary roll revenue is derived from utility properties including pipelines and other properties that are assessed on a countywide basis as a unit. Property taxes on these unitary assessments are distributed to jurisdictions in the county using an allocation formula similar to the regular apportionment mechanism. The Agency receives approximately \$560,000 in unitary revenue annually from the one percent levy.

The State Board of Equalization separately assesses railroad, pipeline and other utility properties with tax revenue apportioned through the local apportionment process. As no state-assessed utility properties are located in the Project Area the Agency does not receive any revenue from this source.

The County utilizes a mechanism for the distribution of tax increment revenue to redevelopment agencies that has a similar effect on the Agency’s tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized tax roll to each agency’s RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the Agency is not affected by delinquent tax payments. However, the County Auditor-Controller’s

office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it. The overall delinquency rate for the last full fiscal year (2018-19) for all secured properties in the Project Area was 0.9% as of October 24, 2019.

The County charges an administration fee to recover property tax administration costs from the Agency and other jurisdictions under the Revenue and Taxation Code, Section 95.3. The fee is based on County costs that vary from year to year so that the amount charged to each jurisdiction annually is variable. The administration fee amounts to approximately 1.0% of the tax increment revenue from the Project Area.

Tax increment calculations made in this Report use revenue from the secured and unsecured rolls along with revenue from unitary assessments. Supplemental roll revenues are considered when calculating cumulative tax increment caps but are not otherwise included in tax increment calculations used in the Report.

HOUSING SET-ASIDE

Prior to the Redevelopment Dissolution Law, California redevelopment law required agencies to maintain a low- and moderate-income housing fund, depositing into the fund 20% of gross tax increment revenues annually. The Agency previously had outstanding debt secured by the low- and moderate-income housing fund that was refunded by bonds issued in FY 2013-14 (the Series 2014A-T Bonds) and secured by a pledge of Tax Increment Revenue. The Agency is no longer required to deposit funds into the low- and moderate-income housing fund.

THE PROJECT AREA

The Redevelopment Plan

The Project Area was formed by the adoption of redevelopment plans for Project Area 1 and Project Area 2 on July 15, 1982 under Ordinance 195, as shown in Table 1. These two areas were subsequently combined into the Consolidated Whitewater Project Area on August 13, 1987 by Ordinance 235. A second amendment to the original redevelopment plan, on December 21, 1995, brought certain limits of the plan into conformance with AB1290 (Ordinance 368).

On March 19, 1998, the plan was further amended to implement provisions of cooperation agreements between the Agency and both the County and the Coachella Valley Municipal Water District under Ordinances 422 and 423, respectively. The Agency deleted certain parcels from the Project Area on September 23, 1999 by Ordinance 453. On November 6, 2003 the Agency, through Ordinance 551, repealed the provision in the redevelopment plan that established a last date to incur indebtedness as permitted under SB211. A one-year extension of the redevelopment plan termination date (and consequently of the last date to repay indebtedness) was adopted by Ordinance 577 on October 20, 2005, under the provisions of SB1045 relating to the ERAF payment for 2003-04. Also on that date the City Council adopted Ordinance 578 extending the plan limits by an additional two years for the 2004-05 and 2005-06 ERAF payments under SB1096.

Under the provisions of the redevelopment plan and redevelopment law in effect at the time the Project Area was established, the Project Area included a limitation on the total amount

of tax increment that may be collected by the Agency over the life of the Project Area, referred to as tax increment cap, and a last date to repay indebtedness. As described under “*Redevelopment Dissolution*”, below, budget legislation passed in 2015 (SB107) specifies that redevelopment agencies are no longer subject to tax increment caps or temporal limits on the repayment of enforceable obligations. Accordingly, the projections used in this Report disregard the tax increment caps and debt repayment plan limits contained in the original redevelopment plans.

The redevelopment plan includes a limit on the amount of bonded indebtedness that can be outstanding at one time. This limit is \$120,000,000 in 1987 dollars and is to be adjusted annually using the local Consumer Price Index. Using the CPI for the Los Angeles-Anaheim area for the years 1987 through 2018 the current limit on bonded indebtedness is estimated to be \$273,482,776. The Agency reports total outstanding bonded indebtedness of \$137 million on its most recent ROPS.

Table 1
The Redevelopment Plan Limits and Key Plan Amendments,
Consolidated Whitewater Project Area

	Date of Adoption	Ordinance Number	Base Bonded Indebtedness Limit	Acreage
Consolidated Whitewater	7/15/1982	195	\$120,000,000	5,433

Note:

The original redevelopment plan adopted 7/15/1982 included two project areas that were subsequently combined in 1987 to form the Consolidated Whitewater Project Area. The Bonded Indebtedness Limit is the base amount included in the redevelopment plan; the plan provides for annual increases in this amount using the Consumer Price Index. Acreage shown is total Project Area acreage of which 3,327 acres generate tax increment. With the passage of SB107 on September 22, 2015, the Agency is no longer subject to either the Last Date to Repay Indebtedness or the Tax Increment Limit for purposes of payment of enforceable obligations; these plan limits are not shown here.

Source: The Agency

Fiscal Agreements

Under redevelopment law existing at the time of the Agency’s plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or pass-through, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity’s share of the tax increment received by the agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

The Agency reports that it has a set of agreements with seven taxing entities regarding payments under Section 33401. Under these agreements, the County Auditor-Controller passes through to the taxing entities varying percentages of the tax increment that the entities would otherwise receive.

The fiscal agreement with the County, covering both the County General Fund and the County Fire District, requires these entities to receive 100% of the combined County and

County Fire District share of tax increment, approximately 36%. The Coachella Valley Water District receives 100% of its 6% share of tax increment.

Three entities – the Desert Sands Unified School District, County Superintendent of Schools and the College of the Desert – each receive 30% of their share of tax increment (respectively and approximately, 38%, 4% and 8%) above a \$5 million threshold, calculated annually. The Coachella Valley Recreation and Park District and the Coachella Valley Mosquito Abatement District each receive 100% of their shares (approximately 2% and 1%) of tax increment over a threshold of \$6.5 million annually.

Under the Section 33401 fiscal agreements, the taxing entities agreed to rescind any resolutions then in effect also claiming payments under Section 33676. Consequently, there are no resolutions in effect requiring payments under Section 33676.

The Section 33401 fiscal agreements contain no clauses allowing the Agency to subordinate payments to the taxing entities to debt service payments. Therefore, all pass-through payments made under the fiscal agreements are senior to the Bonds.

The adoption of Ordinance 551 on November 6, 2003 eliminating the plan limitation on the issuance of indebtedness also triggered a statutory requirement that the Agency commence making passthrough payments to taxing entities not already subject to fiscal agreements. This requirement of redevelopment law sets the date on which new passthrough payments commence as the date on which the plan limitation eliminated by the ordinance would have gone into effect. As the plan limitation on the issuance of indebtedness had been January 1, 2004, the new passthrough payments for certain taxing entities commenced on that date.

The taxing entities subject to the statutory passthrough payments, and their approximate shares of tax increment, are the County Recreation and Park District (0.5%), the Coachella Valley Cemetery District (0.4%), the Desert Center Hospital District (0.6%) and the Coachella Valley Resource Conservation District (0.03%). These statutory passthrough payments are also senior to the Bonds.

The statutory passthrough payments, established through legislation known as AB1290, provide taxing entities with their share of twenty-five percent of incremental tax revenues above certain thresholds; in this case the initial threshold is the tax increment received from assessed valuation in FY 2003-04. Tax increment above that amount is distributed to the four taxing entities identified above that did not already have Section 33401 fiscal agreements in effect with the Agency. New thresholds are established ten and thirty years beyond the initial threshold date and a portion of tax increment above these new thresholds are also paid to taxing entities.

Projections used in this report incorporate the passthrough payments made under the AB1290 statutory provisions as well as under the Section 33401 fiscal agreements.

Project Area Land Use

As shown in Table 2, the Project Area is predominately residential with 66% of its FY 2019-20 valuation in single-family residential use, 17% in condominiums and 7% in other residential; 8% of the valuation is in commercial use and 1% is classified as vacant

Table 2
Land Use in Consolidated Whitewater Project Area, FY 2019-20

Land Use	Secured AV	% of AV	Number of Parcels	% of Parcels	Acres	% of Acres
Commercial	392,657,454	8.4%	282	3.0%	1,756	52.8%
Single-Family Residential	3,090,840,690	65.8%	3,145	33.5%	945	28.4%
Condominiums	813,054,363	17.3%	5,603	59.7%	184	5.5%
Other Residential	345,315,732	7.3%	68	0.7%	44	1.3%
Vacant	57,131,091	1.2%	286	3.0%	348	10.5%
Other	1,707,746	0.0%	3	0.0%	50	1.5%
Total	4,700,707,077	100.0%	9,387	100.0%	3,327	100.0%

Notes:

Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency. Timeshares are included in the Commercial Secured AV figure but are excluded from the parcel count and acreage figures.

Source: Riverside County Assessor; Urban Analytics

LEGISLATION AND COURT ACTIONS

Redevelopment Dissolution

The state's redevelopment program was fundamentally changed as part of the 2011-12 budget package. Legislation dissolving redevelopment agencies and replacing them with successor agencies, AB1x26, took effect June 29, 2011, with the dissolution of all redevelopment agencies in the state effective as of February 1, 2012. Additional clarifying legislation, AB1482 and SB107, became effective on June 28, 2012 and September 22, 2015, respectively. AB1x26, AB1482 and SB107 are jointly referred to here as the Redevelopment Dissolution Law.

The legislation created successor agencies to pay off existing debt of the former redevelopment agencies and to wind down the former agency's operations. Successor agencies are governed by seven-member oversight boards representing the taxing entities that share in the property tax revenues of an agency (the city, county, schools, community college districts and special districts) as well as an employee representative of the former redevelopment agency (on July 1, 2018, there will be a single oversight board governing all agencies in Riverside County). Successor agencies are subject to a number of proscriptions intended to limit the scope of their actions, including incurring new debt (as noted below, subsequent legislation added the ability to refund existing debt).

The dissolution bill did not change the constitutional basis for the collection of property tax increment revenue in California contained in Article 16, Section 16. Property tax increment revenue continues to be calculated and allocated to a special fund of the successor agency (now termed the Redevelopment Property Tax Trust Fund, or RPTTF).

The dissolution bill substantially changed the mechanism used to distribute tax increment revenue to the successor agencies. Successor agencies are now required to create a schedule of payments (Recognized Obligation Payment Schedule, or ROPS) that serves as the basis for the distribution of property tax increment revenue to the successor agencies. The obligations appearing on the ROPS are limited to items deemed to be "enforceable" under the legislation.

These include debt service and contractual obligations entered into prior to June 29, 2011; it explicitly excludes contracts and agreements between the former redevelopment agency and its sponsoring city or county except those that were entered into prior to January 1, 2011 for purposes of securing debt obligations and those established in the first two years of an agency's existence.

Commencing February 1, 2016, the ROPS is prepared once each year and covers obligations coming due in the subsequent fiscal year. Also beginning July 1, 2016, agencies that have received a finding of completion may create a Last and Final ROPS listing all enforceable obligations, which, if accepted by DOF, will serve as the basis for all future distributions by the Controller. The Agency does not expect to submit a Last and Final ROPS in the foreseeable future.

The distribution of funds from the RPTTF is limited to the obligations listed on the ROPS for each period. Distributions of RPTTF property tax increment revenue are made twice each year, on January 2 and June 1, with the January distribution applied to obligations due in the January-June period and the June distribution applied to obligations due in the July-December period. The dissolution bill established a hierarchy of payments to be made from the RPTTF in each period, a mechanism informally referred to as "the waterfall".

The first payment from the RPTTF is made to the county controller to recover the cost of administering the Redevelopment Dissolution Law; this payment is not subordinated to the Agency's outstanding bonds. The second tier of payments is passthrough payments to taxing entities. The third payment tier is to the successor agency for the obligations on the ROPS for the payment period. A hierarchy of payments within the ROPS obligations is specified in the law, with debt service on tax allocation bonds first, revenue bonds second, and all other obligations third. The fourth payment is an administrative cost allowance for the successor agency, specified in the legislation as the greater of \$250,000 or three percent of the property tax revenue allocated to the successor agency. The fifth and final payment is a distribution of all remaining property tax increment revenue in the RPTTF to the local taxing entities. No funds are retained in the RPTTF.

In the event that there are insufficient funds available in the RPTTF to meet the successor agency's obligations for a given period, the legislation requires the controller to, first, reduce or eliminate the residual payments to taxing entities; second, reduce or eliminate the administrative cost allowance to the successor agency; and third, deduct from any subordinated passthrough payments, whether contractual or statutory, the debt service obligations to which they were made subordinate. If there is still an insufficiency, the legislation permits, but does not require, a loan to be made from the county treasury to the successor agency.

There is a complex system of oversight and approvals in the legislation. County oversight boards are charged with approving ROPS of the successor agency, which are then submitted to the county auditor-controller and state Department of Finance for review. The Department of Finance can reject some or all of the obligations on the ROPS, which then returns to the successor agency and the oversight board for revision. Since the county controller cannot make a payment to the successor agency without an approved ROPS, this approval process is a critical element in the process. Additional oversight is provided by the state Controller, charged with overseeing the actions of the county auditor-controllers.

Prior to the passage of the Redevelopment Dissolution Law, a minimum of twenty percent of the tax increment revenue received by the Agency was required to be set aside and utilized

to increase, improve and preserve the community's supply of very low-, low- and moderate-income housing (the "Low and Moderate Income Housing Fund" or "Housing Fund"). Although the Redevelopment Dissolution Law eliminated this requirement, tax increment revenue deposited into the Housing Fund was pledged to certain outstanding housing bonds of the Agency; these bonds were refunded through the issuance of the Series 2014A-T Bonds eliminating the pledge of tax increment for those outstanding housing bonds.

The County charges an administration fee to recover property tax administration costs from the Agency and other jurisdictions under the Revenue and Taxation Code Section 95.3. The fee is based on County costs that vary from year to year so that the amount charged to each jurisdiction annually is variable. This fee is in addition to the administration fee authorized under the Redevelopment Dissolution Law. The combined property tax and AB1x26 administration fees are estimated to amount to approximately \$440,500 in FY 2019-20, or approximately 1.00% of the tax increment revenue from the Project Area.

Tax increment revenue calculations made in this Report use revenue from the secured, unsecured, utility and unitary rolls. Supplemental roll revenues are considered when calculating cumulative tax increment caps but are not included in the projections of tax increment revenues.

Santa Ana Section 33676 Decision

A 2002 court decision in Santa Ana regarding statutory payments made to taxing entities under the pre-1994 Section 33676 of the Health and Safety Code found that school districts and community college districts that had failed to elect to receive payments under that section were entitled to collect them. Because the Agency has Section 33401 fiscal agreements in effect with all school and community college districts in which the districts agree to rescind any 33676 resolutions, the districts are not eligible for separate payments under Section 33676.

Orange County Reassessment Decision

A court case regarding the proper method of reassessing properties once they received a temporary reduction in valuation (a Proposition 8 adjustment) was resolved on appeal in favor of the County of Orange. In that case, the assessor was found to have properly returned a property to its statutory base valuation adjusted for inflation once the Proposition 8 adjustment terminated. The assessment practice that was validated by the court is one used in Riverside and most other counties in the state.

PROPOSITION 13 ADJUSTMENT AND 2019-20 ROLL VALUATIONS

Under Section 51 of the Revenue and Taxation Code the annual increase in assessed valuation for real property is limited to the lesser of two percent or the October-to-October change in the California Consumer Price Index (CCPI) preceding the January 1 lien date. The State Board of Equalization reports the figure annually in late December. Since 1976-77 the CCPI has been above two percent in all but seven years, with the lowest CCPIs being a negative 0.237 percent for FY 2010-11 and a positive 0.753% for FY 2011-12. The factor applied to the FY 2017-18 through FY 2019-20 rolls was 2.00%. The factor for the FY 2014-15 rolls was 0.454%, the FY 2015-16 factor was 1.998% and the FY 2016-17 factor was 1.525%. This factor, referred to at times in this Analysis as the Proposition 13 inflation factor, is applied to land and improvements where the property has not been sold or, in the case of improvements, newly constructed. Properties whose valuations have been reduced

under Proposition 8 continue to receive an inflationary adjustment under Proposition 13 on the reduced valuation.

TAX RATES

The tax rate applicable to redevelopment incremental assessed valuation includes the basic one percent levy. In addition, redevelopment agencies receive tax revenue from debt service override levies except those that are imposed to repay indebtedness approved by voters on or after January 1, 1989. For the purposes of calculating the tax increment used in this report, only the one percent levy was used.

The Agency has no power to levy a property tax itself, has no control over the override levy, and may not receive tax revenue from any future levy for voter-approved indebtedness.

ASSESSMENT APPEALS

Appeals of assessments by property owners in the project area can result in reductions in assessed valuations that could potentially affect the Agency. Reductions in prior-year assessed valuations do not currently affect the Agency's allocation of regular tax increment revenue due to the Auditor-Controller's practice of deducting taxpayer refunds from supplemental revenue payments to the Agency and not from the regular tax increment apportionment. However, as described below, the Assessor can reduce annual assessed valuations on specific properties, which can affect the Agency.

The most common type of appeal filed is known as a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's assessment based on the current economic value of the property. The assessor may also unilaterally adjust valuations based on Proposition 8 criteria. Reductions in valuation made under Proposition 8 are temporary, with valuations restored to their full assessments once the economic reason for the reduction no longer applies. Such reductions can affect the Agency's tax increment while they are in effect.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Agency's annual revenue. While Assessors in other counties have, on occasion, used Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions, the Riverside County assessor's office has not done so and is not expected to do so in the Project Area.

As noted, the Auditor-Controller's office debits the Agency for tax refunds due to successful property tax appeals by offsetting the Agency's allocation of supplemental roll revenue. The Auditor-Controller's office has stated that current practice is to offset no more than the Agency's supplemental revenue in any given period. Under this system the Agency's regular tax increment revenue, pledged to the bonds, is not reduced by tax refunds. Should this practice change at some future date it would be possible for the Agency's tax increment revenue to be affected.

Table 3
Assessment Appeals in the Consolidated Whitewater Project Area

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2019-20	Resolved	-	-	-	-	-
2019-20	Pending	33	58,895,557	58,919,652	TBD	TBD
2018-19	Resolved	58	160,865,143	100,246,299	153,823,486	95.6%
2018-19	Pending	35	125,801,887	71,733,835	TBD	TBD
2017-18	Resolved	64	148,406,398	87,496,720	144,060,656	97.1%
2017-18	Pending	3	25,065,560	19,498,000	TBD	TBD
2016-17	Resolved	74	165,197,233	101,462,125	164,918,704	99.8%
2016-17	Pending	2	22,950,551	16,796,400	TBD	TBD
2015-16	Resolved	89	250,357,746	142,541,780	247,204,151	98.7%
2015-16	Pending	3	862,084	538,767	TBD	TBD
2014-15	Resolved	86	228,885,479	134,776,972	224,828,451	98.2%
2014-15	Pending	-	-	-	-	-
2013-14	Resolved	80	233,768,679	155,465,649	223,861,717	95.8%
2013-14	Pending	-	-	-	-	-
2012-13	Resolved	112	222,868,321	143,296,659	219,258,630	98.4%
2012-13	Pending	1	47,600,000	7,768,700	TBD	TBD
2011-12	Resolved	124	263,608,843	153,583,871	256,684,426	97.4%
2011-12	Pending	-	-	-	-	-
2010-11	Resolved	126	241,669,527	135,574,027	239,530,713	99.1%
2010-11	Pending	-	-	-	-	-
All Years	Resolved	813	1,915,627,369	1,154,444,102	1,874,170,934	97.8%
All Years	Pending	77	281,175,639	175,255,354	TBD	TBD

Source: Riverside County Assessor

Based on information provided by the County Assessor's office on December 18, 2019 there are 77 appeals pending in the Project Area, as shown in Table 3. The amount of assessed valuation in dispute (the original county valuation less the applicant's opinion of value) is \$105.9 million for pending appeals. The disputed amounts will be resolved in the appeals process and some portion of those amounts may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, Table 3 provides information on resolved appeals filed in previous years in the Project Area. Overall, the 813 appeals settled in the Project Area during the FY 2010-11 to FY 2019-20 period resulted in reductions in valuation of \$41.5 million out of \$1.9 billion in enrolled valuation subject to appeals, or 2.2%. The overall retention rate has thus been approximately 97.8% of the original valuation.

An indicator of the potential exposure of Agency tax increment revenue to appeals – were the Auditor-Controller either to change its policy of deducting appeal-related tax refunds solely from supplemental revenue and not from regular tax increment or were the Assessor to continue Proposition 8 reductions on future rolls for properties granted prior-year reductions – may be seen by applying the retention rate to the amount of valuation in dispute in pending appeals.

Applying the 97.8% retention rate for resolved appeals to the \$281.2 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of \$6.1 million or approximately \$61,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$105.9 million or approximately \$1.1 million in tax revenue. As noted below under “*Tax Increment Projection*”, no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

A number of appeals have been filed by large property owners in the Project Area, shown on Table 4. Properties owned by RPCWG Miramonte, El Dorado Country Club and a private homeowner have appeals pending for the 2018-19 roll year; RPCWG Miramonte also has appeals pending for the 2017-18 and 2016-17 roll years. Resolved appeals by El Dorado Country Club for the 2016-17 and 2015-16 roll years resulted in no changes in valuation.

Table 4
Assessment Appeals by Large Owners in the Consolidated Whitewater Project Area

Roll Year	Owner Name	Status	County Valuation	Applicant Opinion of Value	Valuation After Appeal
2018-19	ELDORADO COUNTRY CLUB	9 Pending	17,490,455	6,430,000	TBD
2018-19	HOMEOWNER	1 Pending	13,381,941	8,698,000	TBD
2018-19	RPCWG MIRAMONTE OWNER	2 Pending	23,877,748	11,939,000	TBD
2017-18	RPCWG MIRAMONTE OWNER	2 Pending	23,409,560	17,998,000	TBD
2016-17	ELDORADO COUNTRY CLUB	9 Resolved	19,023,956	6,430,000	19,023,956
2016-17	RPCWG MIRAMONTE OWNER	2 Pending	22,950,551	16,796,400	TBD
2015-16	BBC ESERALDA	1 Resolved	53,000,000	26,708,087	53,000,000
2015-16	ELDORADO COUNTRY CLUB	9 Resolved	21,479,001	6,430,000	21,479,001

Data obtained from the Riverside County Assessor's Assessment Appeals Database as of 12/18/2019
Source: Riverside County Office of the Assessor; Urban Analytics

PROPOSITION 8 ASSESSMENT REDUCTIONS AND RESTORATIONS

The Assessor annually reports on the number of assessments by city subject to Proposition 8 reductions, and the amount of Proposition 8 reductions, shown in Table 5. For FY 2019-20, the Assessor reports 1,000 properties reduced through Proposition 8 in the City of Indian Wells and \$486,754,466 in reduced valuation. This continues a downward trend in Proposition 8 reductions in the City from a high of 4,434 properties and \$902,804,427 in reduced valuation in FY 2012-13 and 4,112 properties with \$915,179,042 in reduced valuation in FY 2011-12.

Table 5
Historical Proposition 8 Assessment Reductions, City of Indian Wells

Fiscal Year	Assessments Reduced	Assessed Value Reduction
2019-20	1,000	486,754,466
2018-19	1,198	489,503,462
2017-18	1,615	618,341,358
2016-17	1,804	649,581,923
2015-16	2,269	655,741,365
2014-15	2,572	702,465,958
2013-14	4,027	843,678,753
2012-13	4,434	902,804,427
2011-12	4,116	915,179,042

Source: Riverside County Assessor

PROPERTY TAX DELINQUENCIES

As noted previously, the Agency's tax increments are paid under a mechanism similar to the Teeter Plan and are consequently not affected by tax delinquencies. As of October 24, 2019, the delinquency rate on FY 2018-19 secured property taxes in the Project Area was 0.9%.

HISTORICAL AND CURRENT ASSESSED VALUATION

Based on assessment roll data provided by the County Assessor, the total assessed valuation in the Project Area is \$4.7 billion in FY 2019-20 after deducting all exemptions (see Table 6). This represents an increase of 2.92% over FY 2018-19 valuation and follows gains of 5.78%, 2.36%, 2.31% and 3.80% in the preceding fiscal years.

The secured roll accounted for 99% of the total valuation in the Project Area in FY 2019-20, with the unsecured roll comprising 1%. There was no non-unitary utility roll valuation (the unitary utility roll is based on countywide assessments and is not reported by project area).

The FY 2019-20 valuation increase of \$121.5 million was attributable to a combination of factors. Secured valuation increases from the Proposition 13 inflation factor totaled \$62.6 million while valuation gains from new ownership on 922 parcels accounted for \$73.2 million of the increase and new development on 12 parcels contributed \$17.4 million of overall growth. The unsecured roll grew by \$11.9 million.

Table 6 includes incremental tax increment revenue based on the one percent debt service levy. The Agency receives additional revenue from unitary revenue, supplemental revenue, prior-year adjustments and interest.

Table 6
Historical Assessed Valuations, Consolidated Whitewater Project Area

Roll	2015-16	2016-17	2017-18	2018-19	2019-20
Secured and Utility					
- Land	\$ 1,419,856,571	\$ 1,447,340,114	\$ 1,481,398,865	\$ 1,553,203,683	\$ 1,586,222,175
- Improvements	2,700,653,272	2,765,628,902	2,842,348,951	3,018,713,906	3,113,139,588
- Personal Property	17,040,410	20,609,423	13,103,751	14,623,651	9,622,815
- Exemptions	(8,342,297)	(8,405,749)	(8,333,393)	(8,351,469)	(8,277,501)
Secured Total	4,129,207,956	4,225,172,690	4,328,518,174	4,578,189,771	4,700,707,077
Unsecured					
- Land	-	-	-	-	-
- Improvements	7,505,601	7,137,394	5,956,881	6,459,108	10,166,904
- Personal Property	13,731,194	14,156,316	12,018,022	13,080,990	21,320,761
- Exemptions	-	-	-	-	-
Unsecured Total	21,236,795	21,293,710	17,974,903	19,540,098	31,487,665
Totals:	\$ 4,150,444,751	\$ 4,246,466,400	\$ 4,346,493,077	\$ 4,597,729,869	\$ 4,732,194,742
Percent Change	3.80%	2.31%	2.36%	5.78%	2.92%
Plus: HOPTR AV *	7,369,600	7,424,200	7,422,800	7,415,800	7,242,200
Less: Base AV	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)
Incremental AV:	3,767,384,659	3,863,460,908	3,963,486,185	4,214,715,977	4,349,007,250
Incremental Revenue (1%)	\$ 37,673,847	\$ 38,634,609	\$ 39,634,862	\$ 42,147,160	\$ 43,490,073

* The Homeowner's Property Tax Relief exemption, reimbursed by the state.

Source: Urban Analytics; County of Riverside, the Agency

TEN LARGEST ASSESSEES

The ten largest assessees in the Project Area are shown in Table 7 for FY 2018-19. The table includes the total valuations for the top twenty and top hundred property owners, and the total valuations for the area as a whole (valuations include deductions for homeowner's exemptions). The percentage of total valuation accounted for by each owner is calculated by dividing the owner's valuation into the total valuation for the Project Area.

Table 7
Top Ten Assessees, FY 2019-20
Consolidated Whitewater Project Area

Property Owner	Secured	Unsecured	Total	Pct of Total	Principal Use
H E Indian Wells	111,241,737	9,735,000	120,976,737	2.56%	Hotel
BBC Esmeralda	73,615,140	0	73,615,140	1.56%	Hotel
Vintage Club	27,200,965	0	27,200,965	0.57%	Golf Courses
RPCWG Miramonte Owner	24,355,301	0	24,355,301	0.51%	Hotel
Toscana ⁽¹⁾	21,659,466	0	21,659,466	0.46%	Golf Courses
Eldorado Country Club	18,018,653	0	18,018,653	0.38%	Golf Courses
Village Shopping Center	17,522,274	0	17,522,274	0.37%	Retail
Cook Leo W	14,230,826	0	14,230,826	0.30%	Hotel/Comm'l
Homeowner	14,061,719	0	14,061,719	0.30%	Residential
Homeowner	13,649,579	0	13,649,579	0.29%	Residential
Total, Top Ten:	335,555,660	9,735,000	345,290,660	7.30%	
Total, Top Twenty:	452,505,354	9,735,000	462,240,354	9.77%	
Total, Top Hundred:	977,934,857	9,735,000	987,669,857	20.87%	
Total for the Area:	4,700,707,077	31,487,665	4,732,194,742	100.00%	

(1) Includes the Toscana Country Club and related residential development entities Toscana Homes and Toscana Land. Certain parcels owned by these entities are located adjacent to, but outside of, the Project Area; these parcels do not generate RPTTF tax increment and are excluded from the valuations shown.

Source: Riverside County Office of the Assessor; Urban Analytics

The H E Indian Wells property is the 22-acre Hyatt Regency Indian Wells Resort and Spa on Indian Wells Lane. The primary resort property is valued at \$89.9 million and 26 villas and other hotel parcels are valued at \$21.3 million. The assessed valuation of improvements on the primary resort parcel increased by approximately \$23 million in FY 2018-19 under the property's former ownership. The assessed valuation of land plus improvements increased by another \$9 million in FY 2019-20 with the transfer of ownership from Grand Champions LLC to H E Indian Wells in 2018. The villas and other hotel parcels, previously assessed under separate ownership, were consolidated under H E Indian Wells ownership in 2018. The unsecured assessment for business personal property purchased by H E Indian Wells in 2018 was placed temporarily on the unsecured roll and is expected to be included in the owner's secured assessed valuation in subsequent years.

The BBC Esmeralda property is the nearby 20-acre Renaissance Indian Wells Resort and Spa also on Indian Wells Lane; the property's assessed valuation increased by approximately \$18 million in FY 2017-18 with the transfer of ownership from Felcor Esmeralda to BBC Esmeralda.

Of the remaining properties, Vintage Club and El Dorado Country Club are golf course properties, while RPCWG Miramonte is the owner of the Miramonte Resort and Spa on Indian Wells Lane. Toscana includes parcels held by the Toscana Country Club resort property as well as parcels held by related development entities Toscana Homes and Toscana Land; these entities also own parcels located outside of the Project Area that are excluded from the valuations shown. Alexander & Baldwin, a Hawaii-based property development company, owns the Village Shopping Center at Indian Wells, a 104,600 square foot shopping center. Cook is the owner of a hotel on Highway 111 as well as two vacant commercial lots, while the other owners have large residential properties.

As noted previously under “*Assessment Appeals*”, certain properties owned by RPCWG Miramonte, El Dorado Country Club and a private homeowner. have pending assessment appeals.

TAX INCREMENT REVENUE ESTIMATES

The tax increment revenue estimate for FY 2019-20 is shown in Table 8 for the Project Area. As noted above, the gross tax increment includes revenue from secured and unsecured assessments after exemptions (other than the homeowner’s exemption), and after deduction of the base year valuations.

Table 8
Tax Increment Estimate for FY 2019–20,
Consolidated Whitewater Project Area

Secured AV	\$ 4,700,707,077
Unsecured AV	31,487,665
Total Assessed Valuation	\$ 4,700,707,077
Plus: Homeowner's Exempt AV	7,242,200
Less: Base Year AV	-390,429,692
Incremental AV	\$ 4,349,007,250
Gross Tax Increment	\$ 43,490,073
Plus: Unitary Revenue (Est.)	560,000
Less: County Admin. Fee	-440,501
Less Senior Passthroughs	-25,233,475
Net Tax Increment	\$ 18,376,097

Source: Urban Analytics; County of Riverside

Net tax increment is calculated by adding in \$560,000 in unitary revenue, based on the average unitary amount over the prior three fiscal years, and deducting the County’s property tax and redevelopment dissolution administration fees and passthrough payments (all passthrough payments are senior to the Bonds). Revenue from supplemental assessments is not included in this total as it is a highly variable revenue source. The Agency received \$223,990 in supplemental revenue in FY 2018-19.

TAX INCREMENT PROJECTION

Tax increment is projected over the duration of the plan in the Project Area, as shown in Table 9. The projection incorporates the Proposition 13 adjustment of 2% in real property. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be less than the projected rate in the Project Area. Secured personal property and unsecured valuations are assumed to remain constant throughout.

Table 9
Tax Increment Projection for the Consolidated Whitewater Project Area

Fiscal Year	Gross Tax Increment	County Admin. Fee	Pass-Through Payments	Net Tax Increment
2019/20	44,050,073	440,501	25,233,475	18,376,097
2020/21	44,766,567	447,666	25,662,306	18,656,596
2021/22	45,720,562	457,206	26,233,284	19,030,073
2022/23	46,693,638	466,936	26,815,682	19,411,019
2023/24	47,686,174	476,862	27,409,728	19,799,585
2024/25	48,698,561	486,986	28,015,654	20,195,922
2025/26	49,731,197	497,312	28,633,699	20,600,185
2026/27	50,784,484	507,845	29,264,106	21,012,534
2027/28	51,858,838	518,588	29,907,120	21,433,130
2028/29	52,954,678	529,547	30,562,994	21,862,137
2029/30	54,072,436	540,724	31,231,986	22,299,725
2030/31	55,212,548	552,125	31,914,358	22,746,065
2031/32	56,375,463	563,755	32,610,378	23,201,331
2032/33	57,561,636	575,616	33,320,317	23,665,703
2033/34	58,771,533	587,715	34,044,456	24,139,362
2034/35	60,005,627	600,056	34,784,873	24,620,698
2035/36	-	-	-	-
Total	824,944,017	8,249,440	475,644,416	341,050,161

LIMITATIONS OF REPORT

The calculation of assessed valuations and tax increment shown in this Report are based on information believed to be complete, current and reliable at the time of this Report. Projections of tax increment are based on reasonable assumptions and may not reflect actual future revenue received by the Agency. Information regarding the practices and methods used by the County in assessing and allocating property tax revenue has been obtained from County staff and analysis of County records, while information concerning the Project Area, its constituent redevelopment plan, amendments and pass-through agreements has been obtained through discussions with Agency staff and through review of the plan documents made available to the Consultant.

While the Consultant has made reasonable efforts to verify the accuracy of the figures and information presented in this Report and presumes that the information relied upon is correct, the Consultant makes no warranty as to its accuracy.

APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF INDIAN WELLS

The following information is presented as general background data. The Series 2020A Bonds are payable solely from Pledged Tax Revenues and other sources as described herein. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the Series 2020A Bonds.

The City of Indian Wells (the “City”) is located in the Coachella Valley in eastern Riverside County (the “County”), 20 miles southeast of Palm Springs and 120 miles southeast of Los Angeles. The City is traversed by State Highway 111, which connects the Coachella Valley desert communities to Interstate 10. For many years the region has been popular with vacationers and retirees because of the dry desert climate, resort amenities, and close proximity to population centers in Los Angeles, Orange County, and San Diego, all of which are within approximately two hours driving time. The City is seventeen miles from Palm Springs International Airport, providing easy access to air transport.

Most of the City consists of relatively level desert land, with elevation estimated to be 119 feet above sea level. The average temperature in January is approximately 54 degrees F, while the average temperature in July is approximately 92 degrees F. The City experiences approximately 3.3 inches of rain per year.

The City was incorporated as a general law city on July 14, 1967. Subsequently, upon the approval of the voters on November 5, 2002, the City became a charter city. The City’s Charter was filed with the California Secretary of State on December 20, 2002. The City has a council-manager form of government. The council members are elected at large to alternating four-year terms at elections held every two years. There is an automatic rotation of Council Members serving as Mayor and Mayor Pro Tempore. The City contracts with Riverside County for fire, police and paramedic services.

The City is home to internationally recognized sporting and cultural events. In 1990, the City was awarded a national Citation for Excellence in Urban Design from the American Institute of Architects. Palm and date trees surround and decorate the community. In 1991, the City’s fire and police departments were recognized by the League of California Cities for their public safety program.

The City is one of the most affluent cities in the County, with a per capital personal income of \$97,249 according to the City’s demographic data.

The employment base of the City is based primarily on the tourist industry. The City offers four major resorts to visitors from around the world: the Hyatt Regency Indian Wells Resort and Spa, the Renaissance Indian Wells Resort and Spa, the Miramonte Resort and Spa, and the Indian Wells Resort Hotel. The city boasts a total of 171 holes of golf, which are divided amongst the city’s various private clubs and resorts, as well as forty-plus grass, clay and hard surface tennis courts. The city is host to major sporting events and is home to the Indian Wells Tennis Garden, a facility that seats over 16,000 spectators, making it one of the largest outdoor tennis stadiums in the country.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

The 2019 permanent population is 5,445. There are a large number of second homes in the City resulting in a seasonal population that is well in excess of the City's year-round population. In addition to the permanent residents, the City has seasonal residents that usually reside in the City during the tourist season, October through April. The table below displays population changes and other demographic data for the City and the County for the past 10 fiscal years.

CITY OF INDIAN WELLS

Fiscal Year	Population⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income
2009-10	4,947	\$498,543,819	\$100,777
2010-11	5,020	523,660,230	104,523
2011-12	5,087	585,987,499	116,383
2012-13	5,139	599,972,864	118,082
2013-14	5,178	474,294,073	92,329
2014-15	5,228	469,484,673	90,390
2015-16	5,307	447,589,123	82,703
2016-17	5,342	472,424,421	86,683
2017-18	5,389	513,911,206	92,198
2018-19	5,445	529,521,295	97,249

⁽¹⁾ Population projections are provided by the California Department of Finance Projections.
Source: *City of Indian Wells*.

Industry and Employment

The City is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment, as reflected in the following table.

**RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY⁽¹⁾
(IN THOUSANDS)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Civilian Labor Force ⁽¹⁾	1,916,500	1,954,200	1,983,300	2,017,700	2,053,400
Employment	1,761,200	1,825,800	1,865,200	1,914,900	1,966,800
Unemployment	155,300	128,500	118,000	102,800	86,600
Unemployment Rate	8.1%	6.6%	6.0%	5.1%	4.2%
<u>Wage and Salary Employment:⁽²⁾</u>					
Agriculture	14,400	14,800	14,600	14,500	14,500
Mining and Logging	1,300	1,300	900	1,000	1,200
Construction	77,600	85,700	92,000	97,400	104,800
Manufacturing	91,400	96,200	98,700	99,200	101,300
Wholesale Trade	58,100	60,500	61,600	62,600	64,900
Retail Trade	169,600	174,400	178,300	180,900	180,800
Transportation, Warehousing and Utilities	87,100	98,100	108,000	122,100	132,600
Information	11,300	11,400	11,500	11,300	11,200
Finance and Insurance	26,600	26,900	26,700	25,900	24,800
Real Estate and Rental and Leasing	16,300	17,000	17,900	18,400	18,900
Professional and Business Services	138,700	147,400	144,900	146,900	150,600
Educational and Health Services	195,900	206,300	215,700	226,700	240,000
Leisure and Hospitality	144,800	151,700	160,200	166,300	170,000
Other Services	43,000	44,000	44,600	45,400	45,600
Federal Government	20,200	20,300	20,400	20,600	20,700
State Government	28,200	28,700	29,700	30,400	31,000
Local Government	180,400	184,400	192,200	200,100	205,900
Total All Industries ⁽²⁾	<u>1,304,800</u>	<u>1,369,100</u>	<u>1,417,900</u>	<u>1,469,400</u>	<u>1,518,700</u>

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

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

Source: State of California Employment Development Department.

The following table sets forth the major employers located in the City as of June 30, 2019:

**CITY OF INDIAN WELLS
MAJOR EMPLOYERS**

Business Name	Number of Employees	Percent of Total Employment (%)
Renaissance Esmeralda Resort	445	24.72%
Hyatt Regency	375	20.83%
Toscana Country Club	241	13.39%
Indian Wells Golf Resort ⁽¹⁾	218	12.11%
Miramonte Resort and Spa	109	6.06%
El Dorado Country Club ⁽²⁾	100	5.56%
Indian Wells Country Club	95	5.28%
Desert Horizons Country Club ⁽¹⁾	85	4.72%
Indian Wells Resort Hotel	76	4.22%
Merrill Lynch Wealth Mgmt.	38	2.11%
Total Top Employers	1,782	99.00%
Total City Employment ⁽³⁾	1,800	

⁽¹⁾ Includes Seasonal Employees.

⁽²⁾ Count is at peak of season.

⁽³⁾ Total City Labor Force provided by EDD Labor Force Data.

Source: *Avenu Insights & Analytics*

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**

	2014	2015	2016	2017	2018
County ⁽¹⁾	8.2%	6.7%	6.1%	5.2%	4.4%
California ⁽¹⁾	7.5	6.2	5.5	4.8	4.2
United States ⁽²⁾	6.2	5.3	4.9	4.4	3.9

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

⁽²⁾ Data is seasonally adjusted.

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

Commercial Activity

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

A summary of historic taxable sales within the City during the past four years in which data is available is shown in the following table. Annual figures are not yet available for 2019.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Motor Vehicle and Parts Dealers	\$ 4,841,615	\$ 5,047,534	\$ 5,348,812	\$ 5,407,139
Home Furnishings and Appliance Stores	1,135,235	1,386,985	1,730,566	1,962,650
Building Material, Garden Equipment and Supplies Dealers	1,826,294	1,965,101	2,161,593	2,346,508
Food and Beverage Stores	1,553,789	1,574,030	1,666,856	1,790,507
Gasoline Stations	3,025,287	2,704,278	2,933,668	3,381,768
Clothing and Clothing Accessories Stores	2,136,728	2,190,228	2,199,517	2,315,433
General Merchandise Stores	3,295,994	3,304,959	3,375,623	3,560,755
Food Services and Drinking Places	3,384,494	3,648,980	3,852,753	4,004,657
Other Retail Group	2,338,039	2,452,591	2,586,954	3,273,276
Total Retail and Food Services	<u>\$23,537,475</u>	<u>\$24,274,686</u>	<u>\$25,856,341</u>	<u>\$28,042,692</u>
All Other Outlets	9,629,186	10,209,008	10,551,119	10,876,806
Total All Outlets	<u>\$33,166,660</u>	<u>\$34,483,694</u>	<u>\$36,407,460</u>	<u>\$38,919,498</u>

Source: California Department of Tax and Fee Administration.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 2014.

**COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS⁽¹⁾
(IN MILLIONS)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Valuation(\$ in millions):					
Residential	\$1,525	\$1,382	\$1,655	\$1,837	\$2,490
Non-Residential	555	587	743	1,330	1,634
Total	<u>\$2,080</u>	<u>\$1,969</u>	<u>\$2,398</u>	<u>\$3,167</u>	<u>\$4,124</u>
Residential Units:					
Single Family	4,759	4,439	5,308	6,107	7,432
Multiple Family	1,904	1,187	872	814	1,447
Total	<u>6,663</u>	<u>5,626</u>	<u>6,180</u>	<u>6,921</u>	<u>8,879</u>

⁽¹⁾ Totals may not add to sums because of rounding.

Source: Real Estate Research Council of Southern California.

**COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS**

	2014	2015	2016	2017	2018
Single Family	4,759	4,439	5,308	6,107	7,432
Multi-Family	1,904	1,187	872	814	1,447
Total	6,663	5,626	6,180	6,921	8,879

Source: Real Estate Research Council of Southern California.

The following table sets forth a comparison of annual median housing prices for Los Angeles County, Riverside County and Southern California for the years indicated.

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

Year	Los Angeles	Riverside	San Bernardino	Southern California⁽¹⁾
2009	321,550	185,312	150,236	281,139
2010	335,363	198,843	156,401	301,636
2011	316,469	193,227	151,604	288,790
2012	330,463	207,431	166,352	309,581
2013	412,795	256,895	208,995	381,719
2014	458,677	289,772	241,904	422,964
2015	490,083	306,644	265,715	448,007
2016	521,558	327,554	284,352	474,147
2017	561,335	351,654	308,823	505,925
2018	598,387	373,232	330,383	535,973

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino, Santa Barbara and Ventura Counties.

Source: Real Estate Research Council of Southern California.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, bell peppers, dates, lemons and avocados.

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 2014 through 2018 is presented in the following table. Annual figures are not yet available for 2019.

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Citrus Fruits	\$ 170,891,000	\$ 187,673,000	\$ 200,101,000	\$ 177,055,000	\$ 170,775,000
Trees and Vines	223,593,000	234,928,000	227,444,000	228,315,000	249,150,000
Vegetables, Melons, Miscellaneous	337,404,000	327,199,000	365,157,000	331,986,000	371,570,000
Field and Seed Crops	156,575,000	122,794,000	97,184,000	99,224,000	93,282,000
Nursery	172,910,000	158,648,000	150,426,000	153,749,000	165,758,000
Apiculture	4,819,000	4,897,000	5,082,000	5,415,000	5,473,000
Aquaculture Products	5,078,000	5,397,000	4,624,000	4,764,000	4,732,000
Total Crop Valuation	<u>\$1,071,270,000</u>	<u>\$1,041,536,000</u>	<u>\$1,050,018,000</u>	<u>\$1,000,508,000</u>	<u>\$1,060,740,000</u>
Livestock and Poultry Valuation	290,746,000	260,015,000	225,758,000	221,750,000	238,468,000
Grand Total	<u>\$1,362,016,000</u>	<u>\$1,301,551,000</u>	<u>\$1,275,776,000</u>	<u>\$1,222,258,000</u>	<u>\$1,299,208,000</u>

Source: Riverside County Agricultural Commissioner.

Utilities

Water and sewer services for the City are provided by the regional Coachella Valley Water District. Electricity is supplied by the Southern California Edison Company and the Imperial Irrigation District and natural gas is supplied by the Southern California Gas Company. General Telephone provides telephone service to the City.

Transportation

State Highway 111 passes through the City. Highway 111 is the principal highway connecting the desert communities of eastern Riverside County. State Highway 74, which links with Highway 111 at Palm Desert, leads to San Diego. Highway 111 intersects Interstate 10, a major transportation artery connecting Los Angeles to Phoenix and parts east. Interstate 10 provides access from the City to the major interchange at Beaumont where the San Bernardino, Pomona and Riverside Freeways all meet.

Approximately 17 miles to the north in Palm Springs is the county's largest airport, Palm Springs Municipal Airport. With a 7,000-foot runway and modern terminal, the airport serves as the flight hub for the Coachella Valley.

A Southern Pacific main line moves 5 miles north of the City. The Sunline System provides bus service between the Coachella Valley communities, while Greyhound and Continental Trailways provide expanded regional bus transportation out of Palm Springs. Overnight delivery service is available to Los Angeles, San Diego, Phoenix and San Francisco. Two direct truck carriers run daily to Los Angeles.

Education

The City is part of the Desert Sands Unified School District. Children in grades K through 2 attend school one mile away at the Gerald Ford Elementary School. Two Palm Desert Schools also serve the City, Grades K through 5 at the Washington School and Grades 3 through 5 at the Lincoln School. Palm Desert Middle School is for grades 6 through 8, and Palm Desert High School is the area's high school (grades 9-12). The Desert Sands Unified School District also operates an adult continuation school.

The College of the Desert is a public community college offering two-year programs and is located midway between the City and Palm Springs. Other community colleges in the area include Mt. San Jacinto College and Riverside City College.

California State University, San Bernardino has established a satellite campus in nearby Palm Desert to serve the residents of the Coachella Valley.

The Riverside Campus of the University of California is located 75 miles west of the City. Other institutions of higher education in the general area include Loma Linda University, California Baptist College, the University of Redlands, California Polytechnic College at Pomona and the Claremont Colleges.

Community Facilities

Resort amenities coupled with a spectacular contrast between the desert and the mountains make the City a popular location for retirees and tourists. In addition to the golf resorts, the City enjoys a close proximity to the San Bernardino National Forest and the San Jacinto Wilderness Area. Camping, hiking, fishing and mountain climbing are all regional attractions.

Nine television stations (via cable) and at least seven radio stations serve the Indian Wells area. In addition to the Los Angeles Times, the City receives local news in the daily Desert Sun. A paper of more regional interest, the Riverside Press Enterprise is also circulated in the City.

Medical Facilities

Although the City has no major hospitals within its incorporation limits, there are two major medical facilities within five miles either east or west of the City. The John F. Kennedy Memorial Hospital in Indio serves the City and has 162 beds. The Eisenhower Medical Center, nationally known for its Betty Ford Center, is in Rancho Mirage and has a 261 bed capacity.

The City, along with the communities of Palm Desert and Rancho Mirage formed the Joint Power Agreement of the Cove Communities Public Services Commission to pool paramedic, firefighting resources and certain recreation services. As a result, the communities have realized greater economies in the provision of these services.

APPENDIX C

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

City of Indian Wells, California

CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

Prepared by the Finance Department

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**CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting (GFOA)	xvi
Organizational Chart	xvii
List of Principal Officials	xviii
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements	
Balance Sheet	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	30
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Net Position – Proprietary Funds	33
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Net Position – Fiduciary Funds	37
Statement of Changes in Net Position – Fiduciary Funds	38
Notes to the Basic Financial Statements	39

**CITY OF INDIAN WELLS, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

**TABLE OF CONTENTS
 (Continued)**

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability – Miscellaneous Plan.....	81
Schedule of Plan Contributions – Miscellaneous Plan.....	82
Schedule of Changes in the Net OPEB Liability and Related Ratios	83
Schedule of OPEB Contributions	84
Budgetary Comparison Schedules	
General Fund	85
Housing Authority Special Revenue Fund.....	86
Emergency Services Upgrade Special Revenue Fund.....	87
Notes to Required Supplementary Information	89
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Nonmajor Governmental Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	96
Budgetary Comparison Schedules – Special Revenue Funds	
Traffic Safety.....	100
Public Safety ½% Tax.....	101
Measure “A” Transportation	102
Fire Access Maintenance District No. 1	103
South Coast AQMD Vehicle Registration	104
Citizens Option for Public Safety Program.....	105
Gas Tax	106
AB 939 Recycling	107
Solid Waste	108
Consolidating LLMD.....	109
Street Lighting District 2001-1.....	110
Affordable Housing Operations.....	111
Budgetary Comparison Schedules – Capital Projects Funds	
Park Facilities In Lieu.....	112
City Streets Capital Reserve.....	113
Highway 111 Circulation Improvement.....	114
City Wide Public Improvements	115
Art in Public Places	116
Bridges Capital Reserve.....	117
Capital Improvements.....	118
Buildings Capital Reserve.....	119
Medians & Parkways Capital Reserve.....	120
Storm Drains Capital Reserve	121
Traffic Signals Capital Reserve.....	122
Technology Capital Reserve	123
City Vehicles Capital Reserve.....	124

**CITY OF INDIAN WELLS, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

**TABLE OF CONTENTS
 (Continued)**

	<u>Page</u>
Combining Statement of Net Position – Internal Service Funds	125
Changes Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	126
Combining Statement of Cash Flows – Internal Service Funds	127

STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years	130
Changes in Net Position – Last Ten Fiscal Years	132
Fund Balances of Governmental Funds – Last Ten Fiscal Years	134
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	136
Tax Revenues by Source - Governmental Funds – Last Ten Fiscal Years.....	138
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	139
Assessed Value of Property by Use Code, Citywide – Last Ten Fiscal Years	140
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	141
Principal Property Tax Payers – Last Ten Fiscal Years	142
Principal Sales Tax Producers – Last Ten Fiscal Years	143
Property Tax Levies and Collections – Last Ten Fiscal Years	144
Transient Occupancy Tax Collections – Last Ten Fiscal Years	145
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	146
Ratios of General Bonded Debt Outstanding and Legal Debt Margin – Last Ten Fiscal Years	147
Direct and Overlapping Debt – Last Ten Fiscal Years	148
Pledged-Revenue Coverage – Last Ten Fiscal Years	149
Demographic and Economic Statistics – Last Ten Fiscal Years	150
Principal Employers – Last Fiscal Year	151
Full-time Equivalent City Government Employees by Function – Last Ten Fiscal Years	153
Operating Indicators by Function – Last Ten Fiscal Years	154
Capital Assets Statistics by Function – Last Ten Fiscal Years	156

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November 27, 2019

Honorable Mayor, Members of the City Council and
Citizens of the City of Indian Wells, California:

We are pleased to present the City of Indian Wells Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This transmittal letter provides a non-technical summary of the City's finances, services, achievements, and economic prospects.



A narrative introduction and analysis of the financial statements is found in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A complements this letter of transmittal and should be read in conjunction with it. The notes, along with the other financial and operational data included in the CAFR, provide a complete analysis of the City's financial position as of June 30, 2019.

The CAFR is prepared in accordance with generally accepted accounting principles in the United States of America. The accuracy of the data, the completeness and fairness of the presentation and the adequacy of its disclosures, rests with the City's management. This includes the design, implementation and maintenance of internal controls over the preparation and fair presentation of financial statements which are free from material misstatement and for assurance the assets of the City are protected from loss, theft or misuse. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance the financial statements are free from any material misstatements. We believe the information presented is complete and reliable in all material respects.

Government Code 26909 (a) requires the City, as a local agency of the County, contract with a certified public accountant to perform an annual audit of the accounts and records of the City and the audit conform to Generally Accepted Auditing Standards. Further, Government Code 26909 (b) states an audit report shall be filed with the State Controller and with the County Auditor in which the district is located within 12 months of the end of the fiscal year. This report is published to fulfill these requirements for the fiscal year ending June 30, 2019.

Eide Bailly LLP, Certified Public Accountants issued an unmodified opinion on the City of Indian Wells financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located in the financial section of this report. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation.

In addition to the annual audit, Eide Bailly LLP performs a number of Agreed Upon Procedures (AUPs) reviews at the Indian Wells Golf Resort, the Housing Authority communities, the Tennis Stadium, the Indian Wells hotel partners.

Profile of the City of Indian Wells



The City of Indian Wells, incorporated in 1967, is located 120 miles east of Los Angeles in the eastern portion of Riverside County known as the Coachella Valley.

Its pristine natural setting, upscale residential country clubs, first-class resorts, championship golf courses, and abundance of leisure and cultural activities distinguish the Indian Wells community. The City

boasts 5,574 full-time residents spread over 15.04 square miles. An additional 4,000 to 5,000 part-time residents call Indian Wells home during the winter season.

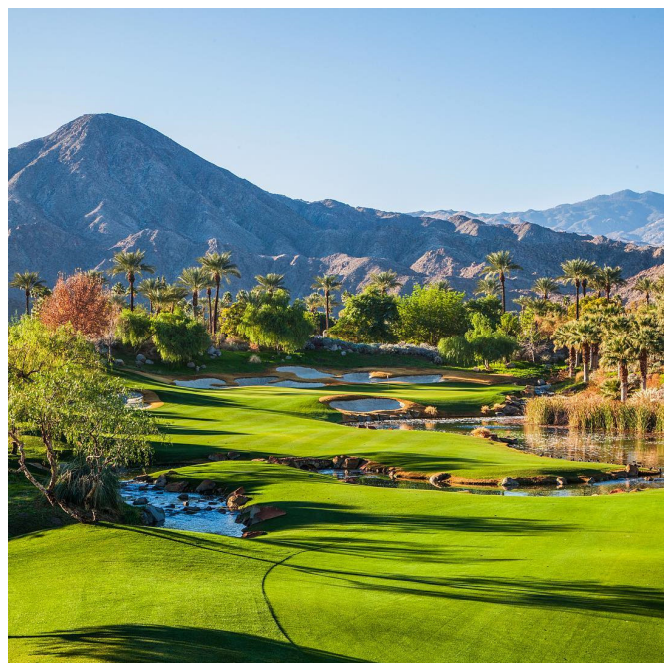
Indian Wells operates under the City Council/City Manager form of Government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and four other members, all elected on a non-partisan basis. Council members serve four-year terms and are elected at large. The City Council appoints the City Manager and City Attorney.

The City Manager heads the executive branch of the government, implements policies as directed and established by the City Council, and manages the administrative and operational functions utilizing City staff. The City provides a full range of services, including police and fire protection, construction and maintenance of streets and infrastructure, economic development, planning and community development, building and safety, arts and culture, and recreational activities.

The biennial budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt the biennial budget resolution by July 1. The budget is presented on a basis consistent with generally accepted accounting principles. The City's budget was revamped to emphasize program budgeting rather than the traditional departmental format. This new format simplifies reporting of city expenditures and allocation of resources consistent with City goals. Program budgets emphasize the objectives of the City and allocate expenses back to these objectives.

Outstanding Community Benefits

The City of Indian Wells offers an outstanding quality of life, numerous cultural and social activities, a cohesive and innovative city government, luxurious hotel properties, and championship golf at the Indian Wells Golf Resort.



Moreover, the City supports many major sporting and cultural events throughout the year. These include the BNP Paribas Open, the largest Association of Tennis Professionals (ATP) World Tour and the Women's Tennis Association (WTA) combined two-week event in the world, held at the Indian Wells Tennis Garden, Ironman 70.3, Desert Town Hall, and the Indian Wells Arts Festival. The Living Desert Zoo and Gardens was recently named the Best Zoo in America by 24/7 Wall Street, is situated in Indian Wells and neighboring Palm Desert.

Indian Wells enjoys one of the lowest crime rates and quickest public safety response times in the Coachella Valley thanks to diligent law enforcement and fire/paramedic services. The Joslyn Center offers a wide variety of activities appealing to many interests and energy levels.

Indian Wells boasts a very successful resident benefit program. With an Indian Wells Resident Benefit Card, residents enjoy select discounts at the Indian Wells Golf Resort, Indian Wells Tennis Garden, and all four Indian Wells hotel properties. Other special events include art exhibitions and lectures, complimentary tickets to the BNP Paribas Open and Desert Town Hall, resident social gatherings, community patriotic events, and much more.

Factors Affecting Financial Condition

Indian Wells' economy remains strong, and the budget projects moderate growth in all of the City's five Major General Fund revenue categories – Transient Occupancy Tax (TOT), Admissions Tax, Property Tax, Sales Tax, and Franchise Fees. Most major revenues are advancing along with the overall economy. Building activity has returned, and tourism and travel are strong.

Over the next five-year period, General Fund expenditures are expected to increase at a faster rate than General Fund revenues, leading to an annual decrease in the amount of excess revenues over expenditures. Long-term cash flows anticipate conservative revenue growth of approximately 3.2% per year. The growth is inflationary in nature, although small growth should continue from expanding hotel room rates and tennis tournament attendance.

The operating cost projections represent current service levels. The analysis does not assume any changes in staffing levels, police services, current maintenance and landscaping levels, and other City services. Over the next five-year period, staff expects to see operating cost increases of approximately 3.8% per year. Cost increases reference historical trends and are inflationary in nature.

Development of new revenues is extremely important to the long-term financial health of the City. Consistent with its number one strategic goal, the City submitted a tax Measure K increasing the Transient Occupancy (Hotel) Tax rate from 11.25% to 12.25% at the statewide general election. On November 6, 2018, voters overwhelmingly approved Measure K increasing the Transient Occupancy (Hotel) Tax rate to 12.25%. The new Transient Occupancy Tax Rate will generate an additional \$700,000 in new revenues annually further supporting governmental services.

Strategic Goals and Priorities

The purpose of strategic planning is to anticipate the future, envision what the organization must become to operate effectively in that future, and make plans for moving the organization from what it is to what it needs to become to be successful.

The Strategic Plan identifies strategic issues, establishes broad goals, and states general priorities. The Indian Wells strategic planning effort coordinates organizational priorities on a citywide basis. During their strategic planning process, Council identified a list of issues facing the City and worked to prioritize the list to focus the City's efforts in four broad goals for the upcoming two-year budget cycle.

Goal 1: Implement Strategies to Improve the City's Long-term Fiscal Position

Improve understanding of the City's long-term financial position in order to identify the revenue necessary to maintain the high-quality standards of Indian Wells.

Action Items

- Report on key indicators and long-term cash flows

Goal 2: Encourage and Expand Economic Development Opportunities

Create economic development opportunities to improve the City's fiscal position.

Action Items

- Support approved/pending projects
- Seek new development opportunities
- Expand tourism as economic development and build business opportunities

Goal 3: Golf Resort Strategic Plan

Increase revenues at the Indian Wells Golf Resort to cover a portion of the Resident subsidy and capital costs within the next 3-5 years.

Action Items

- Expand banquet capacity and efficiency to improve financial performance
- Deliver a more consistent and favorable a la cart guest experience

Goal 4: Palm Tree Safety Program

Ensure public safety related to private palm trees throughout the City.

Action Items

- Develop an education campaign to inform the public of safety factors related to palm trees

Accomplishments

Financial

In conjunction with Goal 1: Long-term Fiscal Position

- Paid off all CalPERS unfunded liability
- Established a new program-based budget format
- Completed preliminary analysis to implement long-term capital asset reserve plan
- Reduced operating General Fund expenditures by \$1 million
- Completed sales tax audit at Indian Wells Tennis Gardens
- Established funding for resident amenities and discounts for: food & beverages, merchandise and golf
- Amended Municipal Code relating to claims and demands
- Sale of Rule 20A undergrounding utility credits for \$146,083
- Ranked #4 fiscally sound City in California by Senator John Moorlach
- Community Development Block Grant of \$75,000 received for ADA compliance at 8 bus stops along Hwy 111
- Emergency Management Performance Grant additional funding received for a total of \$25,463 to fund City Emergency Services Coordinator
- Reimbursement of \$120,000 for storm clean-up and repair costs from March 2017 heavy rain event
- Reimbursement of \$166,103 received from CJPIA for storm damage from January 2017 rain storm
- Rubberized Asphalt grant received \$111,663 for Cook Street reconstruction and overlay of Miles Avenue
- SB1 grant funding for FY 2017-18 received \$31,082
- Citywide Fee study completed and adopted with \$170,000 in annual fee collection anticipated
- Lien payment of \$17,000 received for property on Sky Mesa
- Resident Benefit Card policy established social and golf cards and received \$125,710 in renewal fees
- Auditor's issued unmodified opinion on City Comprehensive Annual Financial Report (CAFR)
- California Department of Tax and Fee Administration processed transfer of \$61,067 of local tax from BNP Tennis Tournament that was allocated to Riverside countywide pool

Economic Development

In conjunction with Goal 2: Economic Development Opportunities

- Co-sponsorship of IRONMAN 70.3 event with City of La Quinta and Palm Springs Convention & Visitors Bureau for three years
- Approved sponsorship of the Indian Wells Music Festival
- 139-room luxury hotel at the corner of Highway 111 and Miles Avenue approved including public infrastructure improvements
- Negotiated and approved sale of 10.6 acres of land to Indian Wells Tennis Garden
- Sands Hotel remodel of 46 guest rooms including a new wedding garden, pool area and restaurant, spa facility, exterior paint, and landscaping
- Finalized the sale of the City owned property at 45-200 Club Drive for \$1,560,000 including a 20-year note in the amount of \$1,248,000 bearing an above market interest rate of 5.5%
- Warner Trail property sold for \$916,760 for an 18 single-family home development
- Master planning process of Northeast corner of the City with Moule & Polzoides discussions held with Council
- Miramonte Indian Wells Resort & Spa interior remodel completed
- Indian Wells Resort Hotel adult-only pool plans submitted
- Discussions with MIG relating to new tenant for Ralph's at Village Shopping Center
- Extended Tennis Garden title and marketing sponsorships through 2042, and \$20,000 annually for Warner Trail parking lot usage starting in 2027
- Secured Association of California Water Agencies' annual conference for 2020 and 2021
- Secured California Narcotics Officers Associations to come back for 2022 annual conference

Housing Authority

In conjunction with Goal 2: Economic Development Opportunities

- City purchased 17 acres of land South of Miles for \$2,771,960
- Sale Agreement for 4.2 acres of land on Warner Trail for The Huntley single-family development
- New Senior Property Manager Jacquelyn Karre and Property Manager Linda Esposito hired
- Annual tenant satisfaction survey results ranged from 4.3 to 4.8 out of 5 including rating of WinnResidential

- Applicant Appeal Process created to address complaints from prospective tenants denied tenancy
- Expand partnership with FIND food bank to offer dry goods in addition to the fresh fruits and vegetables offered currently
- Updated Emergency Preparedness Program for both properties
- Concrete repairs to spa deck at Indian Wells Villas
- Flooring and kitchen counter remodel project test units completed at Indian Wells Villas
- Installed new landscaping throughout Indian Wells Villas
- 20th anniversary celebration of Indian Wells Villas with 70 residents in attendance
- Indian Wells Villas Clubhouse improvements including tile flooring
- Energy improvements of LED lights at Clubhouse, LED address lighting, and LED walkway lights at Indian Wells Villas
- Slurry seal project at Mountain View Villas
- Stucco repair, exterior painting, landscaping, lighting improvements at Mountain View Villas
- Mountain View Villas Clubhouse improvements including LED lighting, ceiling fans, furnishings, and painting

Indian Wells Tennis Garden

In conjunction with Goal 2: Economic Development Opportunities

- Sponsorship of 2019 Margaritaville USA Pickleball National Championships, the City and Indian Wells Tennis Garden partnered to bring the first National Pickleball Championship to Indian Wells
- Large shade structure improvements including removal blacktop, installation of grass, trees, landscaping, and pavers

Indian Wells Golf Resort

In conjunction with Goal 3: Indian Wells Golf Resort Strategic Plan

- Pavilion green room project completed
- Pavilion launch event attended by 13 meeting planners, 40+ wedding planners, and The Wedding Chicks social media influencers
- Nighttime lighted targets for the driving range for special events
- NextLinks laser system added to putting course for nighttime entertainment
- Event lawn constructed to accommodate a group of 700 adjacent to the Pavilion
- Implemented sustainable over seeding practices on Player's Course

- Established “Operation Pollinator” advancing sustainable golf course management and improving natural habitats
- Resident celebration of 50th anniversary of Indian Wells Golf Resort
- Conducted thorough food and beverage audit of restaurant operations
- Received 2017 California Golf Course Owners Association’s Community Environmental Award

Capital Improvements

In conjunction with Goal 4: Highway 111/Cook Street Improvements and with Goal 5: Modernize Fire Station 55

- Highway 111 and Cook Street Date Gove improvements including sidewalks, City Indian Head logo mosaic, connect irrigation to Mid-Valley pipeline and install LED programable color palm tree lighting
- Fire Station 55 remodel and seismic retrofit project completed
- Highway 111 and Eldorado Drive signal modifications to allow a protected left turn and replacement of handicap ramp at southwest corner
- Slurry seal project at Wells Golf Resort Parking Lot and Maintenance Yard
- Indian Wells Lane median improvements consisting of artificial turf and accent palms
- Citywide tree health assessment completed and implementation of tree planting plan including a GIS layer identifying the location of each tree within the City and a status report on each tree’s risk and health
- Develop strategy relating to wayfinding at the resort campus including signage and circulation improvements for pedestrians and motorists
- Upgraded traffic signal wiring along Highway 111 at Mountain Cove Drive, Club Drive, and Eldorado Drive
- Slurry seal of Washington Street from Miles Avenue to the Whitewater River Bridge
- Slurry seal of Eldorado Drive from Fairway Drive to Fred Waring Drive
- Slurry seal of Fairway Drive and Rancho Palمراس Drive
- Slurry seal of Indian Wells Lane and various streets between Eldorado Drive and Indian Wells Lane north of Fairway Drive
- Slurry seal of Fred Waring Drive, Rancho Palمراس, and Fairway Drive in conjunction with the City of Palm Desert
- Storm drain improvement to remove standing water on Highway 111 near Mountain Cove
- Washington Street sidewalk constructed to complete link between Tennis Garden and Highway 111

- Whitewater Channel improvements to assist drainage and decorative rock siding on bridge between holes 16 and 17 of Player's Course
- Handicap ramp modification and restriping of parking lot at City Hall
- City maintenance yard modified to stage green waste
- Handicap ramp and sidewalk repair at Hwy 111 and Rancho Palmeras
- Landscape improvements along south side of Hwy 111 between Indian Wells Lane and Club Drive including removal of dying trees and shrubs, minor grading, new ground cover and shrubs, and row of Tocomas as screening for parking lot
- Gerald Ford elementary school traffic circulation patterns analyzed and developed strategies to facilitate smooth, efficient student drop-off and pick-up, improve overall traffic circulation, and promote public safety
- Whitewater Channel drop structure study evaluated existing conditions and recommendations to minimize sediment deposit, increase efficacy of water flow and minimize maintenance

Conservation

- Adopted an Environmentally Preferable Purchases and Practices Policy to qualify for grant funding
- Received Mobile Source Air Pollution Reduction Review Committee grant of \$50,000 for electric vehicle charging stations at City Hall and Indian Wells Golf Resort parking lots project
- City reached 100% compliance with Mandatory Commercial Recycling program with 355 tons of material diverted from the landfill
- City reached 100% compliance with Mandatory Commercial Organics recycling program with 23 tons of organic material from the BNP Tennis Tournament diverted from the landfill

Legal

- Lawellin/Rohlin federal litigation relating to alleged civil rights violations and the City's hedge height ordinance 9th Circuit Court of Appeal ruled in the City's favor
- Beal et al. v. Indian Wells (FAMD flood litigation) settlement reached with all parties the Superior Court dismissed case, the City's portion of settlement is \$2.1 million with no obligation to construct any flood mitigation improvements

Personnel

- Merit Based Pay program annual wrap-up and new goals conversations
- Selected Ruby Walla as Assistant Finance Director
- Revised Personnel Policies and Procedures Manual

Other Accomplishments

- Community needs survey conducted
- Approved funding for CV Rescue Mission
- Amended Municipal Code to ensure compliance regarding massage practitioner provisions
- Amended Municipal Code related to permitting and regulations of tobacco retailers
- Grants in Aid Committee review 29 applications for total \$291,190 in funding, Committee recommended \$130,000 in funding for 17 applicants
- Established policy on use of Personal Devices and Accounts for City business communication
- Revisions to Short-Term Rental program
- IW Plaza Parking Agreement mutually agreed by property owners and recorded
- Amended Municipal Code related to temporary permitting for special events
- Amended Municipal Code to streamline business signage approvals
- Palm Tree trimming video produced by staff on available on City website
- First-Aid/CPR/AED training provided to staff
- CJPIA training on vendor insurance requirements and contractual risk transfer provided to staff
- First annual file clean-up day held on August 11, 2017 with Staff filling 2 four-yard dumpsters of recycled material
- Amy Dallosta nominated for CJPIA Capstone award for work on the City's LossCap program
- Americans with Disabilities Act (ADA) transition plan self-assessment and compliance plan created
- Reviewed commercial plan sets in City possession, prepared plans for digital scanning, and selected vendor to begin process of digitalizing commercial plans
- Approved two AT&T cell towers installed at the Vintage CC
- Partnered with Sunline Transit Agency and other agencies in free Disadvantaged Business Enterprise workshop to encourage small business owners
- Updated the City's property insured by CJPIA and coverage amounts
- Partnership with Desert Recreation District to offer programs at Indian Wells Golf Resort such as Tai Chi, 5K walk,
- Donation site for Senior Gift Drive offered by Riverside County Office on Aging during the holiday season, Indian Wells collected the most items
- Launched Voluntary emergency operations radio system program established with Homeowners Associations
- Stop the Bleed training offered to staff
- City staff partnered with Salvation Army and CVRM to adopt 3 families in need

- Taste of Tennis event held prior to tennis tournament with Citi Bank as corporate sponsor
- Received classification of 2 with 1 being best from Building Insurance Services Office (ISO) which rates building code enforcement and how structures will fare in an earthquake, fire or other natural disaster
- Updated the parking bail schedule

Document Structure

In addition to the fund-by-fund financial information presented in the City's financial statements, the Government-wide Financial Statements are presented. The Government-wide Financial Statements include a Statement of Net Position providing the total net position of the City including infrastructure, and the Statement of Activities displaying the cost of providing government services.

These statements are further analyzed in a narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions affecting the financial condition of the City.

The Comprehensive Annual Financial Report includes the financial activity for all funds of the City. The City provides a wide range of services including planning, building, public works, engineering, maintenance, and general administrative activities. Contracted services include police and fire protection, and landscape maintenance.

The following governmental agencies provide services to the citizens of the City of Indian Wells and are excluded from this report because the City does not have financial accountability over these agencies: State of California and its departments, County of Riverside and its departments, Cove Communities Services Commission, Coachella Valley Association of Governments, Riverside County Transportation Commission, Riverside County Waste Management District, Desert Sands Unified School District, County Superintendent of Schools, Coachella Valley Unified School District, Desert Community College District, Coachella Valley Mosquito and Vector Control District, Coachella Valley Water District, SunLine Transit Agency, Greater Palm Springs Convention and Visitors Bureau, and the Desert Resorts Regional Airport Authority.

Established Financial Controls

The framework of internal controls is designed to provide reasonable, but not absolute assurance these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Audit

An annual independent audit of the City's financial statements was conducted. The accounting firm of Eide Bailly LLP, was appointed by the City Council and reported to the Finance Committee to perform the annual audit. The auditors' report on the basic financial statements, as well as the combining and individual fund statements and schedules is included in the financial section of this report.

Annual Internal Control Review

The City is responsible for ensuring an adequate internal control structure is in place. The internal control structure is subject to constant evaluation by the management of the City and annual review by independent auditors. Reviews determine the adequacy of the internal control structure, as well as to determine if the City complied with applicable laws and regulations. The results of the City's annual audit for the fiscal year ended June 30, 2019 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Accounting Controls

In the public sector, a city government maintains a variety of "funds" which provide the basis for separately recording the financial data related to a specific activity. A fund is an accounting entity with a complete set of self-balancing accounting records. Each fund is established due to some restriction on the use of the resources received by fund. In the private sector, a corporation may have many subsidiaries which make up the parent corporation. Likewise, in the public sector, all of the funds make up the complete financial resources of the City. This report includes the transactions of all entities over which the City Council has authority (as defined by the Governmental Accounting Standards Board).

The City's accounting system operates on a modified accrual basis of accounting for all governmental and agency type funds. Under the modified accrual basis of accounting, revenues are recorded when received in cash or accrued when they are both measurable and collectible within the accounting period or soon enough after the end of the period to pay liabilities of the period. Expenditures other than interest or long-term debt, are recorded when liabilities are incurred. At year-end, the City prepared the required entries necessary to report the City's financial position and activities on an

accrual basis of accounting, which recognizes revenues when earned, and expenses when incurred.

In addition to maintaining funds to record accounting transactions, internal controls exist within the accounting system to ensure the safety of assets from misappropriation, unauthorized use or disposition, and to maintain the accuracy of financial record keeping. These internal controls must be established consistent with sound management practices based upon the cost/benefit of the controls imposed. The cost of a control should not be excessive to its derived benefit as viewed by City management. The internal controls in existence at the City of Indian Wells are sufficient to ensure, in all material respects, both the safety of the City's assets and the accuracy of the financial record keeping system.

Certificate of Award for Outstanding Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indian Wells for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The City of Indian Wells has won this award for 28 consecutive years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The Comprehensive Annual Financial Report of the City of Indian Wells for the fiscal year ended June 30, 2019 is hereby presented. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities are included.

Acknowledgments

The preparation of this report would not have been possible without the dedication and professionalism of Finance Department staff. I wish to thank all City departments for their valuable contributions incorporated into this report. I also want to thank the City's independent auditors, Eide Bailly LLP, Certified Public Accountants for their work and professionalism in conducting the annual audit. Finally, I would like to thank the City Council and Finance Committee for providing resources and preserving the City's framework of internal controls.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Cofe".

Chris Freeland
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Indian Wells
California**

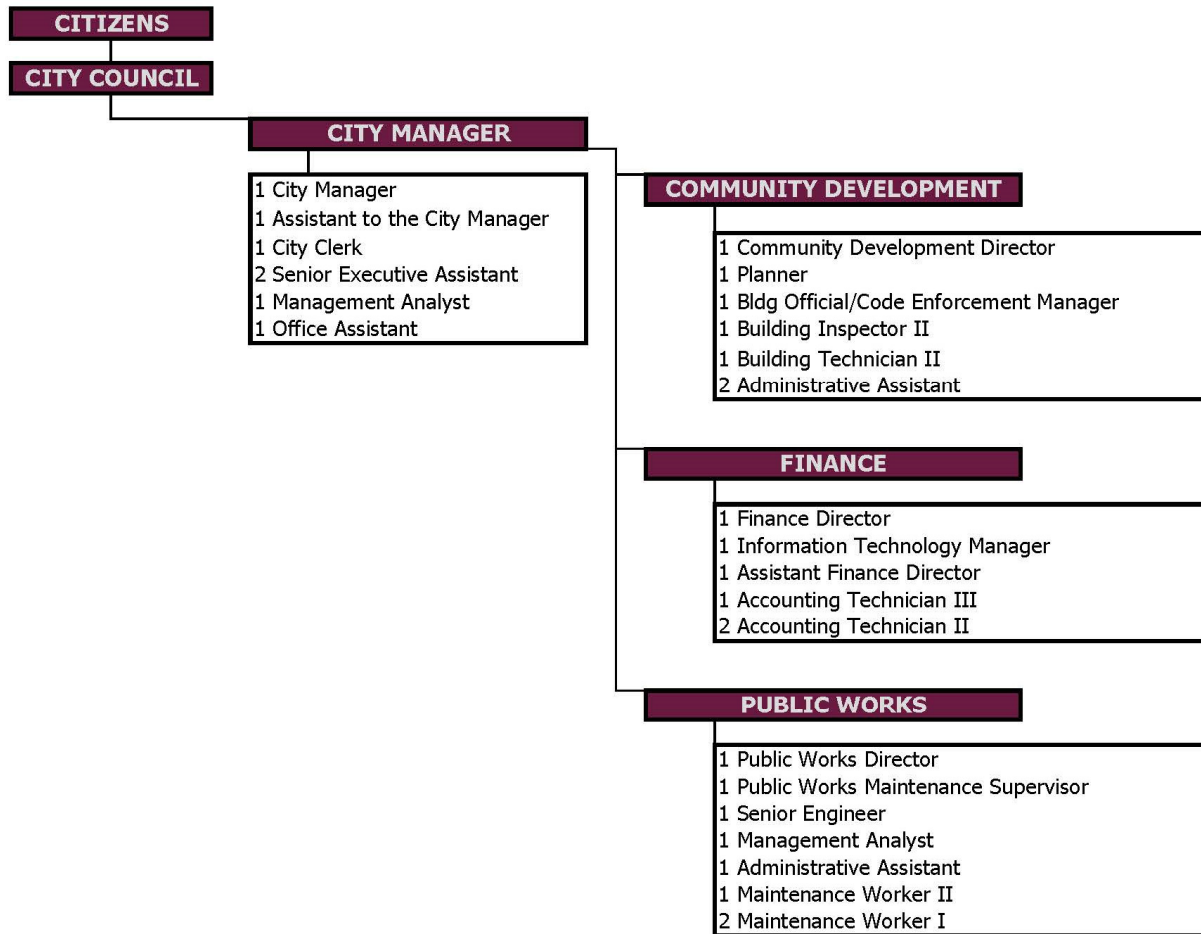
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATION CHART
JUNE 30, 2019



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2019

Council – Manager Form of Government

City Council

Ted J. Mertens
Mayor

Ty Peabody
Mayor Pro Tem

Dana Reed
Council Member

Richard Balocco
Council Member

Kimberly Muzik
Council Member

City Administration

Christopher J. Freeland
City Manager

Kevin McCarthy, Finance Director



Independent Auditor's Report

The Honorable Mayor and Members of City Council
City of Indian Wells, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Indian Wells, California, (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of plan contributions, schedule of changes in the net OPEB liability and related ratios, schedule of OPEB contributions, budgetary comparison information, and related notes, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Riverside, California
November 26, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City of Indian Wells, we offer readers of the financial statements this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2019.

Management's Discussion and Analysis provides readers with a basic overview of the financial results and financial position of the City of Indian Wells. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal found on pages i-xv, and the accompanying basic financial statements found on pages 23-38 of the report.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded liabilities by \$311.9 million at the close of the most recent fiscal year. The net position breaks down as follows: \$216.8 million represents investment in capital assets, \$70.0 million represents unrestricted net position, and \$25.1 million is subject to legal restrictions on their use.
- Governmental Activities capital assets net of depreciation decreased \$5.0 million from \$172.0 million to \$167.0 million. The City acquired \$4.4 million in new capital assets during the fiscal year. Deletions totaled \$5.4 million and depreciation expense was \$4.0 million.
- Governmental fund balances ended the year totaling \$95.1 million. Of this amount, \$19.0 million constitutes non-spendable reserves; an additional \$25.1 million are restricted fund balances because of external limitations on spending. Approximately \$5.7 million of the governmental fund balances are committed for capital projects. In partnership with a Developer, the City has committed \$5.5 million for capital infrastructure towards the future development of the Delano Project. Assigned fund balances total \$30.5 million, which are internally imposed limitations placed upon the funds by the Governing Board responsible for adopting the fund budget. The remainder of the fund balance is \$14.8 million representing unassigned fund balances.
- The City reported a \$73,946 net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2019.
- At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$40.5 million. The fund balance breaks down as follows: non-spendable assets comprise \$19.0 million in notes and loans, approximately \$5.5 million of the governmental fund balances are committed for capital projects, and \$16.0 million is unassigned. The unassigned fund balance included \$2.3 million of emergency reserves.

- As a result of this year's business activities, the Indian Wells Golf Resort collected \$15.1 million in operating revenues. Expenses at the Indian Wells Golf Resort totaled \$17.3 million. Operating costs totaled \$14.8 million, general and administrative costs totaled \$0.4 million, and depreciation totaled \$2.1 million.
- Capital assets from Business-type Activities net of depreciation decreased \$1.4 million from \$51.2 million to \$49.8 million. The Indian Wells Golf Resort acquired \$1.1 million in new capital assets during the fiscal year. Construction in progress was \$0.1 million, deletions totaled \$0.5 and depreciation expense was \$2.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Indian Wells basic financial statements. The City of Indian Wells basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements - The Government-wide Financial Statements present a broad overview of the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting.

The *Statement of Net Position* includes all City assets (including non-spendable assets like streets, roads and land rights) and liabilities (including long-term liabilities). Current year revenues and expenses are accounted for in the *Statement of Activities*. The Government-wide Financial Statements report the City's net position.

The ***Statement of Net Position*** presents information on the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the government's net position changed during the most recent fiscal year. Any changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items will only result in cash flows in future fiscal periods. Examples include revenues pertaining to uncollected taxes, and expenses pertaining to earned but unused vacation and sick leave.

Both Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation.

The Government-wide Financial Statements include not only the City itself (known as the primary government), but a legally separate maintenance district for which the City is financially accountable.

The City of Indian Wells Fire Access Maintenance District No. 1, although legally separate, functions as a department of the City, and therefore included as an integral part of the primary government. The Government-wide Financial Statements are found in the table of contents under the Financial Section of this report.

Fund Financial Statements - A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The *Fund Financial Statements* provides information about the City's most significant funds (major funds) but not the City as a whole. Some funds are required by State and Federal law or by bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes.

The City of Indian Wells, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than the Government-wide Financial Statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-wide Financial Statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenses, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenses, and changes in fund balances for the major funds of the government. The City maintains individual governmental funds, which are distinguished between major and non-major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data collected from the governmental funds is combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City chose to report eighteen (18) Landscape and Lighting District funds as the Consolidated LLMD rather than reporting each of the funds separately. The City combines five (5) Gas Tax funds as the Consolidated Gas Tax Fund for this reporting purpose as well.

The City adopts a biennial budget. A budgetary comparison schedule is provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds - *Proprietary funds* are used to report the same functions presented as *business-type activities* in the Government-wide Financial Statements. *Internal service funds* are used to accumulate and allocate costs internally among various functions. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail.

Fiduciary funds - The City utilizes *Fiduciary funds* to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. The City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements - The financial statements include the *Notes to the Financial Statements* which provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-Wide and Fund Financial Statements.

Required Supplementary Information - In addition to the required elements of the Basic Financial Statements, we included *Required Supplementary Information* which includes budgetary information for the General Fund and major special revenue funds and required schedules for pension and other post-employment benefits.

Combining and individual fund statements and schedules - Provide combining fund information and budgetary schedules immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the Statement of Net Position (Table 1) and the Statement of Net Activities (Table 2) of the City's activities. As noted earlier, looking at the changes in net position over time may serve as a useful indicator of a government's financial position.

Analysis of the Statement of Net Position

The following table lists a condensed Statement of Net Position for the fiscal years ending June 30, 2019 and 2018.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and restricted assets	\$ 100.8	\$ 90.0	\$ (0.8)	\$ 2.1	\$ 100.0	\$ 92.1
Capital assets	167.0	172.0	49.8	51.2	216.8	223.2
Total Assets	267.8	262.0	49.0	53.3	316.8	315.3
Deferred Outflows of Resources	2.9	3.3	0.1	-	3.0	3.3
Current Liabilities	4.1	4.0	1.0	1.1	5.1	5.1
Proportionate share of collective net pension liability	0.1	1.5	-	-	0.1	1.5
Non-current Liabilities	0.9	0.8			0.9	0.8
Total Liabilities	5.1	6.3	1.0	1.1	6.1	7.4
Deferred Inflows of Resources	1.7	0.3	0.1	-	1.8	0.3
Net Position:						
Net investment in capital assets	167.0	172.0	49.8	51.2	216.8	223.2
Restricted						
Community development	3.1	2.7	-	-	3.1	2.7
Housing	13.9	14.6	-	-	13.9	14.6
Public safety	5.7	5.3	-	-	5.7	5.3
Public works	2.4	2.2	-	-	2.4	2.2
Unrestricted	71.8	61.9	(1.8)	1.0	70.0	62.9
Total Net Position	\$ 263.9	\$ 258.7	\$ 48.0	\$ 52.2	\$ 311.9	\$ 310.9

The City's assets exceeded liabilities by \$311.9 million at the close of the most recent fiscal year. Of the total net position, the City's net investment in capital assets is \$216.8 million and \$70.0 million represents unrestricted net position available for meeting the City's ongoing obligations to citizens and creditors.

The City restricted \$25.1 million based on expected use. These restricted resources can be used only for those purposes specified by their providers, such as grantors, bondholders, or higher levels of government. It is important to note these resources are constrained by external parties.

Analysis of the Statement of Activities

General Government is comprised of six departments (City Council, City Manager, Advertising & Marketing, City Attorney, Personnel, and Finance) providing general governance, executive management, legal services, records management, risk management, finance, accounting, and information technology services.

Public Safety is comprised of two departments (Police and Fire) providing law enforcement, code enforcement, fire suppression, prevention services, paramedic, medical transport services, and disaster preparedness.

Community Development is comprised of four departments (Planning, Building, Housing Authority, and Residential Communities operations) providing planning, zoning services, economic development services, and building plan check.

Public Works is comprised of three departments (Engineering, Traffic Signals, and Maintenance Services) providing engineering, construction and maintenance of public streets, highways, buildings, and related infrastructure.

Golf Resort reflects the operations at the City's Indian Wells Golf Resort. The Golf Resort accounts for the operation, management, capital replacements, and maintenance of the Indian Wells Golf Resort.

Club Drive is a professional/office building owned by the City and leased to long-term tenants. This Fund is used to account for the operations of the Club Drive rental property.

Table 2 below lists a condensed Statement of Activities for the fiscal years ending June 30, 2019 and 2018.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for services	\$ 1.7	\$ 1.3	\$ 15.1	\$ 13.8	\$ 16.8	\$ 15.1
Operating contributions and grants	8.3	7.8	-	-	8.3	7.8
Capital contributions and grants	0.2	0.2	-	-	0.2	0.2
General Revenues:						
Taxes						
Property taxes	3.4	3.3	-	-	3.4	3.3
Transient occupancy taxes	8.8	7.9	-	-	8.8	7.9
Sales taxes	1.5	1.1	-	-	1.5	1.1
Franchise taxes	1.0	0.9	-	-	1.0	0.9
Business licenses taxes	0.1	0.1	-	-	0.1	0.1
Admission taxes	3.6	3.4	-	-	3.6	3.4
Investment income	4.3	1.9	-	-	4.3	1.9
Other	0.8	0.9	-	0.4	0.8	1.3
Total Revenues	33.7	28.8	15.1	14.2	48.8	43.0
Expenses:						
General government	5.7	8.1	-	-	5.7	8.1
Public safety	9.1	9.9	-	-	9.1	9.9
Community development	6.1	2.9	-	-	6.1	2.9
Public works	9.6	6.7	-	-	9.6	6.7
Golf resort	-	-	17.3	16.4	17.3	16.4
Club Drive Building	-	-	-	-	-	-
Total Expenses	30.5	27.6	17.3	16.4	47.8	44.0
Transfers	2.0	-	(2.0)	-	-	-
Change in Net Position	\$ 5.2	\$ 1.2	\$ (4.2)	\$ (2.2)	\$ 1.0	\$ (1.0)
Net Position at Beginning of Year	258.7	261.1	52.2	54.4	310.9	315.5
Restatement of Net Position		(3.6)	-	-	-	(3.6)
Net Position, as Restated	258.7	257.5	52.2	54.4	310.9	311.9
Net Position at End of Year	\$ 263.9	\$ 258.7	\$ 48.0	\$ 52.2	\$ 311.9	\$ 310.9

Revenues:

Governmental Activities

The City collected \$33.7 million during fiscal year 2018/19 compared to \$28.8 million the previous year. The growth in revenue is primarily due to the following:

- The City collected \$18.4 million in general taxes during fiscal year 2018/19 representing an increase of \$1.7 million (+10%) compared to the prior year. Revenue growth in this category is primarily due to a 1% increase in the transient occupancy tax rate and robust tourism receipts.
- The City collected \$4.3 million of investment income during fiscal year 2018/19. Investment income increased \$2.4 million compared to the prior year primarily due to rising interest rates in the investment markets and favorable market adjustments (GASB).
- The City received \$8.3 million in operating contributions and grants consistent with the prior year's collections.

Business Type Activities

- As a result of this year's activities, the Indian Wells Golf Resort collected \$15.1 million in operating revenues. Revenues from operations include golf fees, merchandise sales, food & beverage receipts, and event sales.

Expenses:

Governmental Activities

- Expenses for all governmental activities totaled \$30.5 million. Cost increases were largely inflationary in nature as staffing levels and service levels remained similar to the prior year.

Business Type Activities

- Indian Wells Golf Resort operating costs reached \$17.3 million as follows:
 - Operations \$14.8 million
 - General and Administration \$0.4 million
 - Depreciation \$2.1 million

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The focus of the City's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spend-able* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$95.1 million as follows:

Table 3
Fund Balances by Category
Fiscal Year Ending 6/30/2019

	<u>General Fund</u>	<u>All Other Funds</u>	<u>Total Funds</u>
Nonspendable:			
Prepaid costs	7,738	-	7,738
Notes and loans	18,945,867	-	18,945,867
Restricted for:			
Community development	-	16,978,265	16,978,265
Public safety	-	5,737,133	5,737,133
Public works	-	2,412,413	2,412,413
Committed for:			
Capital projects	5,500,000	159,190	5,659,190
Assigned To:			
Capital projects		30,525,572	30,525,572
Unassigned:	16,039,794	(1,254,477)	14,785,317
Total Fund Balances	<u>\$ 40,493,399</u>	<u>\$ 54,558,096</u>	<u>\$ 95,051,495</u>

Governmental fund balances ended the year totaling \$95.1 million. Of this amount, \$19.0 million constitutes non-spendable reserves; an additional \$25.1 million are restricted fund balances because of external limitations on spending.

Approximately \$5.7 million of the governmental fund balances are committed for capital projects. In partnership with a Developer, the City has reserved \$5.5 million for capital infrastructure towards the future development of the Delano Project.

Assigned fund balances total \$30.5 million, which are internally imposed limitations placed upon the funds by the Governing Board responsible for adopting the fund budget. The remainder of the fund balance is \$14.8 million representing unassigned fund balances.

Business-type activities The City's intent is to charge fees to customers to cover all or most of the cost of certain services it provides. The Indian Wells Golf Resort and the City's Club Drive Property activities are reported in this category.

Table 4
Business-Type Activities
Fiscal Year Ending 6/30/2019

	Golf Resort Operations	Club Drive Property	Total
Operating Revenues:			
Charges for services	\$ 15,108,397	\$ -	\$ 15,108,397
Total Revenues	15,108,397	-	15,108,397
Operating Expenses:			
Operations	14,819,685	-	14,819,685
General and Administration	352,342	7,000	359,342
Depreciation	2,143,751	-	2,143,751
Total Expenditures	17,315,778	7,000	17,322,778
Operating Income (loss)	(2,207,381)	(7,000)	(2,214,381)
Non-operating Revenues (Expenses)			
Investment Income (loss)	-	8,006	8,006
Income (Loss) before transfers	(2,207,381)	1,006	(2,206,375)
Transfers in			
Transfers out		(2,004,611)	(2,004,611)
Changes in Net Position	(2,207,381)	(2,003,605)	(4,210,986)
Net Position, Beginning of the Year	50,219,305	2,003,605	52,222,910
Net Position at End of Year	\$ 48,011,924	\$ -	\$ 48,011,924

As a result of this year's business activities, the Indian Wells Golf Resort collected \$15.1 million in operating revenues. Revenues from operations include golf fees, food & beverage receipts, and event sales.

Expenses at the Indian Wells Golf Resort totaled \$17.3 million. Operating costs totaled \$14.8 million, general and administrative costs totaled \$0.4 million, and depreciation totaled \$2.1 million.

In March 2018, the City sold the Club Drive Property to a medical practice and in fiscal year 2018/19, the Club Drive Property Fund was closed.

The General Fund

The General Fund is the primary operating fund of the City. At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$40.1 million. The fund balance breaks down as follows: non-spendable assets comprise \$19.0 million in notes and loans, approximately \$5.5 million of the governmental fund balances are committed for capital projects, and \$16.0 million is unassigned. The unassigned fund balance included \$2.3 million of emergency reserves.

Table 5
General Fund Financial Summary

	2019	2018	\$ Change	% Change
Revenues:				
Taxes	\$ 18,057,355	\$ 16,353,573	\$ 1,703,782	10.4%
Licenses and permits	504,326	462,426	41,900	9.1%
Intergovernmental	478,269	444,372	33,897	7.6%
Charges for services	485,714	576,143	(90,429)	-15.7%
Interest income	747,096	56,257	690,839	1228.0%
Fines and forfeitures	43,100	39,584	3,516	8.9%
Other income	479,349	609,054	(129,705)	-21.3%
Total Revenues	20,795,209	18,541,409	2,253,800	12.2%
Expenditures:				
General government	7,023,498	7,025,621	(2,123)	0.0%
Public safety	3,646,539	3,479,352	167,187	4.8%
Community development	1,401,939	1,429,142	(27,203)	-1.9%
Public works	2,160,868	1,970,241	190,627	9.7%
Total Expenditures	14,232,844	13,904,356	328,488	2.4%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,562,365	\$ 4,637,053	\$ 1,925,312	41.5%
Other Financing Sources (Uses)				
Transfer in	1,242,257	-	1,242,257	100.0%
Transfer out	(4,450,000)	(4,121,960)	(328,040)	8.0%
Total Transfers	(3,207,743)	(4,121,960)	914,217	-22.2%
Net Change in Fund Balance	3,354,622	515,093	2,839,529	551.3%

General Fund revenues increased 12.2% during fiscal year 2018/19 compared to the prior year primarily due to strong property tax and tourism tax collections. Total taxes climbed 10.4% with property taxes, transient occupancy taxes and admissions taxes experiencing most of the growth.

Investment income increased compared to the prior year primarily due to a favorable GASB 31 market valuation adjustment in the current fiscal year. General Fund expenditures increased \$1.9 million (2.4%) during fiscal year 2018/19 primarily due to increases to public safety costs and robust public works projects. See Fund Financial Statements tab page 26-32.

Government Activities

Table 6 presents the cost of each of the City’s five largest programs: general government, community development, public safety, public works and golf resort—as well as each program’s *net* cost (total cost less revenues generated by the activities).

The net cost of services indicates the overall cost of government is greater than the revenues generated to support it from fees and user charges. This is an indication the taxes and general revenues charged by the City are necessary to support its operations.

Table 6
Net Cost of Governmental Activities
(in Millions)

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Government Activities				
General government	\$ 5,701,156	\$ 8,102,188	\$ (5,179,787)	\$ (7,618,232)
Public safety	9,115,680	9,918,617	(3,372,127)	(4,854,916)
Community development	6,117,322	2,867,417	(5,127,282)	(1,828,848)
Public works	9,598,922	6,685,611	(6,644,779)	(3,942,763)
Total Governmental Activities	30,533,080	27,573,833	(20,323,975)	(18,244,759)
Business-Type Activities				
Golf resort	17,315,778	16,386,499	(2,207,381)	(2,648,321)
Other	7,000	31,781	(7,000)	50,361
Total Business-Type Activates	17,322,778	16,418,280	(2,214,381)	(2,597,960)
Total Primary Government	\$ 47,855,858	\$ 43,992,113	\$ (22,538,356)	\$ (20,842,719)

See the Statement of Activities on page 24 for further detail.

Capital Assets

The Statement of Net Position includes such infrastructure assets as City-maintained buildings, bridges, streets, storm drains, equipment, traffic signals, and vehicles. Infrastructure assets, except for land, are depreciated to reflect a net infrastructure amount.

Government Activities

Table 7
Summary of Changes in Capital Assets
(in millions)

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ (4,487,463)	\$ 44,218,783
Construction in progress	799,975	5,717	(720,765)	84,927
Total capital assets not being depreciated	49,506,221	5,717	(5,208,228)	44,303,710
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	65,264,734	2,802,995	(890,336)	67,177,393
Equipment	1,530,699	20,492	-	1,551,191
Infrastructure	112,405,945	1,587,649	-	113,993,594
Total capital assets being depreciated	181,701,378	4,411,136	(890,336)	185,222,178
Less accumulated depreciation for:				
Intangible	(1,375,000)	(250,000)	-	(1,625,000)
Buildings and improvements	(24,986,851)	(1,664,577)	694,347	(25,957,081)
Equipment	(1,449,655)	(34,223)	-	(1,483,878)
Infrastructure	(31,388,468)	(2,069,275)	-	(33,457,743)
Total accumulated depreciation	(59,199,974)	(4,018,075)	694,347	(62,523,702)
Total capital assets being depreciated, net	122,501,404	393,061	(195,989)	122,698,476
Total capital assets, net	\$ 172,007,625	\$ 398,778	\$ (5,404,217)	\$ 167,002,186

The City completed \$4.4 million in new capital assets during the fiscal year. Construction in process was \$0.1 million. The City spent \$2.8 million in buildings and improvements including \$0.7 million on fire station improvements, an additional \$0.2 million on traffic safety improvements, and \$1.3 million in building repairs at Mountain View Villas. The City spent \$0.7 million for street improvements along Cook Street and \$0.8 million for roadway improvements throughout the City. Drainage improvements accounted for an additional \$0.1 million.

Deletions totaled \$5.4 million and depreciation expense was \$4.0 million. The net investment in capital assets decreased \$5.0 million from \$172.0 million to \$167.0 million.

Business-Type Activities

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 13,910,956	\$ -	\$ -	\$ 13,910,956
Construction in progress	484,293	133,938	(484,293)	133,938
Total capital assets not being depreciated	14,395,249	133,938	(484,293)	14,044,894
Capital assets, being depreciated:				
Buildings and improvements	82,908,997	834,131	-	83,743,128
Equipment	5,679,893	282,864	(702,461)	5,260,296
Infrastructure	433,389	-	-	433,389
Total capital assets being depreciated	89,022,279	1,116,995	(702,461)	89,436,813
Less accumulated depreciation for:				
Buildings and improvements	(47,017,820)	(1,955,418)	-	(48,973,238)
Equipment	(5,114,622)	(181,110)	702,461	(4,593,271)
Infrastructure	(86,677)	(7,223)	-	(93,900)
Total accumulated depreciation	(52,219,119)	(2,143,751)	702,461	(53,660,409)
Total capital assets being depreciated, net	36,803,160	(1,026,756)	-	35,776,404
Total capital assets, net	\$ 51,198,409	\$ (892,818)	\$ (484,293)	\$ 49,821,298

The Indian Wells Golf Resort completed \$1.1 million in new capital assets during the fiscal year including enhancements to the driving range, VUE Grill and Bar, and the purchase of a new food truck. Construction in process was \$0.1 million. Total depreciation is \$2.1 million and deletions (net) was \$0.4 million.

The net investment in capital assets decreased \$1.4 million from \$51.2 million to \$49.8 million. Details of the City's capital assets can be found in Note 7 Capital Assets on page 56-57 of the Notes to Basic Financial Statements.

General Fund Budgetary Highlights

Actual revenues received in the General Fund were \$3.3 million higher than budgeted primarily attributed to the following:

- Strong property tax and tourism tax collections outpaced budgeted expectations.
- Favorable GASB 31 market valuation adjustment to investment income in the current fiscal year.
- Transfers in due to closure of Club Drive enterprise fund.

The final budget for General Fund expenditures and transfers out was \$2.2 million higher than the original budget due to increases/(decreases) in appropriations primarily attributed to the following:

- Transfers to the City Capital Improvement Fund for capital acquisitions and improvements.

Long-term Liabilities

At year-end, the City governmental activities had \$1.1 million of long-term liabilities.

Table 9
Summary of Changes in Long-Term Liabilities

Description	2019	2018	\$ Change	% Change
Net Pension Liability	\$ 73,946	\$ 1,526,915	\$ (1,452,969)	-95.2%
Net OPEB Liability	621,813	839,000	(217,187)	-25.9%
Compensated absences	420,081	431,513	(11,432)	-2.6%
Total Long Term Debt	<u>\$ 1,115,840</u>	<u>\$ 2,797,428</u>	<u>\$ (1,681,588)</u>	<u>-60.1%</u>

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2019, in the amount of \$0.1 million. The City's net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2017 and 2018, was as follows:

Proportion - June 30, 2017	0.0154%
Proportion - June 30, 2018	0.0008%
Change - Increase/(Decrease)	-0.0146%

The City has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multiple employer defined benefit retiree healthcare plan administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the HC Plan are established by City contracts with the employee associations. The City participates in the California Employers' Retiree Benefit Fund (CERBT). The City reported a net liability of \$0.6 million as of June 30, 2019.

The City reported \$0.4 million in compensated absences liability as of June 30, 2019. The City reserves the outstanding compensated absences liability in the Employee Leave Accrual Fund. The long-term strategy of the Employee Leave Accrual Fund is to set aside cash reserves in case of changes in staff. Several different types of paid leave accrue to full-time employees. These include vacation, holiday, administrative leave, sick leave, and compensatory time accruals. The amount of leave employees is eligible to accrue is governed by Memorandum of Understandings (MOUs), personnel contracts, and the Personnel Rules and Regulations.

Details of the City's outstanding debt can be found in Note 8 Long-Term Liabilities, Note 9 Defined Benefit Pension Plan, and Note 12 Other Post Employment Benefit Plan of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Indian Wells' economy remains strong, and the budget projects moderate growth in all of the City's five Major General Fund revenue categories – Transient Occupancy Tax (TOT), Admissions Tax, Property Tax, Sales Tax, and Franchise Fees. Most major revenues are advancing along with the overall economy. Building activity has returned, and tourism and travel are strong.

Over the next five-year period, General Fund expenditures are expected to increase at a faster rate than General Fund revenues, leading to an annual decrease in the amount of excess revenues over expenditures. Long-term cash flows anticipate conservative revenue growth of approximately 3.2% per year. The growth is inflationary in nature, although small growth should continue from expanding hotel room rates and tennis tournament attendance.

The operating cost projections represent current service levels. The analysis does not assume any changes in staffing levels, police services, current maintenance and landscaping levels, and other City services. Over the next five-year period, staff expects to see operating cost increases of approximately 3.8% per year. Cost increases reference historical trends and are inflationary in nature.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin McCarthy, Finance Director, at the City of Indian Wells, 44-950 Eldorado Drive, Indian Wells, California 92210-7497 or e-mail Kevin McCarthy at: kmccarthy@indianwells.com

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CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 71,048,266	\$ 325,585	\$ 71,373,851
Restricted cash and investments	733,924	-	733,924
Receivables:			
Accounts	1,572,801	748,181	2,320,982
Accrued interest	267,964	-	267,964
Prepaid costs	7,738	550,878	558,616
Inventories	-	132,350	132,350
Other assets	108,955	-	108,955
Internal balances	2,598,570	(2,598,570)	-
Notes receivable	1,333,850	-	1,333,850
Due from Successor Agency	23,212,777	-	23,212,777
Capital assets not being depreciated	44,303,710	14,044,894	58,348,604
Capital assets, net of depreciation	122,698,476	35,776,404	158,474,880
Total Assets	267,887,031	48,979,722	316,866,753
Deferred Outflows of Resources			
Deferred amounts related to pensions	2,511,619	74,746	2,586,365
Deferred amounts related to OPEB	389,962	-	389,962
Total Deferred Outflows of Resources	2,901,581	74,746	2,976,327
Liabilities			
Current liabilities:			
Accounts payable	3,439,420	967,654	4,407,074
Accrued liabilities	74,801	3,392	78,193
Deposits payable	522,761	19,299	542,060
Compensated absences	93,744	-	93,744
Total current liabilities	4,130,726	990,345	5,121,071
Noncurrent liabilities:			
Compensated absences	326,337	-	326,337
Proportionate share of net pension liability	71,809	2,137	73,946
Net OPEB liability	621,813	-	621,813
Total noncurrent liabilities	1,019,959	2,137	1,022,096
Total Liabilities	5,150,685	992,482	6,143,167
Deferred Inflows of Resources			
Deferred amounts related to pensions	1,682,181	50,062	1,732,243
Deferred amounts related to OPEB	39,191	-	39,191
Total Deferred Inflows of Resources	1,721,372	50,062	1,771,434
Net Position			
Net investment in capital assets	167,002,186	49,821,298	216,823,484
Restricted for:			
Community development projects	3,108,085	-	3,108,085
Housing	13,870,180	-	13,870,180
Public safety	5,737,133	-	5,737,133
Public works	2,412,413	-	2,412,413
Unrestricted	71,786,558	(1,809,374)	69,977,184
Total Net Position	\$ 263,916,555	\$ 48,011,924	\$ 311,928,479

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Government Activities				
General government	\$ 5,701,156	\$ 43,100	\$ 478,269	\$ -
Public safety	9,115,680	600,091	5,143,462	-
Community development	6,117,322	990,040	-	-
Public works	9,598,922	12,124	2,705,844	236,175
Total Governmental Activities	30,533,080	1,645,355	8,327,575	236,175
Business-type Activities				
Golf Resort Operations	17,315,778	15,108,397	-	-
Club Drive Property	7,000	-	-	-
Total Business-type Activities	17,322,778	15,108,397	-	-
Total Primary Government	\$ 47,855,858	\$ 16,753,752	\$ 8,327,575	\$ 236,175

General Revenues

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Admission taxes

Investment income

Other

Transfers

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,179,787)	\$ -	\$ (5,179,787)
(3,372,127)	-	(3,372,127)
(5,127,282)	-	(5,127,282)
(6,644,779)	-	(6,644,779)
(20,323,975)	-	(20,323,975)
-	(2,207,381)	(2,207,381)
-	(7,000)	(7,000)
-	(2,214,381)	(2,214,381)
(20,323,975)	(2,214,381)	(22,538,356)
3,398,657	-	3,398,657
8,835,433	-	8,835,433
1,493,254	-	1,493,254
992,865	-	992,865
134,691	-	134,691
3,540,094	-	3,540,094
4,336,032	8,006	4,344,038
785,799	-	785,799
2,004,611	(2,004,611)	-
25,521,436	(1,996,605)	23,524,831
5,197,461	(4,210,986)	986,475
258,719,094	52,222,910	310,942,004
\$ 263,916,555	\$ 48,011,924	\$ 311,928,479

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Assets			
Cash and investments	\$ 19,206,352	\$ 8,500,779	\$ 3,075,935
Receivables:			
Accounts	1,111,069	-	197,074
Accrued interest	71,154	32,313	11,692
Prepaid costs	7,738	-	-
Other assets	108,955	-	-
Due from other funds	3,853,047	-	-
Notes receivable	1,206,675	-	-
Due from Successor Agency	17,739,192	5,473,585	-
Total Assets	<u>\$ 43,304,182</u>	<u>\$ 14,006,677</u>	<u>\$ 3,284,701</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,318,271	\$ 132,142	\$ 227,427
Accrued liabilities	68,239	4,355	2,017
Deposits payable	424,273	-	-
Due to other funds	-	-	-
Total Liabilities	<u>2,810,783</u>	<u>136,497</u>	<u>229,444</u>
Fund Balances			
Nonspendable			
Prepaid costs	7,738	-	-
Notes and loans	18,945,867	-	-
Restricted for			
Community development	-	13,870,180	-
Public safety	-	-	3,055,257
Public works	-	-	-
Committed to			
Capital projects	5,500,000	-	-
Assigned			
Capital projects	-	-	-
Unassigned	16,039,794	-	-
Total Fund Balance	<u>40,493,399</u>	<u>13,870,180</u>	<u>3,055,257</u>
Total Liabilities and Fund Balances	<u>\$ 43,304,182</u>	<u>\$ 14,006,677</u>	<u>\$ 3,284,701</u>

See accompanying notes to basic financial statements.

Capital Projects Funds

Park Facilities In Lieu	City Streets Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 18,124,283	\$ 21,082,396	\$ 69,989,745
-	-	264,658	1,572,801
-	68,895	79,887	263,941
-	-	-	7,738
-	-	-	108,955
-	-	-	3,853,047
-	-	127,175	1,333,850
-	-	-	23,212,777
\$ -	\$ 18,193,178	\$ 21,554,116	\$ 100,342,854
\$ -	\$ -	\$ 761,580	\$ 3,439,420
-	-	90	74,701
-	-	98,488	522,761
1,225,487	-	28,990	1,254,477
1,225,487	-	889,148	5,291,359
-	-	-	7,738
-	-	-	18,945,867
-	-	3,108,085	16,978,265
-	-	2,681,876	5,737,133
-	-	2,412,413	2,412,413
-	-	159,190	5,659,190
-	18,193,178	12,332,394	30,525,572
(1,225,487)	-	(28,990)	14,785,317
(1,225,487)	18,193,178	20,664,968	95,051,495
\$ -	\$ 18,193,178	\$ 21,554,116	\$ 100,342,854

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CITY OF INDIAN WELLS, CALIFORNIA

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund Balances of Governmental Funds \$ 95,051,495

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of related accumulated depreciation have not been included as financial resources in governmental fund activity 167,002,186

Compensated absences are not considered due and payable and therefore have not been included in the governmental funds (420,081)

Deferred outflows related to pensions 2,511,619

Deferred inflows related to pensions (1,682,181)

Proportionate share of net pension liability has not been included in governmental fund activity (71,809)

Internal service funds are used by management to charge the costs of certain activities, such as employee benefits, to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities of the statement of net position

1,525,326

Net Position of Governmental Activities \$ 263,916,555

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		
	General	Housing Authority	Emergency Services Upgrade
Revenues			
Taxes	\$ 18,057,355	\$ -	\$ 3,139,323
Licenses and permits	504,326	-	-
Intergovernmental	478,269	-	-
Charges for services	485,714	-	599,541
Investment income	747,096	312,958	104,103
Fines and forfeitures	43,100	-	-
Rental income	-	-	-
Assessments	-	-	617,839
Developer fees	-	-	-
Other income	479,349	-	13,576
Total Revenues	20,795,209	312,958	4,474,382
Expenditures			
Current:			
General government	7,023,498	1,783,077	-
Public safety	3,646,539	-	3,743,527
Community development	1,401,939	200,000	-
Public works	2,160,868	-	-
Capital outlay	-	-	718,049
Total Expenditures	14,232,844	1,983,077	4,461,576
Excess (deficiency) of revenues over (under) expenditures	6,562,365	(1,670,119)	12,806
Other Financing Sources (Uses)			
Proceeds from sale of land	-	907,592	-
Transfers in	1,242,257	-	-
Transfers out	(4,450,000)	-	-
Total Other Financing Sources (Uses)	(3,207,743)	907,592	-
Net change in fund balances	3,354,622	(762,527)	12,806
Fund Balances, Beginning of Year	37,138,777	14,632,707	3,042,451
Fund Balances, End of Year	\$ 40,493,399	\$ 13,870,180	\$ 3,055,257

See accompanying notes to basic financial statements.

Capital Projects			
Park Facilities In Lieu	City Streets Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 337,639	\$ 21,534,317
-	-	550	504,876
-	-	767,837	1,246,106
-	-	-	1,085,255
-	419,089	909,185	2,492,431
-	-	12,124	55,224
-	-	1,766,444	1,766,444
-	-	3,391,683	4,009,522
49,168	-	119,630	168,798
-	-	292,874	785,799
49,168	419,089	7,597,966	33,648,772
-	-	188,883	8,995,458
-	-	1,297,537	8,687,603
-	-	1,408,171	3,010,110
-	-	2,650,399	4,811,267
-	-	2,859,803	3,577,852
-	-	8,404,793	29,082,290
49,168	419,089	(806,827)	4,566,482
-	-	3,444,257	4,351,849
-	17,774,089	6,308,860	25,325,206
-	-	(18,870,595)	(23,320,595)
-	17,774,089	(9,117,478)	6,356,460
49,168	18,193,178	(9,924,305)	10,922,942
(1,274,655)	-	30,589,273	84,128,553
\$ (1,225,487)	\$ 18,193,178	\$ 20,664,968	\$ 95,051,495

CITY OF INDIAN WELLS, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ 10,922,942
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. Adjustments for capital outlay, net of asset deletions and the net depreciation expense is reported in the governmental activities	(5,005,439)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	11,432
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts	(220,002)
Internal service funds are used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities	(511,472)
Change in net position of governmental activities	<u>\$ 5,197,461</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Assets				
Current Assets				
Cash and investments	\$ 325,585	\$ -	\$ 325,585	\$ 1,058,521
Restricted cash and investments	-	-	-	733,924
Receivables:				
Accounts	748,181	-	748,181	-
Accrued interest	-	-	-	4,023
Prepaid costs	550,878	-	550,878	-
Inventories	132,350	-	132,350	-
Total Current Assets	<u>1,756,994</u>	<u>-</u>	<u>1,756,994</u>	<u>1,796,468</u>
Noncurrent Assets				
Notes receivable	-	-	-	-
Capital assets, not being depreciated	14,044,894	-	14,044,894	-
Capital assets, net of depreciation	35,776,404	-	35,776,404	-
Total Noncurrent Assets	<u>49,821,298</u>	<u>-</u>	<u>49,821,298</u>	<u>-</u>
Total Assets	<u>51,578,292</u>	<u>-</u>	<u>51,578,292</u>	<u>1,796,468</u>
Deferred Outflows of Resources				
Deferred amounts related to pension	74,746	-	74,746	-
Deferred amounts related to OPEB	-	-	-	389,962
Total Deferred Outflows of Resources	<u>74,746</u>	<u>-</u>	<u>74,746</u>	<u>389,962</u>
Liabilities				
Current Liabilities				
Accounts payable	967,654	-	967,654	-
Accrued liabilities	3,392	-	3,392	100
Deposits payable	19,299	-	19,299	-
Due to other funds	2,598,570	-	2,598,570	-
Total Current Liabilities	<u>3,588,915</u>	<u>-</u>	<u>3,588,915</u>	<u>100</u>
Noncurrent Liabilities				
Proportionate share of net pension liability	2,137	-	2,137	-
Net OPEB liability	-	-	-	621,813
Total Noncurrent Liabilities	<u>2,137</u>	<u>-</u>	<u>2,137</u>	<u>621,813</u>
Total Liabilities	<u>3,591,052</u>	<u>-</u>	<u>3,591,052</u>	<u>621,913</u>
Deferred Inflows of Resources				
Deferred amounts related to pension	50,062	-	50,062	-
Deferred amounts related to OPEB	-	-	-	39,191
Total Deferred Inflows of Resources	<u>50,062</u>	<u>-</u>	<u>50,062</u>	<u>39,191</u>
Net Position				
Net investment in capital assets	49,821,298	-	49,821,298	-
Restricted Section 115 Trust	-	-	-	112,111
Unrestricted	(1,809,374)	-	(1,809,374)	1,413,215
Total Net Position	<u>\$ 48,011,924</u>	<u>\$ -</u>	<u>\$ 48,011,924</u>	<u>\$ 1,525,326</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Business-Type Activities			Governmental Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 15,108,397	\$ -	\$ 15,108,397	\$ -
Interdepartmental charges	-	-	-	1,696,794
Total Operating Revenues	<u>15,108,397</u>	<u>-</u>	<u>15,108,397</u>	<u>1,696,794</u>
Operating Expenses				
Operations	14,819,685	-	14,819,685	-
General and administration	352,342	7,000	359,342	2,285,424
Depreciation	2,143,751	-	2,143,751	-
Total Operating Expenses	<u>17,315,778</u>	<u>7,000</u>	<u>17,322,778</u>	<u>2,285,424</u>
Operating Income (Loss)	<u>(2,207,381)</u>	<u>(7,000)</u>	<u>(2,214,381)</u>	<u>(588,630)</u>
Nonoperating Revenues (Expenses)				
Interest income	-	8,006	8,006	77,158
Income (Loss) before transfers	<u>(2,207,381)</u>	<u>1,006</u>	<u>(2,206,375)</u>	<u>(511,472)</u>
Transfers in	-	-	-	-
Transfers out	-	(2,004,611)	(2,004,611)	-
Total Transfers	<u>-</u>	<u>(2,004,611)</u>	<u>(2,004,611)</u>	<u>-</u>
Changes in Net Position	(2,207,381)	(2,003,605)	(4,210,986)	(511,472)
Net Position, Beginning of the Year	50,219,305	2,003,605	52,222,910	2,036,798
Net Position, End of Year	<u>\$ 48,011,924</u>	<u>\$ -</u>	<u>\$ 48,011,924</u>	<u>\$ 1,525,326</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Business-Type Activities			Governmental Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 14,462,008	\$ -	\$ 14,462,008	\$ -
Cash received from interfund service provided	-	-	-	1,338,458
Cash payments to suppliers for goods and services	(14,397,966)	(89)	(14,398,055)	(2,327,464)
Cash payments to employees for services	(608,313)	(5,510)	(613,823)	-
Net cash provided by (used for) operating activities	(544,271)	(5,599)	(549,870)	(989,006)
Cash flows from non-capital financing activities:				
Cash paid to other funds	-	(762,354)	(762,354)	-
Cash recieved from other funds	1,117,215	-	1,117,215	-
Net cash provided by (used for) noncapital financing activities	1,117,215	(762,354)	354,861	-
Cash flows from capital and related financing activities:				
Purchase of capital assets	(766,640)	-	(766,640)	-
Net cash provided by capital and related financing activities	(766,640)	-	(766,640)	-
Cash flows from investing activities:				
Interest received on investments	-	10,086	10,086	43,624
Net cash provided by (used for) investing financing activities	-	10,086	10,086	43,624
Net increase (decrease) in cash and cash equivalents	(193,696)	(757,867)	(951,563)	(945,382)
Cash and cash equivalents at beginning of year	519,281	757,867	1,277,148	-
Cash and cash equivalents at end of year	\$ 325,585	\$ -	\$ 325,585	\$ 1,058,521

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS, (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019**

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (2,207,381)	\$ (7,000)	\$ (2,214,381)	\$ (588,630)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,143,751	-	2,143,751	-
(Increase) decrease in accounts receivable	(646,389)	-	(646,389)	-
(Decrease) in prepaids	194,766	-	194,766	-
(Decrease) in inventory	63,820	-	63,820	-
Increase/(decrease) in net OPEB liability	-	-	-	(400,376)
Increase/(decrease) related to deferred outflows for contributions subsequent to measurement date	(57,486)	4,795	(52,691)	-
Increase/(decrease) in accounts payable	163,133	(89)	163,044	-
Increase/(decrease) in accrued liabilities	158	(209)	(51)	-
Increase/(decrease) in deposits payable	(239,698)	-	(239,698)	-
(Decrease) in net pension liability	(7,340)	(2,633)	(9,973)	-
Increase/(decrease) related to deferred inflows related to pension subsequent to measurement date	48,395	(463)	47,932	-
Net cash provided by (used for) operating activities	<u>\$ (544,271)</u>	<u>\$ (5,599)</u>	<u>\$ (549,870)</u>	<u>\$ (989,006)</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets	
Cash and investments	\$ 10,083,869
Receivables:	
Accrued interest	38,331
Prepaid costs	135,246
Restricted assets:	
Cash and investments with fiscal agents	796,965
Total Assets	11,054,411
Deferred Outflows of Resources	
Deferred loss on refunding	391,526
Liabilities	
Accrued interest	1,202,601
Due to City	17,739,192
Long-term liabilities:	
Due in one year	7,720,585
Due in more than one year	85,075,040
Total Liabilities	111,737,418
Net Position (deficit)	
Held in trust for other purposes	\$ (100,291,481)

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions	
Taxes	\$ 11,897,591
Deductions	
Administrative expenses	321,204
Interest and fiscal charges	2,681,520
Total Deductions	3,002,724
Changes in Net Position	8,894,867
Net Position (deficit) - Beginning of the Year	(109,186,348)
Net Position (deficit) - End of the Year	\$ (100,291,481)

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Indian Wells have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

a. The Financial Reporting Entity:

The City of Indian Wells (City) was incorporated during July 1967, under the General Laws of the State of California. The City became a charter City in 2003. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, the City (the primary government) has included within its reporting entity, for financial reporting purposes, all component units which meet the requirement described in these statements. GASB Statements No. 14 and No. 61 define financial accountability as follows: The primary government is accountable if the primary government appoints a voting majority of that organization and is able to impose its will or there is a potential for the organization to provide specific financial burdens to or impose specific financial burdens on the primary government. A primary government may also be financially accountable for government organizations that are fiscally dependent on the primary government. An organization is fiscally dependent if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City. In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the primary government. A brief description of each component unit follows:

The City of Indian Wells Fire Access Maintenance District No. 1 (FAMD No. 1) was established during April 1973 to provide for the maintenance of access roads for fire and safety vehicles within the special district referred to as FAMD No. 1. Even though the FAMD No. 1 is a legally separate entity, it is reported as if it were part of the City because the City Council serves as the governing board and there is a financial benefit or burden relationship between the primary government and the component unit. Separate financial statements are not prepared for FAMD No. 1.

The Housing Authority (Housing Authority) of the City of Indian Wells was established in February 2012, to assume the housing activities from the former Redevelopment Agency. The activity of the Housing Authority is reported in the Special Revenue Funds. Even though the Housing Authority is a legally separate entity, it is reported as if it were part of the City because the City Council along with two appointed tenant commissioners serves as the governing board of the Housing Authority. Additionally, there is a financial benefit or burden relationship between the primary government and the component unit. Separate financial statements are not prepared for the Housing Authority.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Measurement Focus and Basis of Accounting:

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements:

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). All fiduciary activities are reported only in the fund financial statements.

Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Internally dedicated resources, taxes, and other items that are not properly included among program revenues are reported as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows (inflows), liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Measurement Focus and Basis of Accounting, (Continued):

Fund Financial Statements, (Continued):

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds.

Governmental Funds:

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenditures, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current resources) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent current resources.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect current resources, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Measurement Focus and Basis of Accounting, (Continued):

Governmental Funds, (Continued):

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds:

The City's enterprise funds and internal service funds are proprietary funds. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation of capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds:

The private purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund is excluded from the government-wide financial statements.

c. Fund Classifications:

The City reports the following major governmental funds:

General Fund – This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Housing Authority – This fund is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low and moderate income housing in Indian Wells. The fund's revenue sources include investment income. Revenues are restricted by government code for funding of housing units to benefit low and moderate income households.

Emergency Services Upgrade – This fund is used to accumulate the resources accruing from a special fire tax levied, and restricted to provide enhancement levels of fire protection, suppression and emergency paramedic services.

Park Facilities In Lieu – This fund is used to account for the accumulation of resources from Quimby Act Park Fee exactions, which are restricted for the acquisition and construction of parks, recreation and open space capital projects.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

c. Fund Classifications, (Continued):

City Streets Capital Reserve– This fund establishes reserve funding for streets throughout the City. Funding allows for an array of maintenance projects to extend the city roadways’ life. The City follows the Pavement Management Program (PMP) to identify street projects in the categories of slurry seal, overlay and reconstruction.

The City reports the following major enterprise fund:

Golf Resort Operations – This fund is used to account for the operations of the Indian Wells Golf Resort. Customer purchases received by the course will be used to support the day to day activities of the golf course.

Other enterprise activities include the Club Drive Property fund which accounts for the operations of a professional/office building owned by the City and leased to long term tenants. In fiscal year 2017-18 the property was sold. In fiscal year 2018-19 this fund was closed and the account balances were transferred to the general fund and capital improvement fund.

The City's fund structure also includes the following fund types:

Proprietary Fund - Internal Service Fund – These funds are used to account for employee benefit activities and services performed for other departments within the City on a cost reimbursement basis.

Fiduciary Fund - Private Purpose Trust Fund – This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

d. Cash and Investments:

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost. These investments are not transferable and they have terms that are not affected by changes in market interest rates. Investment income includes interest earnings and the net increase (decrease) in fair value of investments.

The City categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City pools cash and investments of all funds, except for amounts held within the Section 115 trust, amounts held by fiscal agents, and amounts held by management companies for the Indian Wells Golf Resort, Indian Wells Villas and Mountain View Villas. Each fund’s share in this pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

e. Cash and Cash Equivalents:

The City considers all cash and investments as being highly liquid as cash is pooled for investment purposes with other funds of the City.

f. Restricted Section 115 Trust Cash and Investments:

All assets in the Section 115 Trust are irrevocably dedicated to funding obligations of the City’s pension beneficiaries, other post-employment beneficiaries or costs of administering the Trust. The funds are not considered plan assets of either the pension plan or OPEB plan and are therefore considered restricted assets of the City.

g. Capital Assets:

Capital assets, which include property, plant, equipment, infrastructure (i.e., roads, bridges, sidewalks, and similar items), and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of the initial capitalization of infrastructure assets, the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the acquisition value of the item at the date of its donation.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Building and improvements	10-50 years
Equipment	3-15 years
Infrastructure	5-60 years
Intangible assets	Depreciated over contractual life

Intangible assets are amortized over their contractual useful lives using the straight-line method in the government-wide financial statements. Amortization is charged as an expense against operations and accumulated amortization is reported on the respective balance sheet.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

h. Deferred Outflows/Inflows of Resources

The City reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position or fund balance by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position or fund balance by the government that is applicable to a future period.

The City reports deferred outflows and inflows of resources related to pensions and other post employment benefits on the government-wide statement of net position and the proprietary funds statement of net position, under the full accrual basis of accounting. Refer to Notes 9 and 12 for items identified as deferred inflows and outflows related to pension and other post employment benefits, respectively, as of June 30.

i. Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two equal installments due November 1 and February 1, respectively, and are delinquent if not paid by December 10 and April 10, respectively. The County of Riverside bills and collects the property taxes and remits them to the City in installments during the year. All material amounts associated with the reporting period are collected soon enough to be considered to be "available" to finance the expenditures of the reporting period.

The County of Riverside is permitted by State law (Proposition 13) to levy taxes at 1 percent of full market value (at time of purchase) and can increase the assessed values no more than 2 percent annually. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

j. Inventory:

Inventory in the Golf Resort Operations Enterprise Fund is carried at cost using the consumption method on a first-in, first-out basis.

k. Prepaid Costs:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method to record prepaid costs.

l. Compensated Absences:

Governmental fund types recognize the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year. Accrued vacation and compensatory time relating to governmental funds is included as a liability in the long-term liabilities as those amounts are payable from future resources.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

m. Fund Balances:

In the fund financial statements, governmental funds report the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest authority, city council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by resolution.

Assigned include amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and/or Finance Director are authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution No. 2011-30.

Unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned in funds outside of the General Fund. Within the General Fund, the unassigned classification represents the residual amounts that have not been restricted, committed, or assigned to specific purposes.

It is the policy of the City to maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 25 percent of the operating budget. It is the intent of the City Council to limit use of fund balances in the General Fund to address unanticipated one-time needs.

The City maintains a contingency reserve of \$2,250,000 included in the general fund unassigned fund balance. The purpose of this reserve is to meet unexpected circumstances, such as a General Fund revenue shortfall.

n. Net Position and Fund Balance Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

o. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

p. Pension:

In government-wide financial statements, the retirement plan (pension) is required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

q. Other Post Employment Benefits (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information with certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

r. New Accounting Pronouncements:

Adopted in the Current Year

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement is effective for reporting periods beginning after June 15, 2018. The City has determined that the requirements of this statement had no material impact to the financial statements.

GASB Statement No. 88 – In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve consistency in the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The City has determined that the requirements of this statement had no material impact to the financial statements.

Effective in Future Years

The City is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

r. New Accounting Pronouncements, (Continued):

Effective in Future Years, (Continued)

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for reporting periods beginning after December 15, 2020.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019, are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Cash and investments	\$ 71,048,266	\$ 325,585	\$ 10,083,869	\$ 81,457,720
Restricted assets:				
Restricted cash and investments	733,924	-	-	733,924
Cash and investments with fiscal agent	-	-	796,965	796,965
	<u>\$ 71,782,190</u>	<u>\$ 325,585</u>	<u>\$ 10,880,834</u>	<u>\$ 82,988,609</u>

Cash and investments at June 30, 2019, consisted of the following:

Petty cash	\$ 1,400
Demand accounts	7,587,708
Investments	<u>75,399,501</u>
Total Cash and Investments	<u>\$ 82,988,609</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy. The table also identifies certain provisions of the California Government Code or the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years*	70%	N/A
Federal Agency Securities	5 years*	70%	\$ 15,000,000
Local Agency Bonds	5 years*	20%	5,000,000
State of California Obligations	5 years*	20%	5,000,000
Municipal Mutual Funds	N/A	20%	10% per Single issue
Certificates of Deposit and Negotiable			
Certificates of Deposits	5 years	30%	250,000
Repurchase Agreements	30 days	10%	2,000,000
Medium-Term Corporate Notes	5 years	20%	2,000,000
Local Agency Investment Fund (LAIF)	N/A	60%	20,000,000 per entity

* Per the City's investment policy, the portfolio shall equal the amount of two years current general fund operating reserves maturing at no more than 5 years from the date of purchase. Once this requirement is met, a maximum of 30% of the total portfolio may be invested in maturities greater than five years, but not exceeding 10 years consisting of those investments listed in Government Code Section 53601 where there is no limitation specified therein regarding the term or remaining maturity of the instrument. Investments greater than 5 years from the date of purchase shall be brought to the City Council for review and approval prior to purchase.

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements and the general provisions of the California Government Code, rather than the City's investment policy. Investments authorized for funds held by fiscal agent include, U.S. Treasury Obligations, U.S. Government Sponsored Entities Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Money Market Mutual Funds, Investment Contracts, and Repurchase Agreements. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to one year.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments Authorized by the City Section 115 Trust

Investments of the Trust are governed by the provisions of the City of Indian Wells Section 115 Trust Agreement, rather than the general provisions of the California Government Code or the City’s investment policy. Investments authorized for funds held in the Section 115 Trust include, Equity and Fixed Income Mutual Funds. The strategic range allowed for Equity and Fixed Income Mutual Funds is 50-70% and 30-50%, respectively. There are no limitations on the maximum amount that can be invested in one issuer or the maximum maturity of an investment.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months Or Less	13-36 Months	37-60 Months	
Federal Agency Securities	\$ 9,959,410	\$ 20,960,650	\$ 7,016,620	\$ 37,936,680
Negotiable Certificates of Deposit	-	3,491,629	4,058,946	7,550,575
Local Agency Investment Fund	15,899,170	-	-	15,899,170
Medium Term Corporate Notes	-	4,010,030	7,984,247	11,994,277
Local Agency Bonds	-	487,910	-	487,910
Section 115 Trust				
Equity Mutual Funds	435,508	-	-	435,508
Fixed Income Mutual Funds	274,784	-	-	274,784
Money Market Mutual Funds	23,632	-	-	23,632
Held by Fiscal Agent				
Money Market Mutual Funds	796,965	-	-	796,965
Total	\$ 27,389,469	\$ 28,950,219	\$ 19,059,813	\$ 75,399,501

Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using the market approach using quoted market prices.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments' fair value measurements are as follows as of June 30, 2019

	Fair Value	Level 1	Level 2
Federal Agency Securities	\$ 37,936,680	\$ -	\$ 37,936,680
Medium Term Corporate Notes	11,994,277	-	11,994,277
Negotiable Certificates of Deposit	7,550,575	-	7,550,575
Local Agency Bonds	487,910	-	487,910
Section 115 Trust			
Equity Mutual Funds	435,508	435,508	-
Fixed Income Mutual Funds	274,784	274,784	-
Total Levelled Investments	58,679,734	\$ 710,292	\$ 57,969,442
Local Agency Investment Fund	15,899,170		
Section 115 Trust			
Money Market Mutual Funds	23,632		
Held by Fiscal Agent			
Money Market Mutual Funds	796,965		
Total Investment Portfolio	\$ 75,399,501		

Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Money market mutual funds are valued at net asset value \$1 dollar per share (amortized cost) and as such are uncategorized in the fair value hierarchy.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standards and Poor's credit rating as of year-end for each investment type:

Investment Type	Minimum Legal Rating*	Total as of June 30, 2019	Not Rated	AAA	AA	A
Federal Agency Securities	n/a	\$ 37,936,680	\$ -	\$ -	\$ 37,936,680	\$ -
Negotiable Certificates of Deposit	n/a	7,550,575	7,550,575	-	-	-
Local Agency Investment Fund	n/a	15,899,170	15,899,170	-	-	-
Medium Term Corporate Notes	A	11,994,277	-	-	5,065,230	6,929,047
Local Agency Bonds	A	487,910	-	-	487,910	-
Section 115 Trust		-				
Equity Mutual Funds	n/a	435,508	435,508	-	-	-
Fixed Income Mutual Funds	n/a	274,784	274,784	-	-	-
Money Market Mutual Funds	n/a	23,632	-	23,632	-	-
Held by Fiscal Agent		-				
Money Market Mutual Funds	A	796,965	-	-	-	796,965
Total		\$ 75,399,501	\$ 24,160,037	\$ 23,632	\$ 43,489,820	\$ 7,726,012

*n/a - not applicable

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Concentration of Credit Risk:

Investments in any one issuer that represent 5 percent or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Portfolio</u>
Federal Farm Credit Bank	Federal Agency Securities	\$ 9,991,800	13%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	11,012,710	15%
Federal Home Loan Bank	Federal Agency Securities	12,956,800	17%
Federal National Mortgage Association	Federal Agency Securities	3,975,370	5%

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2019, are composed of the following:

	<u>Other Receivable</u>	<u>Taxes Receivable</u>	<u>Total</u>
Governmental Activities:			
General	\$ 183,975	\$ 927,094	\$ 1,111,069
Emergency Services Operations	23,679	173,395	197,074
Nonmajor Governmental Funds	44,689	219,969	264,658
Total Governmental Activities	<u>\$ 252,343</u>	<u>\$ 1,320,458</u>	<u>\$ 1,572,801</u>
Business-type Activities:			
Golf Resort Operations	<u>\$ 748,181</u>	<u>\$ -</u>	<u>\$ 748,181</u>

NOTE 4 – NOTES RECEIVABLE

	<u>Outstanding at June 30, 2019</u>
Governmental Activities:	
Indian Wells Village Utility Undergrounding	\$ 127,175
Club Drive Property Sale	1,206,675
Total	<u>\$ 1,333,850</u>

The notes issued relating to the Indian Wells Village Utility Undergrounding relates to the costs the City covered for the tenants of the Indian Wells Village to run electricity from the streets up to the individual properties. The tenants are responsible for repaying the City. The notes are due and payable in full on the earlier of (i) the date of any transfer not authorized by the Lender; (ii) the date of any default; or (iii) twenty years from the effective date of the Loan Agreement. Outstanding principal balance shall bear simple interest at the rate of one percent per annum, and if default occurs, interest on the principal balance shall accrue at the lesser of ten percent compounded annually or the maximum amount permitted by law from the date of default to the date of repayment in full of the disbursed principal amount of the loan and any interest due thereon. The notes are secured by a Deed of Trust against the Property.

The note issued relating to the Club Drive Property sale at 45200 Club Drive to Indian Wells Medical Offices, LLC is amortized over 20 years commencing on May 1, 2018. Final payment of the note is due and payable on April 1, 2038. Payments are due monthly in the amount of \$8,584. Prepayment in full of principal sum plus \$50,000 premium is allowed within the five years following the date of this note. No penalty or premium due for prepayment following the initial five years of the note. The note is secured by a deed of trust against the property.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – DUE TO AND DUE FROM OTHER FUNDS

Interfund receivables and payable balances at June 30, 2019, are as follows:

Due to Other Funds	Due From Other Funds	Amount
Park Facilities in Lieu	General Fund	\$ 1,225,487
Golf Resort	General Fund	2,598,570
Non-major Governmental Funds	General Fund	28,990
		<u>\$ 3,853,047</u>

The General Fund Receivable from the Park Facilities in Lieu Fund of \$1,225,487 represents monies advanced to the Park Facilities in Lieu Fund for certain construction at the Golf Resort. As Park-in-Lieu fees are collected, the advance will be paid down. The advance is estimated to be paid off in 30 years.

The General Fund Receivable from the Golf Resort Operations Fund of \$2,598,570 represent monies advances to the Golf Resort Operations Fund for certain construction at the Golf Resort. The advance is estimated to be paid as funds become available, anticipated to be within 10 years.

NOTE 6 – INTERFUND TRANSFERS

Transfers in and out for the year ended June 30, 2019, are as follows:

Transfer Out of Fund	Transfer In to Fund	Amount
Club Drive Property Fund	General Fund	\$ 1,242,257
Club Drive Property Fund	Non-major Governmental Funds	762,354
General Fund	Non-major Governmental Funds	4,450,000
Non-major Governmental Funds	City Streets Capital Reserve	17,774,089
Non-major Governmental Funds	Non-major Governmental Funds	1,096,506
		<u>\$ 25,325,206</u>

The Club Drive Property Fund transferred \$1,242,257 to the General Fund related to the closing of the fund. The transfer consisted of the Notes Receivable relating to the Club Drive Property sale at 45200 Club Drive to Indian Wells Medical Offices, LLC in the fiscal year 2017-18.

The Club Drive Property Fund transferred \$762,354 to close out the remaining fund balance to the Non-major Governmental Fund - Capital Improvement.

The General Fund transferred \$3,100,000 to Non-Major Governmental Fund – Capital Improvement to fund approved Construction In Progress.

The General Fund transferred \$1,350,000 to Non-Major Governmental Fund – Buildings Capital Reserve for future capital replacement needs.

The Non-major Governmental Funds - Buildings Capital Reserve, Bridges Capital Reserve, Medians & Parkways Capital Reserve, Storm Drains Capital Reserve, and Traffic Signals Capital Reserve transferred \$17,774,089 to City Streets Capital Reserve Fund per the amended Capital Asset reserve reallocation.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – INTERFUND TRANSFERS, (CONTINUED)

The Non-major Governmental Funds - Buildings Capital Reserve, Bridges Capital Reserve, Medians & Parkways Capital Reserve, Storm Drains Capital Reserve, and Traffic Signals Capital Reserve transferred \$596,208 to Non-major Governmental Funds – Technology Capital Reserve and City Vehicles Capital Reserve per the amended Capital Asset reserve reallocation.

The Non-major Governmental Fund - Buildings Capital Reserve transferred \$398,249 to the Non-major Governmental Fund- Capital Improvement Fund to fund approved Construction in Progress.

The Non-major Governmental Fund – Citywide Public Improvement transferred \$102,049 to the Non-major Governmental Fund- Capital Improvement Fund for the Miles Bridge Project.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ (4,487,463)	\$ 44,218,783
Construction in progress	799,975	5,717	(720,765)	84,927
Total Capital Assets Not Being Depreciated	<u>49,506,221</u>	<u>5,717</u>	<u>(5,208,228)</u>	<u>44,303,710</u>
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	65,264,734	2,802,995	(890,336)	67,177,393
Equipment	1,530,699	20,492	-	1,551,191
Infrastructure	112,405,945	1,587,649	-	113,993,594
Total Capital Assets Being Depreciated	<u>181,701,378</u>	<u>4,411,136</u>	<u>(890,336)</u>	<u>185,222,178</u>
Less accumulated depreciation for:				
Intangible	(1,375,000)	(250,000)	-	(1,625,000)
Buildings and improvements	(24,986,851)	(1,664,577)	694,347	(25,957,081)
Equipment	(1,449,655)	(34,223)	-	(1,483,878)
Infrastructure	(31,388,468)	(2,069,275)	-	(33,457,743)
Total Accumulated Depreciation	<u>(59,199,974)</u>	<u>(4,018,075)</u>	<u>694,347</u>	<u>(62,523,702)</u>
Total Capital Assets Being Depreciated, Net	<u>122,501,404</u>	<u>393,061</u>	<u>(195,989)</u>	<u>122,698,476</u>
Governmental Activities Capital Assets, Net	<u>\$ 172,007,625</u>	<u>\$ 398,778</u>	<u>\$ (5,404,217)</u>	<u>\$ 167,002,186</u>

The City sold two pieces of land with a total book value of \$4,487,463 in the current year.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – CAPITAL ASSETS, (CONTINUED)

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 13,910,956	\$ -	\$ -	\$ 13,910,956
Construction in progress	484,293	133,938	(484,293)	133,938
Total Capital Assets Not Being Depreciated	<u>14,395,249</u>	<u>133,938</u>	<u>(484,293)</u>	<u>14,044,894</u>
Capital assets, being depreciated:				
Buildings and improvements	82,908,997	834,131	-	83,743,128
Equipment	5,679,893	282,864	(702,461)	5,260,296
Infrastructure	433,389	-	-	433,389
Total Capital Assets Being Depreciated	<u>89,022,279</u>	<u>1,116,995</u>	<u>(702,461)</u>	<u>89,436,813</u>
Less accumulated depreciation for:				
Buildings and improvements	(47,017,820)	(1,955,418)	-	(48,973,238)
Equipment	(5,114,622)	(181,110)	702,461	(4,593,271)
Infrastructure	(86,677)	(7,223)	-	(93,900)
Total Accumulated Depreciation	<u>(52,219,119)</u>	<u>(2,143,751)</u>	<u>702,461</u>	<u>(53,660,409)</u>
Total Capital Assets Being Depreciated, Net	<u>36,803,160</u>	<u>(1,026,756)</u>	<u>-</u>	<u>35,776,404</u>
Business-type Activities Capital Assets, Net	<u>\$ 51,198,409</u>	<u>\$ (892,818)</u>	<u>\$ (484,293)</u>	<u>\$ 49,821,298</u>

Depreciation Expense:

Depreciation expense was charged to the following functions in the statement of activities:

Governmental Activities

General government	\$ 326,273
Community development	1,423,809
Public safety	93,510
Public works	2,174,483
Total Governmental Activities	<u>\$ 4,018,075</u>

Business-type Activities

Golf resort operations	<u>\$ 2,143,751</u>
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CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2019, were as follows:

	Balance at July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within One year
Compensated absences	\$ 431,513	\$ 403,346	\$ (414,778)	\$ 420,081	\$ 93,744

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The City reserves the outstanding compensated absences liability in the Compensated Absences Fund. The long-term strategy of the Employee Leave Accrual Fund is to set aside cash reserves in case of changes in staff. Several different types of paid leave accrue to full-time employees. These include vacation, holiday, administrative leave, sick leave, and compensatory time accruals. The amount of leave employees are eligible to accrue is governed by Memorandum of Understandings (MOUs), personnel contracts, and the Personnel Rules and Regulations.

Compensated absences have been typically liquidated from the general fund.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Miscellaneous Plan:

Description of Plan

All qualified permanent and probationary employees are eligible to participate in the City of Indian Well's Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Fund C (PERF C). Benefit provisions under the Plan are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, assumption and membership information. Copies of the reports can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

The Plans’ provisions and benefits in effect at June 30, 2019 are summarized below:

	Miscellaneous	
	Classic Members Hired Prior to January 1, 2013	PEPRA Members Hired After January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	13.084%	7.266%

Contribution Description:

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan were \$358,582 for the year ended June 30, 2019.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension:

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2019, in the amount of \$73,946.

The City’s net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City’s net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2017 and 2018 measurement dates was as follows:

Proportion - June 30, 2017	0.0154%
Proportion - June 30, 2018	0.0008%
Change - Increase/(Decrease)	<u><u>-0.0146%</u></u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

For the year ended June 30, 2019, the City recognized pension expense of \$563,561 for the Miscellaneous Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 358,582	\$ -
Changes in proportion and difference between City's contributions and proportionate share of contributions	2,219,181	1,732,243
Net difference between projected and actual earnings on pension plan investments	366	-
Difference between expected and actual experience	1,872	-
Changes in assumptions	6,364	-
Total	<u>\$ 2,586,365</u>	<u>\$ 1,732,243</u>

The amount of \$358,582 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized as pension expense as follows:

Year Ended <u>June 30,</u>	
2020	\$ 169,955
2021	166,937
2022	159,312
2023	(664)
	<u>\$ 495,540</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Actuarial Assumptions:

The total pension liabilities in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Net of pension plan investment and administrative expenses, including inflation

All other actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study from December 2017, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Discount Rate:

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

⁽¹⁾ An expected inflation of 2.0% used for this period

⁽²⁾ An expected inflation of 2.92% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the City’s proportionate share of the net pension liability, calculated using the discount rate of 7.15 percent, as well as what the City’s proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent), or 1-percentage point higher (8.15 percent), than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
City's Proportionate Share of the Plan's Net Pension Liability/(Assets)	\$ 3,916,896	\$ 73,946	\$ (3,098,347)

Pension Plan Fiduciary Net Position:

Detailed information about the Plan’s fiduciary net position is available in a separately issued CalPERS financial report.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – DEFINED CONTRIBUTION PLAN

The City contributes to the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, a defined contribution plan 401(a). The plan is a multiple-employer public employee retirement program. The reportable payroll for the employees covered by the plan is \$3,004,399 compared with a total payroll of \$3,263,961 for the fiscal year ended June 30, 2019. The plan provisions are established and may be amended by City Council.

All full-time employees are eligible to participate in the plan and benefits vest immediately. The required period of service is six months. Eligible employees at age 50 or more may begin to collect defined contribution benefits immediately upon retirement. The employer contribution is 2.5 percent of earnings. No employee contributions are permitted. The total contribution made by the City was \$75,111. Contributions are established and amended by State Law and City Resolution.

NOTE 11 – DEFERRED COMPENSATION PAYABLE

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457 for its eligible employees wherein they may execute an individual agreement with the City for amounts earned by them to be paid at a future date when certain circumstances are met. These circumstances are terminated by reasons of death, disability, retirement or unforeseeable emergency. Employees may contribute into the deferred compensation plan up to \$18,500 in any year, as amended from time to time by the Internal Revenue Service (IRS). The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

On January 1, 1997, the City formally established a trust in accordance with IRC 457(g) for its deferred compensation plan for the exclusive benefit of plan participants and their beneficiaries. Accordingly, the deferred compensation assets placed in the trust were not reported in the financial statements.

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)

The City participates in the California Employers' Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). A summary of the OPEB amounts for the City's plan is shown below:

Net OPEB Liability	\$ 621,813
Deferred Outflows related to OPEB	389,962
Deferred Inflows related to OPEB	39,191
OPEB Expense	372,004

Plan Description:

The City has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the HC Plan are established by City contracts with the employee associations. CalPERS issues a publicly available financial report that can be found on the CalPERS website.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Benefits Provided:

Benefits are provided to employees who retire directly from the City under CalPERS rules and regulations. The City has three separate benefit tier programs:

- Tier A- Employees hired before December 31, 2008, City’s contribution is 100% of the premium for Public Employees’ Medical & Hospital Care Act (PEMHCA) plan.
- Tier B- Employees hired after January 1, 2009, City’s contribution is up to 100% of the premium for the highest PEMHCA HMO in accordance with the CalPERS vesting.
- Tier C- Employees hired after July 1, 2017, City’s contribution is the minimum PEMHCA amount.

Employees Covered by Benefit Terms

At June 30, 2018, the most recent measurement date, the following current and former employees were covered by the benefit terms of the plan:

Active employees	27
Inactive employees or beneficiaries currently receiving benefits	32
Total	59

Contributions

The HC Plan and its contribution requirements are established through contracts between the City and the employee associations and may be amended by agreements between the City and the employee association. The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the HC Plan from the employer for the year ended June 30, 2019 were \$389,962.

Net OPEB Liability:

The City’s net OPEB liability for the HC Plan was measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability of the HC Plan was measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	6.25%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare- 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare- 6.5% for 2019, decreasing to an ultimate 4% in 2076 and later years

(1) Derived using CalPERS Membership Data for all Funds

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Net OPEB Liability, (Continued):

Mortality rates were based on the CalPERS 1997-2011 Experience Study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25 percent for the HC Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the HC Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on the HC Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40%	4.82%
Fixed Income	39%	1.47%
TIPS	10%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	<u>100%</u>	

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Changes in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 7,627,000	\$ 6,788,000	\$ 839,000
Changes in the year:			
Service cost	314,094	-	314,094
Interest on the total OPEB liability	485,756	-	485,756
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	607,000	(607,000)
Contribution - employee	-	-	-
Net investment income	-	423,619	(423,619)
Differences between projected and actual earning on plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(338,000)	(338,000)	-
Administrative expenses	-	(13,582)	13,582
Net changes	<u>461,850</u>	<u>679,037</u>	<u>(217,187)</u>
Balance at June 30, 2019	<u>\$ 8,088,850</u>	<u>\$ 7,467,037</u>	<u>\$ 621,813</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate– The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 1,739,788	\$ 621,813	\$ (293,097)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3 percent) or 1-percentage-point higher (8.5 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 3%)	Trend Rate (7.5% Decreasing to 4%)	1% Increase (8.5% Decreasing to 5%)
Net OPEB Liability	\$ (445,220)	\$ 621,813	\$ 1,945,337

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:

For the year ended June 30, 2019, the City recognized OPEB expense of \$372,004. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 389,962	\$ -
Net difference between projected and actual earnings on plan investments	-	39,191
Total	<u>\$ 389,962</u>	<u>\$ 39,191</u>

The \$389,962 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Amortization
2020	\$ (13,048)
2021	(13,048)
2022	(14,048)
2023	953
Total	<u>\$ (39,191)</u>

NOTE 13 – SECTION 115 TRUST

In June 2018, the City Council approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association, and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the City’s pension and OPEB obligations. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the City. The purpose of the creation of the Section 115 Trust was to address the City’s pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the City rather than pension plan assets. Accordingly, the Section 115 Trust’s assets are recorded as restricted for pension benefits in the City’s Employee Benefits Internal Service Fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

The balance in the Trust for the fiscal year ended June 30, 2019 was \$733,924. During the fiscal year, the Trust earned \$29,721 in interest income.

The City currently funds its OPEB obligations through the CERBT program, and although the newly established Section 115 Trust is able to accept OPEB funds, the District has no immediate plans to fund OPEB obligations through the Section 115 Trust.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 14 – RISK MANAGEMENT

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Indian Wells is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

General Liability

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 – RISK MANAGEMENT, (CONTINUED)

Workers' Compensation, (Continued)

For 2018-19, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of \$95,612,919. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 – RISK MANAGEMENT, (CONTINUED)

CJPIA Retrospective Deposit Liability

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. The City at June 30, 2019, had a retrospective refund due in the liability program of \$44,584, and a retrospective refund due in the workers' compensation program of \$5,422.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

NOTE 15 – OTHER REQUIRED DISCLOSURES

Deficit Fund Balance and Net Position:

The following funds reported a deficit fund balance at June 30, 2019:

Park Facilities in Lieu Capital Projects Fund	\$ 1,225,487
Hwy 111 Circulation Improvement Capital Projects Fund	28,990
Successor Agency of the Former RDA Private Purpose Trust Fund	100,291,481

The deficit in the Park Facilities in Lieu Capital Projects Fund will be eliminated through Quimby Act Park fees to be collected from developers. This deficit balance is temporary although it will take several years to expunge.

The deficit in the Hwy 111 Circulation Improvement Capital Projects Fund will be eliminated by the collection of future impact fees.

The deficit in the Successor Agency of the former RDA Private-Purpose Trust Fund was caused by the dissolution of the Redevelopment Agency. See Note 17 and 18 for additional information.

NOTE 16 – CONTINGENCIES

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 17 – CALIFORNIA REDEVELOPEMENT AGENCY DISSOLUTION

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB X1 26 and 27 (California Redevelopment Association v. Matosantos). AB X1 26 dissolves redevelopment agencies effective October 1, 2011. AB X1 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts.

On August 17, 2011, the Supreme Court issued a stay of the implementation of AB X1 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB X1 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011, announced its decision in California Redevelopment Association v. Matosantos. The court upheld AB X1 26 which dissolves redevelopment agencies, but invalidated in its entirety AB X1 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB X1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB X1 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

On February 1, 2012, the Redevelopment Agency was dissolved and the City of Indian Wells elected to become the Successor Agency. The Successor Agency is responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY

The California Supreme Court decision impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-03.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 10,083,869
Cash and investments with fiscal agent	796,965
	<u>\$ 10,880,834</u>

Due to City

The amount due to the City reported in the accompanying financial statements consisted of the following:

In a letter dated November 8, 2013, from the California Department of Finance, the Oversight Board Resolution No. 2013-05 was approved and the loan from the City was determined to be for legitimate redevelopment purposes and therefore, approved as an enforceable obligation.	\$ 1,339,192
In a letter dated November 22, 2013, from the California Department of Finance, the loan between the Successor Agency and the City of Indian Wells for \$16,400,000 was determined to be for legitimate redevelopment purposes and therefore, approved as an enforceable obligation.	16,400,000
	<u>\$ 17,739,192</u>

b. Long-Term Debt

The following debt is recorded in the Successor Agency:

Project Area I	Balance at July 1, 2018	Additions	Repayments	Balance June 30, 2019	Due within One year
2010 A Tax Allocation Bonds	\$ 8,775,000	\$ -	\$ 355,000	\$ 8,420,000	\$ 370,000
SERAF Loan	7,550,000	-	2,076,415	5,473,585	2,000,585
2014A Tax Allocation Bonds	6,505,000	-	-	6,505,000	3,160,000
2014A-T Tax Allocation Bonds	13,250,000	-	3,675,000	9,575,000	615,000
2015 Refunding Tax Allocation Bonds	18,810,000	-	1,425,000	17,385,000	1,475,000
2016 A Tax Allocation Bonds	36,955,000	-	90,000	36,865,000	100,000
Total	<u>\$ 91,845,000</u>	<u>\$ -</u>	<u>\$ 7,621,415</u>	84,223,585	<u>\$ 7,720,585</u>
Adjustments:					
Unamortized net original issue (discount) or premium				8,572,040	
Net Long-term Debt				<u>\$ 92,795,625</u>	

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt (Continued)

A description of long-term debt outstanding of the Successor Agency as of June 30, 2019, follows:

SERAF Loan:

In April 2010, the Redevelopment Agency Low/Moderate Housing Fund advanced the Redevelopment Agency Debt Service Fund \$11,514,773. The advance bears no interest. The advance was made to provide funding for the Supplemental Education Revenue Augmentation Funds (SERAF) Obligation. The Successor Agency has absorbed this debt as part of the dissolution of the redevelopment agency and now is obligated to pay the debt to the Housing Authority. Payments to the SERAF loan are placed on the agency's Recognized Obligation Payment Schedule (ROPS) and are approved by the Department of Finance. Payment in the amount of \$2,076,415 was made to the Housing Authority in the current year.

2010A Tax Allocation Bonds:

On May 11, 2010, the Agency issued \$10,890,000 of Tax Allocation Bonds to provide funds to repay a portion of a loan to the Agency from the City of Indian Wells and thereby provide funds for the City to finance certain public capital improvements. A portion of the proceeds from the bonds issued in 2010 were placed in a reserve account for the Series 2010A Bonds and to pay costs of issuance.

The 2010A Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's 2003A Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2005A Refunding Tax Allocation Bonds, 2006A Tax Allocation Bonds. The reserve requirement and the payment of principal and interest on the bonds as they become due are insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

The Bonds are payable in annual installments ranging from \$265,000 to \$735,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.00% to 5.25% per annum. Bonds outstanding at June 30, 2019, were \$8,420,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 370,000	\$ 401,161	\$ 771,161
2021	385,000	385,395	770,395
2022	400,000	368,464	768,464
2023	415,000	350,376	765,376
2024	435,000	331,251	766,251
2025-2029	2,500,000	1,320,234	3,820,234
2030-2034	3,180,000	617,766	3,797,766
2035	735,000	19,294	754,294
	\$ 8,420,000	\$ 3,793,941	\$ 12,213,941

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt, (Continued)

2014A Tax Allocation Bonds:

On May 28, 2014, the Agency issued \$6,505,000 of Tax Allocation Bonds to refinance certain outstanding obligations of the Consolidated Whitewater Project Area, to fund the premium for a debt service reserve surety bond for the reserve account for the Agency Bonds, and to pay costs of issuance of the Bonds and the Agency Bonds, including the financial guaranty insurance premium for the Bonds.

The 2014A Tax Allocation Bonds are special obligations of the Agency secured by a pledge of, security interest in and lien on the Revenues which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. The reserve requirement is insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.05 to 5.0 percent per annum. Bonds outstanding at June 30, 2019, were \$6,505,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 3,160,000	\$ 230,450	\$ 3,390,450
2021	3,345,000	83,625	3,428,625
	<u>6,505,000</u>	<u>314,075</u>	<u>6,819,075</u>
Add deferred amounts:			
Bond Premium	177,115	-	177,115
	<u>\$ 6,682,115</u>	<u>\$ 314,075</u>	<u>\$ 6,996,190</u>

2014A-T Tax Allocation Bonds:

On May 28, 2014, the Agency issued \$27,480,000 of Tax Allocation Bonds to refinance certain outstanding obligations of the Consolidated Whitewater Project Area, to fund the premium for a debt service reserve surety bond for the reserve account for the Agency Bonds, and to pay costs of issuance of the Bonds and the Agency Bonds, including the financial guaranty insurance premium for the Bonds.

The 2014A-T Tax Allocation Bonds are special obligations of the Agency secured by a pledge of, security interest in and lien on the Revenues which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. The reserve requirement is insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds, the payment of scheduled debt service is not insured.

The Bonds are payable in annual installments ranging from \$575,000 to \$4,275,000 until maturity on September 1, 2022. Interest is payable semiannually on March 1 and September 1, with rates ranging from 0.540% to 4.266% per annum. Bonds outstanding at June 30, 2019, were \$9,575,000.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt, (Continued)

2014A-T Tax Allocation Bonds, (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 615,000	\$ 380,668	\$ 995,668
2021	575,000	359,828	934,828
2022	4,110,000	265,702	4,375,702
2023	4,275,000	91,186	4,366,186
	<u>\$ 9,575,000</u>	<u>\$ 1,097,384</u>	<u>\$ 10,672,384</u>

2015 A Tax Allocation Refunding Bonds:

On September 1, 2015 the Agency issued \$20,575,000 of Refunding Tax Allocation Bonds to provide funds to refund the 2005 Refunding Tax Allocation Bonds and a portion of the 2006 A Tax Allocation Bonds.

The Series 2015A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds.

The bonds are payable in annual installments ranging from \$865,000 to \$2,435,000 until maturity on September 1, 2027. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 2.00 to 5.00 percent per annum. Bonds outstanding at June 30, 2019 were \$17,385,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,475,000	\$ 825,000	\$ 2,300,000
2021	1,535,000	757,125	2,292,125
2022	1,615,000	678,375	2,293,375
2023	1,695,000	595,625	2,290,625
2024	2,000,000	503,250	2,503,250
2025-2029	9,065,000	934,125	9,999,125
	<u>17,385,000</u>	<u>4,293,500</u>	<u>21,678,500</u>
Add deferred amounts:			
Bond Premium	2,003,091	-	2,003,091
	<u>\$ 19,388,091</u>	<u>\$ 4,293,500</u>	<u>\$ 23,681,591</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt, (Continued)

2016 A Tax Allocation Refunding Bonds:

On September 1, 2016 the Agency issued \$37,470,000 in Series 2016A Tax Allocation Refunding Bonds to provide funds to refund the 2006 A Tax Allocation Bonds.

The Series 2016A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds.

The bonds are payable in annual installments ranging from \$515,000 to \$5,050,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 4.00 to 5.00 percent per annum. Bonds outstanding at June 30, 2019 were \$36,865,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 100,000	\$ 1,707,350	\$ 1,807,350
2021	105,000	1,702,225	1,807,225
2022	110,000	1,696,850	1,806,850
2023	115,000	1,691,225	1,806,225
2024	960,000	1,664,350	2,624,350
2025-2029	8,220,000	7,466,750	15,686,750
2030-2034	22,205,000	3,792,125	25,997,125
2035	5,050,000	126,250	5,176,250
	36,865,000	19,847,125	56,712,125
Add deferred amounts:			
Bond Premium	6,391,834	-	6,391,834
	\$ 43,256,834	\$ 19,847,125	\$ 63,103,959

c. Insurance

The Successor Agency of the former redevelopment agency is covered under the insurance policy of the City of Indian Wells at June 30, 2019.

d. Commitments and Contingencies

The Successor Agency is subject to litigation arising in the normal course of business. In the opinion of the legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Successor Agency.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 19 – SUBSEQUENT EVENT

On November 7, 2019, the City Council authorized the issuance of Series 2020 Refunding Bonds to refund the Series 2010 Outstanding Bonds of the Successor Agency. The Oversight Board approved the refunding on November 21, 2019 and the Successor Agency is now seeking approval from the Department of Finance. If approved by the Department of Finance and favorable rates, the Successor Agency may refund the remaining bonds as early as March 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Proportionate Share of Net Position Liability in accordance with GASB 68. The Schedule of Plan Contributions in accordance with GASB 68. The Schedule of Changes in the Net OPEB Liability in accordance with GASB 75. The Schedule of OPEB Contributions in accordance with GASB 75.

GENERAL FUND

General Fund - This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds and budget-actual comparisons for these funds have been presented in the accompanying financial statements as required supplementary information.

Housing Authority - This fund is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low and moderate income housing in Indian Wells.

Emergency Services Upgrade - This fund is used to accumulate the resources accruing from a special fire tax levied to provide enhancement levels of fire protection, suppression and emergency paramedic services.

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CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0008%	0.0154%	0.0480%	0.0695%	0.1456%
Proportionate share of the net pension liability	\$ 73,946	\$ 1,526,915	\$ 4,152,019	\$ 4,769,476	\$ 3,597,324
Covered payroll	2,943,396	2,812,372	2,902,571	2,814,500	2,673,595
Proportionate share of the net pension liability as a percentage of covered payroll	2.51%	54.29%	143.05%	169.46%	134.55%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	73.31%	74.06%	78.40%	79.82%

Note to Schedule:

* Historical information is required only for measurement for which GASB 68 is applicable.
Fiscal Year 2015 was the first year of implementation, therefore, only five years are shown.

Changes of Assumption

The discount rate changed from 7.65 percent used for the June 30, 2016 measurement date to 7.15 percent used for the June 30, 2017 measurement date.

CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 430,310	\$ 974,198	\$ 544,107	\$ 566,489	\$ 455,850
Contributions in relation to the actuarially determined contribution	<u>(358,582)</u>	<u>(1,334,875)</u>	<u>(3,731,723)</u>	<u>(2,566,489)</u>	<u>(455,850)</u>
Contribution deficiency (excess)	<u>\$ 71,728</u>	<u>\$ (360,677)</u>	<u>\$ (3,187,616)</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,889,192	 \$ 2,943,396	 \$ 2,812,372	 \$ 2,902,571	 \$ 2,814,500
 Contributions as a percentage of covered payroll	 12.41%	 45.35%	 132.69%	 88.42%	 16.20%

* - Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	2019	2018*
Total OPEB Liability		
Service cost	\$ 314,094	\$ 305,000
Interest on the total OPEB liability	485,756	459,000
Changes in benefit terms	(338,000)	(331,000)
Net change in total OPEB liability	461,850	433,000
Total OPEB liability - beginning	7,627,000	7,194,000
Total OPEB liability - ending (a)	\$ 8,088,850	\$ 7,627,000
Plan fiduciary net position		
Contributions - employer	\$ 607,000	\$ 614,000
Net investment income	423,619	459,000
Benefit payments	(338,000)	(331,000)
Administrative expenses	(13,582)	(4,000)
Net change in plan fiduciary net position	679,037	738,000
Plan fiduciary net position - beginning	6,788,000	6,050,000
Plan fiduciary net position - ending (b)	7,467,037	6,788,000
Net OPEB liability - ending (a)-(b)	\$ 621,813	\$ 839,000
Plan fiduciary net position as a percentage of the total OPEB liability	92.31%	89.00%
Covered-employee payroll	\$ 3,407,217	\$ 3,237,969
Net OPEB liability as percentage of covered payroll	18%	26%

Notes to Schedule:

* - Fiscal year 2018 was the first year of implementation, therefore, only two years are shown.

CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF OPEB CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 607,000	\$ 614,000
Contributions in relation to the actuarially determined contributions	389,962	573,377
Contribution deficiency (excess)	<u>\$ 217,038</u>	<u>\$ 40,623</u>
 Covered-employee payroll	 \$ 3,263,961	 \$ 3,407,214
 Contributions as a percentage of covered-employee payroll	 12%	 17%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Amortization period	9 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	Non-Medicare- 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare- 6.5% for 2019, decreasing to an ultimate 4% in 2076 and later years
Investment rate of return	6.25%
Retirement age	55
Mortality	Based on CalPERS Experience Study

* - Fiscal year 2019 was the first year of implementation, therefore, only one year is shown.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,525,410	\$ 39,195,915	\$ 37,138,777	\$ (2,057,138)
Resources (Inflows):				
Taxes	16,561,538	16,561,538	18,057,355	1,495,817
Licenses and permits	401,102	401,102	504,326	103,224
Intergovernmental	469,500	469,500	478,269	8,769
Charges for services	509,800	509,800	485,714	(24,086)
Investment income	175,000	175,000	747,096	572,096
Fines and forfeitures	44,590	44,590	43,100	(1,490)
Other income	601,709	601,709	479,349	(122,360)
Transfer In	-	-	1,242,257	1,242,257
Amounts Available for Appropriations	58,288,649	57,959,154	59,176,243	1,217,089
Charges to Appropriation (Outflows):				
General government				
Legislation and policy	185,341	181,923	164,169	17,754
City manager	708,569	674,965	658,561	16,404
City clerk	311,036	317,113	306,505	10,608
City attorney	309,896	309,936	303,423	6,513
Financial services	961,928	957,990	911,617	46,373
Central services	683,677	1,839,879	1,687,087	152,792
Community & cultural events	2,674,574	2,517,696	2,378,588	139,108
Human resources	266,818	244,672	236,738	7,934
Technology	398,710	404,430	376,810	27,620
Public safety				
Administration	4,201,575	3,746,890	3,646,539	100,351
Community development				
Administration	251,829	212,428	187,186	25,242
Inspections and examinations	641,627	569,133	535,958	33,175
Current and advanced planning	352,314	319,693	271,841	47,852
Code enforcement	426,492	541,949	406,954	134,995
Public works				
City engineering	524,862	651,931	635,028	16,903
Maintenance services	859,190	873,712	809,491	64,221
City parkway landscape	810,769	794,930	716,349	78,581
Transfers out	1,350,000	1,350,000	4,450,000	(3,100,000)
Total Charges to Appropriations	15,919,207	16,509,270	18,682,844	(2,173,574)
Budgetary Fund Balance, June 30	\$ 42,369,442	\$ 41,449,884	\$ 40,493,399	\$ 3,390,663

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,409,600	\$ 12,109,270	\$ 14,632,707	\$ 2,523,437
Resources (InFlows):				
Investment income	35,000	35,000	312,958	277,958
Other Income	-	-	-	-
Proceeds from Sale of Land	-	-	907,592	907,592
Amounts Available for Appropriations	<u>9,444,600</u>	<u>12,144,270</u>	<u>15,853,257</u>	<u>3,708,987</u>
Charges to Appropriation (OutFlows):				
General government	-	-	1,783,077	(1,783,077)
Community development	-	-	200,000	(200,000)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>1,983,077</u>	<u>(1,983,077)</u>
Budgetary Fund Balance, June 30	<u>\$ 9,444,600</u>	<u>\$ 12,144,270</u>	<u>\$ 13,870,180</u>	<u>\$ 1,725,910</u>

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES UPGRADE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 481,646	\$ 78,065	\$ 3,042,451	\$ 2,964,386
Resources (InFlows):				
Taxes	2,930,493	2,930,493	3,139,323	208,830
Charges for services	-	-	599,541	599,541
Investment income	55,000	55,000	104,103	49,103
Assessments	600,000	600,000	617,839	17,839
Other income	-	-	13,576	13,576
Amounts Available for Appropriations	<u>4,067,139</u>	<u>3,663,558</u>	<u>7,516,833</u>	<u>3,853,275</u>
Charges to Appropriation (OutFlows):				
Public safety	4,327,519	4,591,766	3,743,527	848,239
Capital outlay	-	879,965	718,049	161,916
Total Charges to Appropriations	<u>4,327,519</u>	<u>5,471,731</u>	<u>4,461,576</u>	<u>1,010,155</u>
Budgetary Fund Balance, June 30	<u>\$ (260,380)</u>	<u>\$ (1,808,173)</u>	<u>\$ 3,055,257</u>	<u>\$ 4,863,430</u>

See accompanying note to the required supplementary information.

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CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. In June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at public workshops and City Council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by Council action.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America, using the modified-accrual basis of accounting.

The Finance Director is authorized by City Council to transfer any amounts within a fund between administrative control accounts, as well as budget adjustments between departments within a fund. However, any transfer of appropriations between funds or between capital projects in the capital budget must be approved by City Council. Any subsequent appropriations of additional amounts of moneys for the fiscal year ended June 30, 2019 shall be approved by the City Council in advance of any authorization to purchase services or goods; with the exception that the City Manager may appropriate funds under the emergency provision of State Law to effect repairs or make acquisitions to protect life and property of the City.

All appropriations for prior fiscal year shall lapse at the end of the fiscal year and any remaining amounts shall be credited to their respective fund balances, with the exception of any unexpected amounts deemed necessary by the Finance Director for specific orders or encumbrances outstanding at the end of the year; and any unexpected appropriations for uncompleted capital projects in the capital budget at the end of the year. These amounts shall be charged against the incumbent fiscal year operating budget, as directed by the Finance Director.

The following funds had expenditures in excess of appropriations for the year ended June 30, 2019:

	Final Budget	Actual	Excess Over Appropriations
General Fund	\$ 16,509,270	\$ 18,682,844	\$ (2,173,574)
Housing Authority Fund	-	1,983,077	(1,983,077)
Citizens Option for Public Safety	100,000	100,172	(172)
City Wide Public Improvement	-	102,019	(102,019)
Bridges Capital Replacement	-	801,582	(801,582)
Buildings Capital Reserve	1,300,000	11,576,347	(10,276,347)
Medians & Parkways Capital Reserve	-	1,659,949	(1,659,949)
Storm Drain Capital Reserve	-	2,846,017	(2,846,017)
Traffic Signal Capital Reserve	-	1,884,651	(1,884,651)

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS

The following Special Revenue funds have been classified as other governmental funds in the accompanying financial statements.

Traffic Safety – This fund is used to account for the revenue from traffic fines and forfeitures and used to pay the costs of issuing tickets.

Public Safety ½% Tax – This fund is used to account for the half-cent sales tax collected by the State of California and allocated to the City for public safety.

Measure “A” Transportation – This fund is used to account for the City’s share of the sales tax increase authorized by Riverside County’s Measure “A”. The monies are legally restricted for the acquisition, construction and improvement of public streets.

Fire Access Maintenance District No. 1 – This fund is used to account for the accumulation of special assessments, ad valorem taxes and other revenues accruing to the benefit and for expenses of the special district referred to as the Fire Access Maintenance District No. 1.

South Coast Air Quality Management District Vehicle Registration – This fund is used to account for the City’s share of vehicle registration fees that the State of California has allocated to address air quality concerns in California. These monies are to be used in air quality maintenance programs locally.

Citizens Option for Public Safety Program – This fund is used for front line municipal police services including anti-gang and community crime prevention programs.

Gas Tax – This fund is used to account for the City’s share of motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2105, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement and maintenance of public streets.

AB 939 Recycling – This fund is used to account for the revenues and expenditures incurred in recycling.

Solid Waste – This fund is used to account for city-wide assessment revenues and related expenditures incurred in providing residential garbage and refuse collection to the various benefiting assessment districts.

Consolidated LLMD – This fund is used to account for the revenues and expenditures incurred in providing lighting and landscaping maintenance services to the various benefiting assessment districts.

Street Lighting District 2001-1 – This fund is used to account for the revenues and expenditures incurred in providing lighting maintenance services within the City.

Affordable Housing Operations – This fund is used to account for revenues and expenditures associated with the retention and development of affordable housing units.

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

CAPITAL PROJECTS FUNDS

The following Capital Projects Funds have been classified as other governmental funds in the accompanying financial statements:

Hwy 111 Circulation Improvement – This fund accounts for fees collected from projects, which will create adverse impacts on the existing public facilities. It will finance future projects to mitigate the traffic impact.

Citywide Public Improvement – This fund is used to account for the accumulation of resources from the citywide public improvement fee for the acquisition and construction of general government capital projects.

Art in Public Places – This fund is used to account for fees collected through the building permit process to support art in public places with the community. The program supports arts and culture throughout the City.

Bridges Capital Reserve – This fund establishes reserve funding for bridges in the City.

Capital Improvement – This fund is used to account for the transfer of monies from the General Fund for the acquisition and construction of general governmental capital projects.

Building Capital Reserve – This fund establishes reserve funding for the City’s assets in and around the City’s Civic Center complex. These assets include City Hall, the Fire Station, Emergency Operations Command, and surrounding Public Works facilities.

Medians & Parkways Capital Reserve – This fund establishes reserve funding for medians and parkways throughout the City.

Storm Drains Capital Reserve – This fund establishes reserve funding for storm drains throughout the City. Funding is for construction and preventative maintenance of storm drains to extend roadway infrastructure.

Traffic Signals Capital Reserve – This fund establishes reserve funding for traffic signals throughout the City.

Technology Capital Reserve – This fund establishes reserve funding for citywide information technology.

City Vehicles Capital Reserve – This fund establishes reserve funding for the purchase and replacement of City vehicles and fleet. Vehicles and fleet are to be replaced as needed to reduce the cost of ongoing maintenance costs.

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
Assets					
Cash and investments	\$ 1	\$ 7,976	\$ 40,380	\$ 2,635,916	\$ 9,387
Receivables:					
Accounts	830	1,837	44,738	91,475	1,874
Accrued interest	-	30	153	10,020	36
Notes receivable	-	-	-	-	-
Total Assets	\$ 831	\$ 9,843	\$ 85,271	\$ 2,737,411	\$ 11,297
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 189,394	\$ 1,414
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	189,394	1,414
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	9,843	-	2,548,017	-
Public works	831	-	85,271	-	9,883
Committed to					
Capital projects	-	-	-	-	-
Assigned					
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	831	9,843	85,271	2,548,017	9,883
Total Liabilities and Fund Balances	\$ 831	\$ 9,843	\$ 85,271	\$ 2,737,411	\$ 11,297

Special Revenue Funds

Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations
\$ 123,546	\$ 33,657	\$ 531,649	\$ 241,654	\$ 1,456,440	\$ 10,504	\$ 3,273,242
-	20,236	7,471	41,745	33,845	48	10,118
470	128	-	2,940	5,535	40	9,467
-	-	-	-	-	-	-
<u>\$ 124,016</u>	<u>\$ 54,021</u>	<u>\$ 539,120</u>	<u>\$ 286,339</u>	<u>\$ 1,495,820</u>	<u>\$ 10,592</u>	<u>\$ 3,292,827</u>
\$ -	\$ -	\$ -	\$ 24,811	\$ 44,563	\$ -	\$ 86,254
-	-	-	90	-	-	-
-	-	-	-	-	-	98,488
-	-	-	-	-	-	-
-	-	-	24,901	44,563	-	184,742
-	-	-	-	-	-	3,108,085
124,016	-	-	-	-	-	-
-	54,021	539,120	261,438	1,451,257	10,592	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>124,016</u>	<u>54,021</u>	<u>539,120</u>	<u>261,438</u>	<u>1,451,257</u>	<u>10,592</u>	<u>3,108,085</u>
<u>\$ 124,016</u>	<u>\$ 54,021</u>	<u>\$ 539,120</u>	<u>\$ 286,339</u>	<u>\$ 1,495,820</u>	<u>\$ 10,592</u>	<u>\$ 3,292,827</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2019

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	Bridges Capital Reserve	Capital Improvements
Assets					
Cash and investments	\$ -	\$ -	\$ 158,587	\$ 1,652,234	\$ 6,396,912
Receivables:					
Accounts	-	-	-	-	10,441
Accrued interest	-	-	603	6,281	27,039
Notes receivable	-	-	-	-	127,175
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,190</u>	<u>\$ 1,658,515</u>	<u>\$ 6,561,567</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 415,144
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	28,990	-	-	-	-
Total Liabilities	<u>28,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,144</u>
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Committed to					
Capital projects	-	-	159,190	-	-
Assigned					
Capital projects	-	-	-	1,658,515	6,146,423
Unassigned	<u>(28,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(28,990)</u>	<u>-</u>	<u>159,190</u>	<u>1,658,515</u>	<u>6,146,423</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,190</u>	<u>\$ 1,658,515</u>	<u>\$ 6,561,567</u>

Capital Projects Funds						
Buildings Capital Reserve	Medians & Parkways Capital Reserve	Storm Drains Capital Reserve	Traffic Signals Capital Reserve	Technology Capital Reserve	City Vehicles Capital Reserve	Total Governmental Funds
\$ 1,376,419	\$ 1,313,792	\$ 664,250	\$ 547,896	\$ 497,381	\$ 110,573	\$ 21,082,396
-	-	-	-	-	-	264,658
5,232	4,994	2,525	2,083	1,891	420	79,887
-	-	-	-	-	-	127,175
<u>\$ 1,381,651</u>	<u>\$ 1,318,786</u>	<u>\$ 666,775</u>	<u>\$ 549,979</u>	<u>\$ 499,272</u>	<u>\$ 110,993</u>	<u>\$ 21,554,116</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,580
-	-	-	-	-	-	90
-	-	-	-	-	-	98,488
-	-	-	-	-	-	28,990
-	-	-	-	-	-	889,148
-	-	-	-	-	-	3,108,085
-	-	-	-	-	-	2,681,876
-	-	-	-	-	-	2,412,413
-	-	-	-	-	-	159,190
1,381,651	1,318,786	666,775	549,979	499,272	110,993	12,332,394
-	-	-	-	-	-	(28,990)
<u>1,381,651</u>	<u>1,318,786</u>	<u>666,775</u>	<u>549,979</u>	<u>499,272</u>	<u>110,993</u>	<u>20,664,968</u>
<u>\$ 1,381,651</u>	<u>\$ 1,318,786</u>	<u>\$ 666,775</u>	<u>\$ 549,979</u>	<u>\$ 499,272</u>	<u>\$ 110,993</u>	<u>\$ 21,554,116</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 337,639	\$ -
Licenses and permits	-	-	-	550	-
Intergovernmental	-	23,262	283,855	1,971	7,230
Investment income	-	270	1,336	86,217	312
Fines and forfeitures	12,124	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	1,212,320	-
Developer fees	-	-	-	-	-
Other income	-	-	-	144,331	-
Total Revenues	<u>12,124</u>	<u>23,532</u>	<u>285,191</u>	<u>1,783,028</u>	<u>7,542</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	20,000	-	1,177,365	-
Community development	-	-	-	-	-
Public works	12,131	-	262,650	-	5,363
Capital outlay	-	-	-	246,129	-
Total Expenditures	<u>12,131</u>	<u>20,000</u>	<u>262,650</u>	<u>1,423,494</u>	<u>5,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7)</u>	<u>3,532</u>	<u>22,541</u>	<u>359,534</u>	<u>2,179</u>
Other Financing Sources (Uses):					
Proceeds from sale of land	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7)	3,532	22,541	359,534	2,179
Fund Balances, Beginning of Year	838	6,311	62,730	2,188,483	7,704
Fund Balances, End of Year	<u>\$ 831</u>	<u>\$ 9,843</u>	<u>\$ 85,271</u>	<u>\$ 2,548,017</u>	<u>\$ 9,883</u>

Special Revenue Funds

Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
148,747	220,303	-	-	-	-	-
4,043	1,853	-	29,421	51,636	363	88,397
-	-	-	-	-	-	-
-	-	-	-	-	-	1,766,444
-	-	94,800	978,858	1,104,330	1,375	-
-	-	-	-	-	-	-
-	-	-	4,192	144,351	-	-
<u>152,790</u>	<u>222,156</u>	<u>94,800</u>	<u>1,012,471</u>	<u>1,300,317</u>	<u>1,738</u>	<u>1,854,841</u>
-	-	-	-	-	-	-
100,172	-	-	-	-	-	-
-	-	-	-	-	-	1,408,171
-	108,052	35,000	972,563	1,254,462	178	-
-	92,967	-	-	4,370	-	-
<u>100,172</u>	<u>201,019</u>	<u>35,000</u>	<u>972,563</u>	<u>1,258,832</u>	<u>178</u>	<u>1,408,171</u>
<u>52,618</u>	<u>21,137</u>	<u>59,800</u>	<u>39,908</u>	<u>41,485</u>	<u>1,560</u>	<u>446,670</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>52,618</u>	<u>21,137</u>	<u>59,800</u>	<u>39,908</u>	<u>41,485</u>	<u>1,560</u>	<u>446,670</u>
<u>71,398</u>	<u>32,884</u>	<u>479,320</u>	<u>221,530</u>	<u>1,409,772</u>	<u>9,032</u>	<u>2,661,415</u>
<u>\$ 124,016</u>	<u>\$ 54,021</u>	<u>\$ 539,120</u>	<u>\$ 261,438</u>	<u>\$ 1,451,257</u>	<u>\$ 10,592</u>	<u>\$ 3,108,085</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	Bridges Capital Reserve	Capital Improvements
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	82,469
Investment income	-	-	5,602	68,759	192,848
Fines and forfeitures	-	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	-	-
Developer fees	-	104,538	15,092	-	-
Other income	-	-	-	-	-
Total Revenues	-	104,538	20,694	68,759	275,317
Expenditures:					
Current:					
General government	-	-	-	-	188,883
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	5,717	-	2,510,620
Total Expenditures	-	-	5,717	-	2,699,503
Excess (deficiency) of revenues over (under) expenditures	-	104,538	14,977	68,759	(2,424,186)
Other Financing Sources (Uses):					
Proceeds from sale of land	-	-	-	-	3,444,257
Transfers in	-	-	-	-	4,362,652
Transfers out	-	(102,049)	-	(801,582)	-
Total Other Financing Sources (uses)	-	(102,049)	-	(801,582)	7,806,909
Net Change in Fund Balances	-	2,489	14,977	(732,823)	5,382,723
Fund Balances, Beginning of Year	(28,990)	(2,489)	144,213	2,391,338	763,700
Fund Balances, End of Year	\$ (28,990)	\$ -	\$ 159,190	\$ 1,658,515	\$ 6,146,423

Capital Projects Funds						
Buildings Capital Reserve	Medians & Parkways Capital Reserve	Storm Drains Capital Reserve	Traffic Signals Capital Reserve	Technology Capital Reserve	City Vehicles Capital Reserve	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,639
-	-	-	-	-	-	550
-	-	-	-	-	-	767,837
193,789	67,575	59,483	43,224	11,501	2,556	909,185
-	-	-	-	-	-	12,124
-	-	-	-	-	-	1,766,444
-	-	-	-	-	-	3,391,683
-	-	-	-	-	-	119,630
-	-	-	-	-	-	292,874
<u>193,789</u>	<u>67,575</u>	<u>59,483</u>	<u>43,224</u>	<u>11,501</u>	<u>2,556</u>	<u>7,597,966</u>
-	-	-	-	-	-	188,883
-	-	-	-	-	-	1,297,537
-	-	-	-	-	-	1,408,171
-	-	-	-	-	-	2,650,399
-	-	-	-	-	-	2,859,803
-	-	-	-	-	-	8,404,793
<u>193,789</u>	<u>67,575</u>	<u>59,483</u>	<u>43,224</u>	<u>11,501</u>	<u>2,556</u>	<u>(806,827)</u>
-	-	-	-	-	-	3,444,257
1,350,000	-	-	-	487,771	108,437	6,308,860
<u>(11,576,347)</u>	<u>(1,659,949)</u>	<u>(2,846,017)</u>	<u>(1,884,651)</u>	<u>-</u>	<u>-</u>	<u>(18,870,595)</u>
<u>(10,226,347)</u>	<u>(1,659,949)</u>	<u>(2,846,017)</u>	<u>(1,884,651)</u>	<u>487,771</u>	<u>108,437</u>	<u>(9,117,478)</u>
(10,032,558)	(1,592,374)	(2,786,534)	(1,841,427)	499,272	110,993	(9,924,305)
<u>11,414,209</u>	<u>2,911,160</u>	<u>3,453,309</u>	<u>2,391,406</u>	<u>-</u>	<u>-</u>	<u>30,589,273</u>
<u>\$ 1,381,651</u>	<u>\$ 1,318,786</u>	<u>\$ 666,775</u>	<u>\$ 549,979</u>	<u>\$ 499,272</u>	<u>\$ 110,993</u>	<u>\$ 20,664,968</u>

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,004	\$ 1,004	\$ 838	\$ (166)
Resources (InFlows):				
Fines and forfeitures	28,050	28,050	12,124	(15,926)
Amounts Available for Appropriations	29,054	29,054	12,962	(16,092)
Charges to Appropriation (OutFlows):				
Public works	28,050	28,050	12,131	15,919
Budgetary Fund Balance, June 30	\$ 1,004	\$ 1,004	\$ 831	\$ (173)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY 1/2 % TAX
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,378	\$ 4,378	\$ 6,311	\$ 1,933
Resources (InFlows):				
Intergovernmental	20,000	20,000	23,262	3,262
Investment income	140	140	270	130
Amounts Available for Appropriations	24,518	24,518	29,843	5,325
Charges to Appropriation (OutFlows):				
Public safety	20,000	20,000	20,000	-
Budgetary Fund Balance, June 30	\$ 4,518	\$ 4,518	\$ 9,843	\$ 5,325

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE "A" TRANSPORTATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,541	\$ 3,541	\$ 62,730	\$ 59,189
Resources (InFlows):				
Intergovernmental	262,650	262,650	283,855	21,205
Investment income	100	100	1,336	1,236
Amounts Available for Appropriations	266,291	266,291	347,921	81,630
Charges to Appropriation (OutFlows):				
Public works	262,650	262,650	262,650	-
Budgetary Fund Balance, June 30	\$ 3,641	\$ 3,641	\$ 85,271	\$ 81,630

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE ACCESS MAINTENANCE DISTRICT NO. 1
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,593,678	\$ 2,181,047	\$ 2,188,483	\$ 7,436
Resources (InFlows):				
Taxes	328,622	328,622	337,639	9,017
Licenses and permits	750	750	550	(200)
Intergovernmental	3,000	3,000	1,971	(1,029)
Investment income	15,000	15,000	86,217	71,217
Assessments	1,200,000	1,200,000	1,212,320	12,320
Other income	750	750	144,331	143,581
Amounts Available for Appropriations	4,141,800	3,729,169	3,971,511	242,342
Charges to Appropriation (OutFlows):				
Public safety	1,313,357	1,353,357	1,177,365	175,992
Capital outlay	200,000	526,997	246,129	280,868
Total Charges to Appropriations	1,513,357	1,880,354	1,423,494	456,860
Budgetary Fund Balance, June 30	\$ 2,628,443	\$ 1,848,815	\$ 2,548,017	\$ 699,202

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOUTH COAST AQMD VEHICLE REGISTRATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,918	\$ 3,918	\$ 7,704	\$ 3,786
Resources (InFlows):				
Intergovernmental	6,458	6,458	7,230	772
Investment income	10	10	312	302
Amounts Available for Appropriations	10,386	10,386	15,246	4,860
Charges to Appropriation (OutFlows):				
Public works	6,458	6,458	5,363	1,095
Budgetary Fund Balance, June 30	\$ 3,928	\$ 3,928	\$ 9,883	\$ 5,955

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,606)	\$ (12,106)	\$ 71,398	\$ 83,504
Resources (InFlows):				
Intergovernmental	100,000	100,000	148,747	48,747
Investment income	20	20	4,043	4,023
Amounts Available for Appropriations	92,414	87,914	224,188	136,274
Charges to Appropriation (OutFlows):				
Public safety	100,000	100,000	100,172	(172)
Budgetary Fund Balance, June 30	\$ (7,586)	\$ (12,086)	\$ 124,016	\$ 136,102

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE

GAS TAX

YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,242	\$ 53,242	\$ 32,884	\$ (20,358)
Resources (InFlows):				
Intergovernmental	214,877	214,877	220,303	5,426
Investment income	180	180	1,853	1,673
Amounts Available for Appropriations	268,299	268,299	255,040	(13,259)
Charges to Appropriation (OutFlows):				
Public works	118,750	118,750	108,052	10,698
Capital outlay	-	92,967	92,967	-
Total Charges to Appropriations	118,750	211,717	201,019	10,698
Budgetary Fund Balance, June 30	\$ 149,549	\$ 56,582	\$ 54,021	\$ (2,561)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 AB 939 RECYCLING
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 415,938	\$ 415,938	\$ 479,320	\$ 63,382
Resources (InFlows):				
Assessments	92,250	92,250	94,800	2,550
Other income	5,000	5,000	-	(5,000)
Amounts Available for Appropriations	513,188	513,188	574,120	60,932
Charges to Appropriation (OutFlows):				
Public works	35,000	35,000	35,000	-
Budgetary Fund Balance, June 30	\$ 478,188	\$ 478,188	\$ 539,120	\$ 60,932

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 234,230	\$ 234,230	\$ 221,530	\$ (12,700)
Resources (InFlows):				
Investment income	6,000	6,000	29,421	23,421
Assessments	941,562	941,562	978,858	37,296
Other income	-	-	4,192	4,192
Amounts Available for Appropriations	1,181,792	1,181,792	1,234,001	52,209
Charges to Appropriation (OutFlows):				
Public works	912,118	977,401	972,563	4,838
Budgetary Fund Balance, June 30	\$ 269,674	\$ 204,391	\$ 261,438	\$ 57,047

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CONSOLIDATED LLMD
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,228,744	\$ 952,044	\$ 1,409,772	\$ 457,728
Resources (InFlows):				
Investment income	12,330	12,330	51,636	39,306
Assessments	1,154,170	1,157,576	1,104,330	(53,246)
Other income	139,524	144,351	144,351	-
Amounts Available for Appropriations	2,534,768	2,266,301	2,710,089	443,788
Charges to Appropriation (OutFlows):				
Public works	1,228,997	1,336,539	1,254,462	82,077
Capital outlay	-	-	4,370	(4,370)
Total Charges to Appropriations	1,228,997	1,336,539	1,258,832	77,707
Budgetary Fund Balance, June 30	\$ 1,305,771	\$ 929,762	\$ 1,451,257	\$ 521,495

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT 2001-1
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,445	\$ 5,445	\$ 9,032	\$ 3,587
Resources (InFlows):				
Investment income	75	75	363	288
Assessments	1,480	1,480	1,375	(105)
Amounts Available for Appropriations	7,000	7,000	10,770	3,770
Charges to Appropriation (OutFlows):				
Public works	1,480	1,480	178	1,302
Budgetary Fund Balance, June 30	\$ 5,520	\$ 5,520	\$ 10,592	\$ 5,072

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING OPERATIONS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (2,658,149)	\$ (2,668,149)	\$ 2,661,415	\$ 5,329,564
Resources (InFlows):				
Investment income	-	(30,000)	88,397	118,397
Assessments	-	(1,679,418)	1,766,444	3,445,862
Amounts Available for Appropriations	(2,658,149)	(4,377,567)	4,516,256	8,893,823
Charges to Appropriation (OutFlows):				
Community development	1,709,418	1,709,418	1,408,171	301,247
Budgetary Fund Balance, June 30	\$ (4,367,567)	\$ (6,086,985)	\$ 3,108,085	\$ 9,195,070

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARK FACILITIES IN LIEU
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,284,575)	\$ (1,284,575)	\$ (1,274,655)	\$ 9,920
Resources (InFlows):				
Developer fees	35,000	35,000	49,168	14,168
Amounts Available for Appropriations	(1,249,575)	(1,249,575)	(1,225,487)	24,088
Charges to Appropriation (OutFlows):				
Community development	-	-	-	-
Budgetary Fund Balance, June 30	\$ (1,249,575)	\$ (1,249,575)	\$ (1,225,487)	\$ 24,088

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY STREETS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (InFlows):				
Investment income	-	-	419,089	419,089
Transfers in	-	-	17,774,089	17,774,089
Amounts Available for Appropriations	-	-	18,193,178	18,193,178
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 18,193,178	\$ 18,193,178

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HIGHWAY 111 CIRCULATION IMPROVEMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 250	\$ 250	\$ (28,990)	\$ (29,240)
Resources (InFlows):				
Developer fees	-	-	-	-
Other income	-	-	-	-
Amounts Available for Appropriations	250	250	(28,990)	(29,240)
Budgetary Fund Balance, June 30	\$ 250	\$ 250	\$ (28,990)	\$ (29,240)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY WIDE PUBLIC IMPROVEMENTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 70,000	\$ 70,000	\$ (2,489)	\$ (72,489)
Resources (InFlows):				
Developer fees	35,000	35,000	104,538	69,538
Amounts Available for Appropriations	105,000	105,000	102,049	(2,951)
Charges to Appropriation (OutFlows):				
Transfers out	-	-	102,049	(102,049)
Budgetary Fund Balance, June 30	\$ 105,000	\$ 105,000	\$ -	\$ (105,000)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 239,695	\$ (763,675)	\$ 144,213	\$ 907,888
Resources (InFlows):				
Investment income	3,000	3,000	5,602	2,602
Developer fees	20,000	20,000	15,092	(4,908)
Amounts Available for Appropriations	262,695	(740,675)	164,907	905,582
Charges to Appropriation (OutFlows):				
Capital outlay	-	32,958	5,717	27,241
Budgetary Fund Balance, June 30	\$ 262,695	\$ (773,633)	\$ 159,190	\$ 932,823

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
BRIDGES CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 25,000	\$ 25,000	\$ 2,391,338	\$ 2,366,338
Resources (InFlows):				
Investment income	25,750	25,750	68,759	43,009
Charges to Appropriation (OutFlows):				
Transfers out	-	-	801,582	(801,582)
Budgetary Fund Balance, June 30	\$ 50,750	\$ 50,750	\$ 1,658,515	\$ 1,607,765

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,095	\$ (3,813,043)	\$ 763,700	\$ 4,576,743
Resources (InFlows):				
Intergovernmental	-	-	82,469	82,469
Investment income	45,000	45,000	192,848	147,848
Other income	10,000	3,454,257	-	(3,454,257)
Transfers in	1,370,000	1,370,000	4,362,652	2,992,652
Proceeds from Sale of Land	-	-	3,444,257	3,444,257
Amounts Available for Appropriations	1,434,095	1,056,214	8,845,926	7,789,712
Charges to Appropriation (OutFlows):				
General government	75,000	200,500	188,883	11,617
Capital outlay	1,305,000	4,065,631	2,510,620	1,555,011
Total Charges to Appropriations	1,380,000	4,266,131	2,699,503	1,566,628
Budgetary Fund Balance, June 30	\$ 54,095	\$ (3,209,917)	\$ 6,146,423	\$ 9,356,340

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
BUILDINGS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 340,000	\$ 340,000	\$ 11,414,209	\$ 11,074,209
Resources (InFlows):				
Investment income	92,700	92,700	193,789	101,089
Transfers in	1,350,000	1,350,000	1,350,000	-
Amounts Available for Appropriations	1,782,700	1,782,700	12,957,998	11,175,298
Charges to Appropriation (OutFlows):				
Transfers out	1,300,000	1,300,000	11,576,347	(10,276,347)
Budgetary Fund Balance, June 30	\$ 482,700	\$ 482,700	\$ 1,381,651	\$ 898,951

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 MEDIANS & PARKWAYS CAPITAL RESERVE
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 2,911,160	\$ 2,911,160
Resources (InFlows):				
Investment income	36,050	36,050	67,575	31,525
Transfers in	-	-	-	-
Amounts Available for Appropriations	36,050	36,050	2,978,735	2,942,685
Charges to Appropriation (OutFlows):				
Transfers out	-	-	1,659,949	(1,659,949)
Budgetary Fund Balance, June 30	\$ 36,050	\$ 36,050	\$ 1,318,786	\$ 1,282,736

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STORM DRAINS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 3,453,309	\$ 3,453,309
Resources (InFlows):				
Investment income	36,050	36,050	59,483	23,433
Transfers in	-	-	-	-
Amounts Available for Appropriations	36,050	36,050	3,512,792	3,476,742
Charges to Appropriation (OutFlows):				
Transfers out	-	-	2,846,017	(2,846,017)
Budgetary Fund Balance, June 30	\$ 36,050	\$ 36,050	\$ 666,775	\$ 630,725

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 2,391,406	\$ 2,391,406
Resources (InFlows):				
Investment income	23,175	23,175	43,224	20,049
Amounts Available for Appropriations	23,175	23,175	2,434,630	2,411,455
Charges to Appropriation (OutFlows):				
Transfers out	-	-	1,884,651	(1,884,651)
Budgetary Fund Balance, June 30	\$ 23,175	\$ 23,175	\$ 549,979	\$ 526,804

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TECHNOLOGY CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (InFlows):				
Investment income	-	-	11,501	11,501
Transfers in	-	-	487,771	487,771
Amounts Available for Appropriations	-	-	499,272	499,272
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 499,272	\$ 499,272

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY VEHICLES CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (InFlows):				
Investment income	-	-	2,556	2,556
Transfers in	-	-	108,437	108,437
Amounts Available for Appropriations	-	-	110,993	110,993
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 110,993	\$ 110,993

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and investments	\$ 474,394	\$ 584,127	\$ 1,058,521
Restricted Section 115 Trust cash and investments	733,924		733,924
Receivables:			
Accrued interest	1,803	2,220	4,023
Total Assets	<u>1,210,121</u>	<u>586,347</u>	<u>1,796,468</u>
Deferred Outflows of Resources:			
Deferred amounts related to OPEB	<u>389,962</u>	<u>-</u>	<u>389,962</u>
Liabilities:			
Accrued liabilities	100	-	100
Noncurrent Liabilities:			
Net OPEB Liability	<u>621,813</u>	<u>-</u>	<u>621,813</u>
Total Liabilities	<u>621,913</u>	<u>-</u>	<u>621,913</u>
Deferred Inflows of Resources:			
Deferred amounts related to OPEB	<u>39,191</u>	<u>-</u>	<u>39,191</u>
Net Position:			
Restricted Section 115 Trust	112,111	-	112,111
Unrestricted	826,868	586,347	1,413,215
Total Net Position	<u><u>\$ 938,979</u></u>	<u><u>\$ 586,347</u></u>	<u><u>\$ 1,525,326</u></u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Operating Revenues:			
Interdepartmental charges	\$ 1,696,794	\$ -	\$ 1,696,794
Total Operating Revenues	1,696,794	-	1,696,794
Operating Expenses:			
Administration and general	2,285,424	-	2,285,424
Total Operating Expenses	2,285,424	-	2,285,424
Operating Income (Loss)	(588,630)	-	(588,630)
Nonoperating Revenue (Expenses):			
Investment income	56,425	20,733	77,158
Total Nonoperating Revenues (Expenses)	56,425	20,733	77,158
Changes in Net Position	(532,205)	20,733	(511,472)
Net Position:			
Net Position at Beginning of Year	1,471,184	565,614	2,036,798
End of Fiscal Year	\$ 938,979	\$ 586,347	\$ 1,525,326

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 1,338,458	\$ -	\$ 1,338,458
Cash paid to suppliers for goods and services	(2,327,464)	-	(2,327,464)
Net Cash Provided (Used) by Operating Activities	(989,006)	-	(989,006)
Cash Flows from Investing Activities:			
Interest received	23,563	20,061	43,624
Net Cash Provided (Used) by Investing Activities	23,563	20,061	43,624
Net Increase (Decrease) in Cash and Cash Equivalents	(965,443)	20,061	(945,382)
Cash and Cash Equivalents at Beginning of Year	1,439,837	564,066	2,003,903
Cash and Cash Equivalents at End of Year	\$ 474,394	\$ 584,127	\$ 1,058,521
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ (588,630)	\$ -	\$ (588,630)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
(Increase) decrease in net OPEB liability	(400,376)	-	(400,376)
Net Cash Provided (Used) by Operating Activities	\$ (989,006)	\$ -	\$ (989,006)

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Indian Wells' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Page

Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1. Net Position by Component	130
2. Changes in Net Position	132
3. Fund Balances of Governmental Funds	134
4. Changes in Fund Balances of Governmental Funds	136

Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local revenue sources, general and Redevelopment property taxes.

5. Tax Revenues by Source - Governmental Funds	138
6. Assessed Value and Estimated Actual Value of Taxable Property	139
7. Assessed Value of Property by Use Code, Citywide	140
8. Direct and Overlapping Property Tax Rates	141
9. Principal Property Tax Payers	142
10. Principal Sales Tax Producers	143
11. Property Tax Levies and Collections	144
12. Transient Occupancy Tax Collections	145

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

13. Ratios of Outstanding Debt by Type	146
14. Ratios of General Bonded Debt Outstanding and Legal Debt Margin	147
15. Direct and Overlapping Debt	148
16. Pledged-Revenue Coverage	149

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

17. Demographic and Economic Statistics	150
18. Principal Employers	151

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

19. Full-time Equivalent City Employees by Function	153
20. Operating Indicators by Function	154
21. Capital Assets Statistics by Function	156

Sources: Unless otherwise noted, the information in these schedules was derived from the City's comprehensive annual financial reports for the relevant year.

City of Indian Wells
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities:					
Net investment in capital assets	\$ 167,002,186	\$ 172,007,625	\$ 172,494,796	\$ 175,639,386	\$ 241,607,740
Restricted for:					
Community development	3,108,085	2,661,415	2,401,909	2,294,829	2,175,822
Housing	13,870,180	14,632,707	12,842,189	13,352,710	13,639,334
Public safety	5,737,133	5,308,643	6,034,523	9,535,112	5,680,112
Public works	2,412,413	2,223,810	2,135,793	2,201,769	2,138,313
Debt service	-	-	-	-	-
Unrestricted	<u>71,786,558</u>	<u>61,884,894</u>	<u>65,150,651</u>	<u>50,054,925</u>	<u>52,294,420</u>
Total governmental activities net position	<u>263,916,555</u>	<u>258,719,094</u>	<u>261,059,861</u>	<u>253,078,731</u>	<u>317,535,741</u>
Business-type activities:					
Net investment in capital assets	49,821,298	51,198,409	52,758,255	57,498,601	-
Unrestricted	<u>(1,809,374)</u>	<u>1,024,501</u>	<u>1,657,668</u>	<u>1,798,085</u>	<u>-</u>
Total business-type activities net position	<u>48,011,924</u>	<u>52,222,910</u>	<u>54,415,923</u>	<u>59,296,686</u>	<u>-</u>
Primary government:					
Net investment in capital assets	216,823,484	223,206,034	225,253,051	233,137,987	241,607,740
Restricted	25,127,811	24,826,575	23,414,414	27,384,420	23,633,581
Unrestricted	<u>69,977,184</u>	<u>62,909,395</u>	<u>66,808,319</u>	<u>51,853,010</u>	<u>52,294,420</u>
Total primary government net position	<u>\$ 311,928,479</u>	<u>\$ 310,942,004</u>	<u>\$ 315,475,784</u>	<u>\$ 312,375,417</u>	<u>\$ 317,535,741</u>

*As of 7/1/15, two business-type activities were created, Indian Wells Golf Resort and Club Drive Property

Fiscal Year				
2014	2013	2012	2011	2010
\$ 250,043,785	\$ 250,592,927	\$ 207,621,977	\$ 128,719,531	\$ 129,332,619
3,420,280	1,857,642	1,932,254	28,556,939	38,057,825
14,412,791	15,831,412	15,831,412		
5,558,075	5,074,097	4,870,005	4,651,489	4,570,215
1,967,998	1,832,508	1,709,638	1,641,967	308,322
-	-	-	817,671	-
<u>51,276,256</u>	<u>37,447,463</u>	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>
<u>326,679,185</u>	<u>312,636,049</u>	<u>277,233,893</u>	<u>196,239,118</u>	<u>201,478,262</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
250,043,785	250,592,927	207,621,977	128,719,531	129,332,619
25,359,144	24,595,659	24,343,309	35,668,066	42,936,362
<u>51,276,256</u>	<u>37,447,463</u>	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>
<u>\$ 326,679,185</u>	<u>\$ 312,636,049</u>	<u>\$ 277,233,893</u>	<u>\$ 196,239,118</u>	<u>\$ 201,478,262</u>

City of Indian Wells
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses:					
Governmental activities:					
General government	\$ 5,701,156	\$ 8,102,188	\$ 7,501,991	\$ 7,151,865	\$ 9,338,294
Public safety	9,115,680	9,918,617	7,830,608	7,853,892	7,988,613
Community development	6,117,322	2,867,417	4,331,134	4,502,450	4,058,871
Public works	9,598,922	6,685,611	6,624,416	6,521,569	11,102,625
Golf resort	-	-	-	-	13,564,356
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>30,533,080</u>	<u>27,573,833</u>	<u>26,288,149</u>	<u>26,029,776</u>	<u>46,052,759</u>
Business-type activities:					
Golf resort	17,315,778	16,386,499	20,011,357	21,006,393	-
Club drive	7,000	31,781	60,715	65,142	-
Total business-type expenses	<u>17,322,778</u>	<u>16,418,280</u>	<u>20,072,072</u>	<u>21,071,535</u>	<u>-</u>
Total primary government expenses	<u>47,855,858</u>	<u>43,992,113</u>	<u>46,360,221</u>	<u>47,101,311</u>	<u>46,052,759</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	43,100	39,584	35,873	48,263	35,971
Public safety	600,091	199,095	134	4,522	8,599
Community development	990,040	1,038,569	1,121,873	968,377	1,003,232
Public works	12,124	21,064	22,884	27,412	22,723
Golf resort	-	-	-	-	13,179,508
Operating grants and contributions:					
General government	478,269	444,372	430,718	456,491	524,526
Public safety	5,143,462	4,864,606	4,768,453	4,637,918	4,514,697
Community development	-	-	52,738	-	60,559
Public works	2,705,844	2,505,914	2,643,506	2,364,247	2,319,406
Capital grants and contributions:					
General government	-	-	-	-	1,050,000
Community development	-	-	-	-	-
Public works	236,175	215,870	143,993	104,869	775,943
Total governmental activities program revenue	<u>10,209,105</u>	<u>9,329,074</u>	<u>9,220,172</u>	<u>8,612,099</u>	<u>23,495,164</u>
Business-type activities:					
Charges for services:					
Golf resort	15,108,397	13,738,178	12,838,393	12,918,130	-
Club drive	-	82,142	111,241	108,476	-
Total business-type activities program revenue	<u>15,108,397</u>	<u>13,820,320</u>	<u>12,949,634</u>	<u>13,026,606</u>	<u>-</u>
Total primary government program revenue	<u>25,317,502</u>	<u>23,149,394</u>	<u>22,169,806</u>	<u>21,638,705</u>	<u>23,495,164</u>
Net revenues (expenses):					
Governmental activities	(20,323,975)	(18,244,759)	(17,067,977)	(17,417,677)	(22,557,595)
Business-type activities	<u>(2,214,381)</u>	<u>(2,597,960)</u>	<u>(7,122,438)</u>	<u>(8,044,929)</u>	<u>-</u>
Total net revenues (expenses)	<u>(22,538,356)</u>	<u>(20,842,719)</u>	<u>(24,190,415)</u>	<u>(25,462,606)</u>	<u>(22,557,595)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	3,398,657	3,255,668	3,115,910	3,039,371	2,915,229
Transient occupancy taxes	8,835,433	7,943,017	7,826,154	7,000,096	6,742,840
Sales taxes	1,493,254	1,111,159	1,347,804	1,217,570	1,121,191
Franchise taxes	992,865	929,551	941,938	922,074	924,869
Other taxes	3,674,785	3,474,244	3,227,361	2,968,981	2,887,538
Investment income	4,336,032	1,861,285	1,791,037	2,392,300	2,212,672
Gain on sale of asset	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
Other	785,799	909,895	659,280	908,638	1,082,274
Transfers	2,004,611	-	6,139,623	(831,713)	-
Total governmental activities	<u>25,521,436</u>	<u>19,484,819</u>	<u>25,049,107</u>	<u>17,617,317</u>	<u>17,886,613</u>
Business-type activities:					
Investment income	8,006	-	1,809	3,095	-
Other	-	404,947	8,379,489	1,850,156	-
Transfers	<u>(2,004,611)</u>	<u>-</u>	<u>(6,139,623)</u>	<u>831,713</u>	<u>-</u>
Total business-type activities	<u>(1,996,605)</u>	<u>404,947</u>	<u>2,241,675</u>	<u>2,684,964</u>	<u>-</u>
Total primary government	<u>23,524,831</u>	<u>19,889,766</u>	<u>27,290,782</u>	<u>20,302,281</u>	<u>17,886,613</u>
Changes in net position:					
Governmental activities	5,197,461	1,240,060	7,981,130	199,640	(4,670,982)
Business-type activities	<u>(4,210,986)</u>	<u>(2,193,013)</u>	<u>(4,880,763)</u>	<u>(5,359,965)</u>	<u>-</u>
Total primary government	<u>\$ 986,475</u>	<u>\$ (952,953)</u>	<u>\$ 3,100,367</u>	<u>\$ (5,160,325)</u>	<u>\$ (4,670,982)</u>

*As of 7/1/15, two business-type activities were created, Indian Wells Golf Resort and Club Drive Property

	Fiscal Year				
	2014	2013	2012	2011	2010
\$	8,528,905	\$ 8,151,220	\$ 7,589,850	\$ 4,804,881	\$ 8,194,604
	7,689,486	7,413,099	7,415,881	7,379,309	8,157,222
	4,114,707	11,783,596	9,513,504	20,227,573	19,519,593
	11,284,095	11,050,272	6,950,388	6,710,034	5,423,271
	12,945,121	12,088,530	12,714,308	13,694,185	12,885,373
	-	-	2,024,309	8,185,570	5,934,148
	<u>44,562,314</u>	<u>50,486,717</u>	<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>44,562,314</u>	<u>50,486,717</u>	<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>
	46,282	88,959	134,600	31,619	30,284
	6,883	7,900	5,507	8,272	873,229
	854,755	934,524	663,445	6,718,212	2,136,604
	28,038	32,978	35,877	48,230	6,266
	12,429,070	12,051,307	12,480,492	12,243,547	11,126,337
	386,696	381,405	382,613	405,976	33,501
	4,436,574	4,211,296	1,921,482	1,921,931	2,557,187
	-	-	-	17,400	1,568,330
	2,362,409	2,303,057	2,127,618	2,051,669	1,472,156
	500,000	1,450,000	-	-	-
	-	-	-	-	444,801
	<u>2,352,481</u>	<u>119,513</u>	<u>2,839,642</u>	<u>573,206</u>	<u>4,750,952</u>
	<u>23,403,188</u>	<u>21,580,939</u>	<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>23,403,188</u>	<u>21,580,939</u>	<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>
	(21,159,126)	(28,905,778)	(25,616,964)	(36,981,490)	(35,114,564)
	<u>(21,159,126)</u>	<u>(28,905,778)</u>	<u>(25,616,964)</u>	<u>(36,981,490)</u>	<u>(35,114,564)</u>
	2,820,856	2,689,149	12,893,907	17,200,487	18,121,718
	6,407,454	6,341,825	5,689,952	4,805,116	4,294,079
	1,016,141	945,359	992,271	902,256	762,241
	886,891	860,303	848,259	835,725	817,863
	2,375,414	1,914,222	4,107,560	3,672,587	1,331,372
	3,297,078	2,046,935	3,740,423	3,939,375	1,513,114
	-	-	-	-	-
	16,400,000	48,767,526	78,671,501	-	-
	1,012,035	1,078,031	563,735	399,736	362,922
	-	-	-	-	-
	<u>34,215,869</u>	<u>64,643,350</u>	<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>34,215,869</u>	<u>64,643,350</u>	<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>
	13,056,743	35,737,572	81,890,644	(5,226,208)	(7,911,255)
	-	-	-	-	-
\$	<u>13,056,743</u>	<u>35,737,572</u>	<u>81,890,644</u>	<u>(5,226,208)</u>	<u>(7,911,255)</u>

**City of Indian Wells
Fund Balances of Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
General fund:					
Nonspendable:					
Prepaid items	\$ 7,738	\$ 1,911	\$ 24,666	\$ 5,740	\$ 950
Notes and loans	18,945,867	17,739,192	17,739,192	17,889,192	17,889,192
Committed to:					
Capital projects	5,500,000				
Emergency reserve	-	-	-	-	2,500,000
Unassigned	16,039,794	19,397,674	18,859,826	10,727,499	7,442,635
Total general fund	<u>\$ 40,493,399</u>	<u>\$ 37,138,777</u>	<u>\$ 36,623,684</u>	<u>\$ 28,622,431</u>	<u>\$ 27,832,777</u>
All other governmental funds					
Nonspendable					
Inventory	-	-	-	-	728,323
Prepaid items	-	-	-	-	230,059
Notes	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted for:					
Community development	16,978,265	17,294,122	15,244,098	15,647,539	15,815,156
Public safety	5,737,133	5,308,643	6,034,523	6,065,849	5,680,112
Parks and recreation	-	-	-	-	-
Public works	2,412,413	2,223,810	2,135,793	2,201,769	2,138,313
Debt service	-	-	-	-	-
Committed to:					
Emergency Reserve	-	-	-	-	-
Capital projects	159,190	144,213	676,363	354,335	22,913,539
Golf Resort	-	-	-	-	1,347,155
Assigned to:					
Capital projects	30,525,572	23,325,122	23,643,770	23,199,044	-
Unassigned	(1,254,477)	(1,306,134)	(1,345,970)	(1,387,826)	(1,420,514)
Total all other governmental funds	<u>\$ 54,558,096</u>	<u>\$ 46,989,776</u>	<u>\$ 46,388,577</u>	<u>\$ 74,703,141</u>	<u>\$ 47,432,143</u>

1) The City Council implemented the Governmental Accounting Standards Board (GASB) statement no. 54 during fiscal year 2010/11 recognizing new fund balance requirements

Fiscal Year				
2014	2013	2012	2011	2010
\$ 3,715	\$ 352,799	\$ 724,847	\$ 21,282	\$ 47,743
17,889,192	-	-	22,010,750	22,409,361
2,250,000	2,250,000	2,250,000	18,500,000	-
5,841,717	4,744,619	4,743,094	22,766,933	19,491,287
<u>\$ 25,984,624</u>	<u>\$ 7,347,418</u>	<u>\$ 7,717,941</u>	<u>\$ 63,298,965</u>	<u>\$ 41,948,391</u>
695,998	613,309	696,882	556,726	501,090
108,542	83,196	79,410	39,962	58,820
-	15,831,412	15,831,412	4,316,639	4,316,639
-	-	-	11,514,773	11,514,773
16,414,450	1,857,642	1,932,254	12,725,527	8,618,341
5,558,075	5,074,097	4,870,005	4,651,489	4,379,949
-	-	-	-	-
1,967,998	1,832,508	1,709,638	1,641,967	1,807,173
-	-	-	817,671	789,777
-	-	-	-	-
23,805,825	25,431,121	35,781,876	3,022,559	-
-	2,441,139	-	-	-
-	-	-	-	-
(1,853,153)	(1,499,190)	(1,539,173)	(43,424,063)	(10,039,594)
<u>\$ 46,697,735</u>	<u>\$ 51,665,234</u>	<u>\$ 59,362,304</u>	<u>\$ (4,136,750)</u>	<u>\$ 21,946,968</u>

City of Indian Wells

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues:					
Taxes	\$ 21,534,317	\$ 19,825,390	\$ 19,067,088	\$ 17,840,371	\$ 17,196,257
Licenses and permits	504,876	465,327	642,162	466,550	479,296
Intergovernmental	1,246,106	1,098,333	1,024,757	959,741	1,765,403
Contribution from property owners	-	-	-	-	1,050,000
Charges for services	1,085,255	772,337	480,245	503,429	13,705,848
Investment income	2,492,431	212,021	225,978	727,908	527,212
Fines and forfeitures	55,224	60,648	58,359	78,595	64,889
Rental income	1,766,444	1,639,641	1,561,169	1,629,432	1,660,396
Assessments	4,009,522	3,866,031	3,763,303	3,782,451	3,685,524
Development fees	168,798	149,631	448,419	129,054	139,614
Other	785,799	909,895	659,280	908,638	1,082,274
Total revenues	33,648,772	28,999,254	27,930,760	27,026,169	41,356,713
Expenditures					
Current:					
General government	8,995,458	8,136,619	7,836,296	8,008,297	9,424,603
Public safety	8,687,603	8,488,123	8,047,904	8,151,039	8,036,589
Community development	3,010,110	2,890,706	2,861,354	3,084,249	2,807,307
Parks and recreation	-	-	-	-	-
Public works	4,811,267	4,456,328	4,546,968	4,423,715	4,080,034
Golf resort	-	-	-	-	13,564,356
Pass-through	-	-	-	-	-
Capital outlay	3,577,852	3,911,186	1,305,125	559,912	861,263
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	29,082,290	27,882,962	24,597,647	24,227,212	38,774,152
Excess (deficiency) of revenues over (under) expenditures	4,566,482	1,116,292	3,333,113	2,798,957	2,582,561
Other financing sources (uses):					
Transfers in	25,325,206	4,206,586	7,932,137	1,429,989	2,462,520
Transfers out	(23,320,595)	(4,206,586)	(2,956,130)	(2,261,702)	(2,462,520)
Contributions to other governments	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Premium (discount) on bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
Sale of property	4,351,849	-	-	-	-
Total other financing sources (uses)	6,356,460	-	4,976,007	(831,713)	-
Net change in fund balances	\$ 10,922,942	\$ 1,116,292	\$ 8,309,120	\$ 1,967,244	\$ 2,582,561
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%
Capital outlay (Recon of Rev & Exp)	(1,681,711)	3,456,064	588,717	(102,981)	695,864
Total governmental expenditures	29,082,290	27,882,962	24,597,647	24,227,212	38,774,152
Less: Principal	-	-	-	-	-
Less: Interest	-	-	-	-	-
	29,082,290	27,882,962	24,597,647	24,227,212	38,774,152
Less: Capital Asset Additions	1,681,711	(3,456,064)	(588,717)	102,981	(695,864)
Non Capital Expenditures	30,764,001	24,426,898	24,008,930	24,330,193	38,078,288
Total Debt Service Payments	-	-	-	-	-
Debt Service as % of Non Capital Exp.	0.0%	0.0%	0.0%	0.0%	0.0%

Fiscal Year

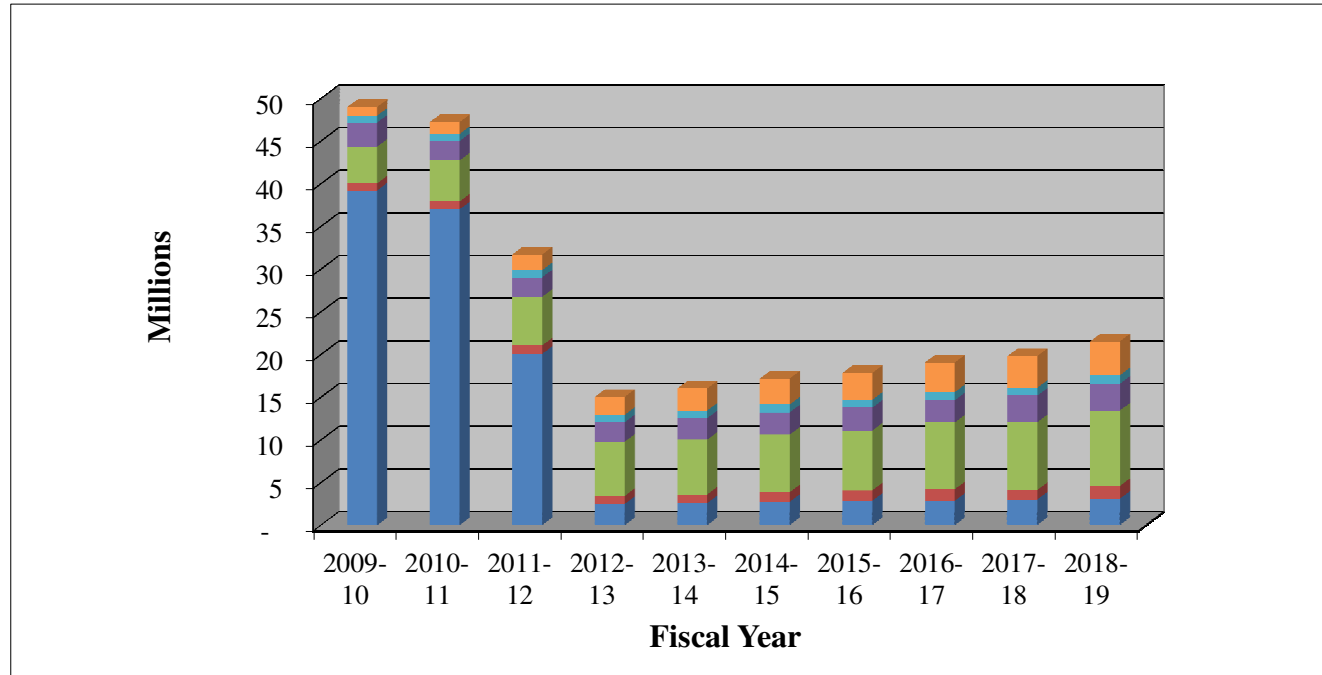
2014	2013	2012	2011	2010
\$ 16,031,054	\$ 15,036,212	\$ 31,715,482	\$ 47,215,341	\$ 48,995,314
426,382	439,139	226,322	119,583	234,824
3,151,753	863,584	3,613,520	1,390,949	5,157,957
500,000	1,450,000			
12,857,977	12,548,294	12,918,149	12,657,977	11,476,745
1,623,137	400,607	2,157,135	3,256,904	2,732,580
80,669	128,235	175,450	87,320	84,582
1,651,498	1,633,036			
3,737,258	3,643,882	3,584,325	3,530,928	3,481,755
124,851	222,451	73,510	61,007	1,327,402
1,012,035	1,078,031	563,735	399,736	3,374,688
<u>41,196,614</u>	<u>37,443,471</u>	<u>55,027,628</u>	<u>68,719,745</u>	<u>76,865,847</u>
8,573,662	7,996,591	6,214,712	4,219,555	7,941,889
7,685,383	3,211,837	7,212,762	7,214,270	8,000,297
2,820,027	5,109,097	2,556,343	5,846,632	13,493,473
-	1,920,320			
4,135,007	3,866,883	3,913,539	3,763,936	2,959,775
12,945,121	12,088,530	12,714,308	13,694,185	12,885,373
-	-	7,183,533	21,778,115	21,138,998
8,678,100	3,330,510	9,197,818	4,464,499	5,954,982
-	-	4,460,000	4,020,106	3,860,000
-	-	3,894,759	7,951,591	8,517,174
<u>44,837,300</u>	<u>37,523,768</u>	<u>57,347,774</u>	<u>72,952,889</u>	<u>84,751,961</u>
<u>(3,640,686)</u>	<u>(80,297)</u>	<u>(2,320,146)</u>	<u>(4,233,144)</u>	<u>(7,886,114)</u>
64,112	6,587,021	44,643,627	13,373,447	11,845,781
(140,112)	(6,716,791)	(46,425,808)	(13,873,447)	(12,595,781)
-	(7,522,110)	-	-	-
-	-	-	-	10,890,000
-	-	-	-	-
-	-	-	-	-
16,400,000	1,339,192	12,020,357	-	-
-	-	-	-	-
<u>16,324,000</u>	<u>(6,312,688)</u>	<u>10,238,176</u>	<u>(500,000)</u>	<u>10,140,000</u>
<u>\$ 12,683,314</u>	<u>\$ (6,392,985)</u>	<u>\$ 7,918,030</u>	<u>\$ (4,733,144)</u>	<u>\$ 2,253,886</u>
0.0%	0.0%	21.0%	21.2%	18.7%
8,627,428	3,118,599	9,190,259	4,524,674	6,076,294
44,837,300	37,523,768	57,347,774	72,952,889	84,751,961
-	-	(4,460,000)	(4,020,106)	(3,860,000)
-	-	(3,894,759)	(7,951,591)	(8,517,174)
<u>44,837,300</u>	<u>37,523,768</u>	<u>48,993,015</u>	<u>60,981,192</u>	<u>72,374,787</u>
<u>(8,627,428)</u>	<u>(3,118,599)</u>	<u>(9,190,259)</u>	<u>(4,524,674)</u>	<u>(6,076,294)</u>
<u>36,209,872</u>	<u>34,405,169</u>	<u>39,802,756</u>	<u>56,456,518</u>	<u>66,298,493</u>
-	-	8,354,759	11,971,697	12,377,174
0.0%	0.0%	21.0%	21.2%	18.7%

City of Indian Wells
Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year End	Property Tax	Sales	Transient Occupancy	Emergency Services	Franchise	Other	Total
2009-10	39,208,315	827,195	4,294,079	2,828,412	817,863	1,019,451	48,995,314
2010-11	37,012,359	902,256	4,805,116	2,288,758	835,725	1,371,127	47,215,341
2011-12	20,072,039	992,271	5,689,952	2,287,339	848,259	1,825,622	31,715,482
2012-13	2,495,027	945,359	6,341,825	2,285,354	860,303	2,108,344	15,036,212
2013-14	2,602,881	1,016,141	6,407,454	2,524,298	886,890	2,593,389	16,031,053
2014-15	2,757,592	1,121,191	6,742,840	2,604,590	924,868	3,045,175	17,196,256
2015-16	2,876,532	1,217,570	7,000,096	2,692,279	922,074	3,131,820	17,840,371
2016-17	2,873,141	1,347,804	7,826,154	2,607,921	941,937	3,470,131	19,067,088
2017-18	3,025,593	1,111,159	7,942,995	3,111,773	929,551	3,704,319	19,825,390
2018-19	3,113,540	1,493,254	8,835,433	3,139,323	992,866	3,959,902	21,534,317

Percentage change:

2010-2019 -92.1% 80.5% 105.8% 11.0% 21.4% 288.4% -56.0%



City of Indian Wells
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

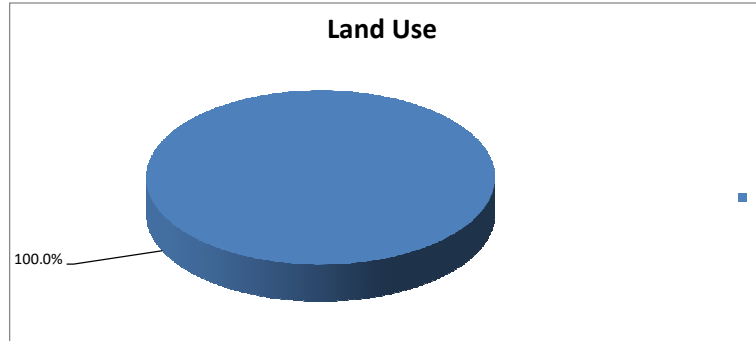
Fiscal Year Ended June 30	City (Excl. RDA)			Redevelopment Agency			City's Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2009-10	858,305,085	4,653,028	862,958,113	3,976,541,728	43,225,207	4,019,766,935	1.23056
2010-11	798,116,578	5,300,075	803,416,653	3,775,005,209	38,992,999	3,813,998,208	1.25031
2011-12	779,881,689	4,485,980	784,367,669	3,663,062,874	29,170,611	3,692,233,485	1.21462
2012-13	838,497,693	3,781,585	842,279,278	3,732,437,881	28,481,837	3,760,919,718	1.21151
2013-14	857,895,036	4,330,282	862,225,318	3,863,716,982	28,639,321	3,892,356,303	1.22949
2014-15	963,012,088	8,006,824	971,018,912	4,010,096,483	26,674,312	4,036,770,795	1.23309
2015-16	1,067,731,252	7,803,011	1,075,534,263	4,142,943,142	21,086,098	4,164,029,240	1.23002
2016-17	1,078,783,335	8,645,905	1,087,429,240	4,244,054,809	21,150,335	4,265,205,144	1.20635
2017-18	1,216,459,774	7,719,195	1,224,178,969	4,356,466,470	17,947,116	4,374,413,586	1.21281
2018-19	1,323,102,487	10,855,110	1,333,957,597	4,606,551,347	20,122,839	4,626,674,186	1.21396

Source: Riverside County Assessor Data, MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
Net Taxable Value is net of all exemptions, including homeowners.
(1.) Total Direct Tax Rate is represented by TRA 016-000

City of Indian Wells

**Assessed Value of Property by Use Code, Citywide
Last Ten Fiscal Years**

Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15*	2015-16	2016-17	2017-18	2018-19
Residential	4,186,874,097	4,009,594,578	3,913,350,203	3,935,778,173	4,121,937,903	4,329,962,569	4,509,106,870	4,636,416,971	4,787,212,021	5,046,143,990
Commercial	240,348,626	204,892,539	64,230,314	65,675,320	66,962,561	482,959,313	536,436,321	501,610,126	559,511,479	661,957,523
Vacant	230,415,175	190,893,767	149,551,997	157,858,323	170,302,487	160,186,689	165,131,203	184,811,047	172,148,781	166,625,355
Institutional	318,639	317,885	0	0	0	0	0	0	0	0
Unknown	176,890,276	167,423,018	315,812,049	411,623,758	362,409,067	0	0	0	0	0
Net Secured Value	4,834,846,813	4,573,121,787	4,442,944,563	4,570,935,574	4,721,612,018	4,973,108,571	5,210,674,394	5,322,838,144	5,518,872,281	5,874,726,868
Unsecured	47,878,235	44,293,074	33,656,591	32,263,422	32,969,603	34,681,136	28,889,109	29,796,240	25,666,311	30,977,949
Net Taxable Value	4,882,725,048	4,617,414,861	4,476,601,154	4,603,198,996	4,754,581,621	5,007,789,707	5,239,563,503	5,352,634,384	5,544,538,592	5,905,704,817



Source: MuniServices, LLC
 Source: 2010-11 and prior, previously published CAFR Report
 Use code categories are based on Riverside County Assessor's data
 *Land Use description data updated from previous year(s)

City of Indian Wells

Direct and Overlapping Property Tax Rates

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
City Direct Rates:										
City Basic Rate	0.07000000	0.07000000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Agency Basic Rate	0.26604000	0.26686000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Low & Mod 20% Set-aside	0.20000000	0.20000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Total City Direct Rate	0.53604000	0.53686000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Overlapping Rates:										
General	0.00000000	0.00000000	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188
Riverside County General & Fire	0.28336000	0.28336000	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884
Coachella Valley Water District	0.05932000	0.05886000	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245
Desert Sands Unified School District	0.11489000	0.11498000	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065
Riverside County Superintendent of Schools	0.01299000	0.01300000	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713
College of Desert	0.02387000	0.02389000	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091
Coachella Valley Parks & Recreation District	0.02190000	0.02192000	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243
CV Mosquito & Vector Control District	0.01448000	0.01449000	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312
Riverside County Regional Park & Open Space	0.00088000	0.00088000	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930
Coachella Valley Public Cemetery	0.00072000	0.00072000	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659
Desert Regional Medical Center	0.00098000	0.00097000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Coachella Valley Resource Conservation	0.00000000	0.00000000	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170
Education Revenue Augmentation Fund	0.00006000	0.00006000	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749
TOTAL	0.53345000	0.53313000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000
Override Assessments										
Coachella Valley Water District	0.06000000	0.06000000	0.08000000	0.08000000	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000
Desert Community College	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.02325000	0.02087000	0.02036000	0.04030000	0.03978000
Desert Sands Unified School District	0.08112000	0.10036000	0.11467000	0.11156000	0.10954000	0.10984000	0.10915000	0.08599000	0.07251000	0.07418000
TOTAL	0.16107000	0.18031000	0.21462000	0.21151000	0.22949000	0.23309000	0.23002000	0.20635000	0.21281000	0.21396000
TOTAL TAX RATE	1.23056000	1.25030000	1.21462000	1.21151000	1.22949000	1.23309000	1.23002000	1.20635000	1.21281000	1.21396000

Source: 2010-11 and prior, previously published CAFR Report

Source: Riverside County Auditor data, MuniServices, LLC

(1.) Total Direct Tax Rate is represented by TRA 016-000

(-) Indicates data unavailable.

City of Indian Wells

**Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago**

Taxpayer	2018-19		2009-10	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Garden Of Champions	261,208,902	4.42%	57,569,136	1.16%
Grand Champions Llc	80,878,689	1.37%	80,040,496	
Bbc Esmeralda	72,171,706	1.22%		0.00%
Vintage Club	65,058,628	1.10%	37,389,403	0.75%
Toscana Homes	58,030,280	0.98%	68,792,897	1.38%
Standard Pacific Corp	28,616,865	0.48%	26,073,451	
Rpcwg Miramonte Owner	23,877,748	0.40%		0.00%
Eldorado Country Club	18,692,210	0.32%	27,670,491	0.56%
Village Shopping Center At Ind	17,178,702	0.29%		
Targoff Michael B	16,667,963	0.28%		
Gross William H	14,000,000	0.24%		
Cook Leo W	13,951,793	0.24%	12,327,384	0.25%
Marion Anne W	13,786,000	0.23%		
Iwcc Acquisition Corp	13,396,872	0.23%	21,342,475	0.43%
Kayne Richard A	13,381,941	0.23%		
Brinson Gary P	13,140,000	0.22%	16,611,951	0.33%
Schmid Inv	13,072,915	0.22%	12,608,506	
Carletti Christopher M	13,000,000	0.22%		
Indian Wells Village Ii	12,875,202	0.22%	11,562,234	
Drw Desert Holdings	12,372,598	0.21%		0.00%
Pcg Rgg General Partnership	11,695,515	0.20%		
Coleman Sheldon C	11,295,375	0.19%	11,418,000	
Smith Orin C	11,201,401	0.19%		
Adh Prop	11,101,240	0.19%		
Neptune	11,062,357	0.19%		
Felcor Esmerelda Llc			67,591,670	1.36%
Lh Indian Wells Holding			25,000,000	0.50%
Bank Of Calif			21,244,707	0.43%
Reserve Club			17,261,661	0.35%
Alexander & Baldwin Inc			16,914,303	0.34%
Ryan Oil Co			16,640,411	0.33%
Sanderson J Ray Indian Wells			15,990,279	0.32%
Schneider Gene W			13,083,358	0.26%
Windfohr Anne Burnett			12,180,881	0.24%
Koch Charles G			11,935,337	0.24%
Gilleland Richard A			11,736,743	0.24%
Lowe Terraces Inc			11,258,542	0.23%
Common Lot			10,324,882	0.21%
Total Top 25 Taxpayers	831,714,902	14.08%	634,569,198	9.90%
Total Taxable Value	5,905,704,817	100.00%	4,976,012,013	100.00%

Source: County Assessor data, Avenu Insights & Analytics

City of Indian Wells

**Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago**

2018-19		2009-10	
Taxpayer	Business Type	Taxpayer	Business Type
Audio Visual Services Group	Business Services	Cafe Italia	Restaurants W/Beer
CVS/Pharmacy	Drug Stores	Compliments	Family Apparel
Desert Horizons Country Club	Personal Services	Creative Pipe	Heavy Industry
Don Diego Restaurante	Restaurants W/Onsale	CVS/Pharmacy	Drug Stores
Eldorado Country Club	Personal Services	Desert Horizons Country Club	Club Food/Bar Sales
Eureka!	Restaurants W/Onsale	Don Diego Restaurante	Restaurants W/Onsale
Hyatt Hotel	Hotel Food/Bar Sales	Eldorado Country Club	Personal Services
Indian Wells Country Club & Hotel	Hotel Food/Bar Sales	Hyatt Hotel	Hotel Food/Bar Sales
Indian Wells Golf Resort	Personal Services	Indian Wells Country Club & H	Hotel Food/Bar Sales
Indian Wells Resort Hotel	Hotel Food/Bar Sales	Indian Wells Golf Resort	Personal Services
Indian Wells Tennis Garden	Personal Services	Indian Wells Resort Hotel	Hotel Food/Bar Sales
IW Coffee	Specialty Food Store	Indian Wells Tennis Garden	Personal Services
Karen Harlow For The Home	Personal Services	Le Saint Germain Restaurant	Restaurants W/Onsale
Miramonte Resort & Spa	Hotel Food/Bar Sales	Miramonte Resort & Spa	Hotel Food/Bar Sales
Renaissance Esmeralda Resort & Spa	Hotel Food/Bar Sales	Nest Restaurant	Restaurants W/Onsale
Reserve Club	Personal Services	Ralph's Grocery Company	Supermarkets
SCH Enterprises	Mfg.Matl./Textiles	Renaissance Esmeraldas Resort &	Hotel Food/Bar Sales
Tennis Warehouse	Sporting Goods	Reserve Club	Personal Services
Terry Beardsley Golf Shop	Sporting Goods	Restaurant Associates Events	Fast Food Restaurant
The Nest Restaurant & Piano Bar	Restaurants W/Onsale	Swank Audio Visuals	Office Eqpmt Store
The Sands Hotel & Spa	Hotel Food/Bar Sales	Terry Beardsley Golf Shop	Sporting Goods
The Vintage Club	Personal Services	The Village Insciber	Stationery/Books
Thomas Johnson Custom Cabinetry & Architectural	Bldg Matls-Whsle	The Vintage Golf Club	Personal Services
Toscana Country Club	Personal Services	Toscana Country Club	Personal Services
Vicky's of Santa Fe	Restaurants W/Onsale	Vicky's of Santa Fe	Restaurants W/Onsale

Source: Avenu Insights & Analytics

City of Indian Wells
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	38,711,203	38,791,118	100.21%	417,197	39,208,315	101.28%
2011	36,889,913	36,918,555	100.08%	93,804	37,012,359	100.33%
2012	34,811,422	26,913,209	77.31%	74,738	26,987,947	77.53%
2013	2,172,899	2,478,806	114.08%	16,221	2,495,027	114.82%
2014	2,184,854	2,583,498	118.25%	19,383	2,602,881	119.13%
2015	2,330,206	2,665,988	114.41%	91,604	2,757,592	118.34%
2016	2,329,290	2,807,108	120.51%	69,424	2,876,532	123.49%
2017	2,420,606	2,802,166	115.76%	70,974	2,873,141	118.70%
2018	2,494,755	2,965,260	118.86%	60,334	3,025,593	121.28%
2019	2,556,217	3,104,015	121.43%	9,525	3,113,540	121.80%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. On February 1, 2012, all redevelopment agencies in California were dissolved. Fiscal year ending June 30, 2013 is reflective of the RDA dissolution resulting in a decrease in property tax collections.

City of Indian Wells

**Transient Occupancy Tax Collections
Last Ten Fiscal Years**

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15*	2015-16	2016-17	2017-18	2018-19
Resort Hotels	4,294,079	4,805,116	5,677,939	6,318,721	6,374,616	6,625,288	6,719,057	7,626,203	7,716,357	8,635,851
Short-term Rentals	0	0	12,013	23,104	32,838	117,552	281,039	229,213	226,660	199,582
Total	4,294,079	4,805,116	5,689,952	6,341,825	6,407,454	6,742,840	7,000,096	7,855,416	7,943,017	8,835,433
 Transient Occupancy Tax Rate in effect	9.25%	9.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	12.25%

Source: Published CAFR Reports

- a. Specific revenue detail by operator is unavailable due to confidentiality.
- b. Voter approved 1% rate increase; effective January 1, 2019

City of Indian Wells
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year End	Governmental Activities			Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Notes Payable	Total		
2010	132,925,000	-	132,925,000	26.66%	26,870
2011	128,910,000	-	128,910,000	24.62%	25,371
2012	- ¹	-	-	0.00%	-
2013	- ¹	-	-	0.00%	-
2014	- ¹	-	-	0.00%	-
2015	- ¹	-	-	0.00%	-
2016	- ¹	-	-	0.00%	-
2017	- ¹	-	-	0.00%	-
2018	- ¹	-	-	0.00%	-
2019	- ¹	-	-	0.00%	-

(1) Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Please see note 18 to the financial statements. During fiscal year 2011/12, the State of California took action to eliminate redevelopment. The remaining outstanding Redevelopment Agency Tax Allocation Bonds were transferred to a newly formed Successor Agency private-purpose trust.

City of Indian Wells

Ratio of General Bonded Debt Outstanding and Legal Debt Margin

**Last Ten Fiscal Years
(In Thousands, except Per Capita)**

Fiscal Year End	Outstanding Tax Allocation Bonds	% of Assessed Value ¹	Per Capita	Less: Amounts Set Aside To Repay Debt	Total Net Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Legal Debt Margin as a % of Limit
2010	128,910	2.6%	26,400	38,487	90,423	761,053	670,630	88.1%
2011	-	2.6%	25,371	36,993	(36,993)	692,612	729,605	105.3%
2012	-	0.0%	-	17,891	(17,891)	671,490	689,381	102.7%
2013	-	0.0%	-	-	-	690,480	690,480	100.0%
2014	-	0.0%	-	-	-	713,187	713,187	100.0%
2015	-	0.0%	-	-	-	754,736	754,736	100.0%
2016	-	0.0%	-	-	-	781,696	781,696	100.0%
2017	-	0.0%	-	-	-	805,313	805,313	100.0%
2018	-	0.0%	-	-	-	833,007	833,007	100.0%
2019	-	0.0%	-	-	-	887,084	887,084	100.0%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed Value (From Assessor's net 02-2441)	<u>FY 2018/19</u> \$ 5,913,891,632
Legal Debt limit (15% of total assessed value)	887,083,745

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

All bonded debt is managed through the Agency's Debt Service Fund. Annual receipt of Tax Increment is reserved to pay annual debt service.

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Indian Wells
Direct and Overlapping Debt
June 30, 2019

2018-19 Assessed Valuation: \$ 5,918,382,889

	Total Debt 6/30/2019	%	City Share of Debt 6/30/19
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Desert Community College District	\$ 349,425,000	7.297%	\$ 25,497,542
Desert Sands Unified School District	381,670,000	14.686%	56,052,056
Desert Sands Unified School District Community Facilities District No. 1	925,000	11.088%	102,564
City of Indian Wells	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 81,652,162
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Riverside County General Fund Obligations	\$ 760,133,611	2.111%	\$ 16,046,421
Riverside County Pension Obligations	243,850,000	2.111%	5,147,674
Desert Sands Unified School District Certificates of Participation	37,000,000	14.686%	5,433,820
Coachella Valley Recreation and Park District Certificates of Participation	472,521	11.661%	55,101
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			26,683,016
Less: Riverside County Administrative Center Authority (100% self-supporting)			36,670
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 26,646,346
OVERLAPPING TAX INCREMENT DEBT:	296,685,000	.176-100.0%	\$ 79,133,566
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 187,468,744
TOTAL NET OVERLAPPING DEBT			\$ 187,432,074
GROSS COMBINED TOTAL DEBT			\$ 187,468,744 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 187,432,074

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Direct Debt.....0.00%
Total Direct and Overlapping Tax and Assessment Debt.....1.38%
Gross Combined Total Debt.....3.17%
Net Combined Total Debt.....3.17%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,239,131,591):

Total Overlapping Tax Increment Debt.....1.87%

AB:(\$500)

Source: Avenu Insights & Analytics

City of Indian Wells
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Tax Allocation Bonds				
	Ended June 30	Tax Increment	Debt Service		Coverage
			Principal	Interest	
2010	36,993,008	3,860,000	5,769,506	3.84	
2011	34,788,614	4,015,000	5,999,053	3.47	
2012	17,891,078	4,460,000	5,852,651	1.73	
2013	-	-	-	-	
2014	-	-	-	-	
2015	-	-	-	-	
2016	-	-	-	-	
2017	-	-	-	-	
2018	-	-	-	-	
2019	-	-	-	-	

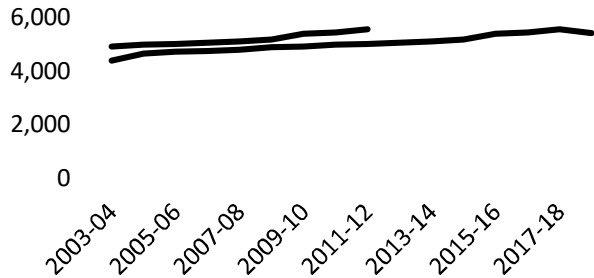
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Indian Wells

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Public School Enrollment (3)	City Unemployment Rate (%) (4)
2009-10	4,947	498,543,819	100,777	66.5	-	5.3%
2010-11	5,010	523,660,230	104,523	66.5	-	5.3%
2011-12	5,035	585,987,499	116,383	68.0	29,199	4.4%
2012-13	5,081	599,972,864	118,082	66.7	29,159	4.3%
2013-14	5,137	474,294,073	92,329	68.3	29,156	2.8%
2014-15	5,194	469,484,673	90,390	68.5	28,999	4.4%
2015-16	5,412	447,589,123	82,703	68.9	28,719	4.9%
2016-17	5,450	472,424,421	86,683	68.2	28,958	4.3%
2017-18	5,574	513,911,206	92,198	68.5	28,708	3.2%
2018-19	5,445	529,521,295	97,249	67.8	28,610	2.0%

City Population



City Unemployment



Source: Avenu Insights & Analytics

Source: 2010-11 and prior, previously published CAFR Report

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

(-) Indicates data unavailable.

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

3.) Student Enrollment reflects the total number of students enrolled in the Desert Sands Unified School District. Any other school districts within the City are not accounted for in this statistic.

4.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Indian Wells

**Principal Employers
Last Fiscal Year and Nine Years ago**

Business Name	2018-19		2009-10	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Renaissance Esmeralda Resort	445	24.72%	550	23.52%
Hyatt Regency	375	20.83%	600	25.66%
Toscana Country Club	241	13.39%	140	5.99%
Indian Wells Golf Resort (1)	218	12.11%	125	5.35%
Miramonte Resort and Spa	109	6.06%	250	10.69%
El Dorado Country Club (2)	100	5.56%	200	8.55%
Indian Wells Country Club	95	5.28%	149	6.37%
Desert Horizons Country Club (1)	85	4.72%		0.00%
Indian Wells Resort Hotel	76	4.22%		0.00%
Merrill Lynch Wealth Mgmt	38	2.11%	100	4.28%
DDC Desert Development			125	5.35%
Windermer Real Estate			99	
Total Top Employers	1,782	99.00%	2,338	96%
Total City Employment (3)	1,800			

Source: Avenu Insights & Analytics

Source: 2009-10, Previously published CAFR

Results based on direct correspondence with city's local businesses.

(1) Includes Seasonal Employees

(2) Count is at peak of season - Nov - May

(3) Total City Labor Force provided by EDD Labor Force Data.

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City of Indian Wells

**Full-time Equivalent City Government Employees
by Function**

Last Ten Fiscal Years

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Manager/Clerk	6.75	4.75	4.75	4.75	4.75	4.52	4.48	4.48	5.05	5.05
Advertising/Marketing	3.00	2.00	2.00	2.00	2.00	1.97	1.97	1.97	-	-
Community Services	-	-	-	-	-	-	-	-	1.95	1.95
Risk Management	0.125	0.125	0.125	0.125	0.125	0.150	0.150	0.15	0.30	0.30
Personnel	0.125	0.125	0.125	0.125	0.125	0.450	0.450	0.45	0.55	0.55
City Attorney	0.25	0.25	0.25	0.25	0.25	0.05	0.09	0.09	0.20	0.20
Community										
Development	8.25	6.25	5.25	5.25	6.50	6.27	6.27	6.77	5.45	5.45
Finance Department	7.00	6.00	6.00	6.00	6.00	5.47	5.33	5.33	4.41	4.41
Public Safety	1.50	1.50	1.50	1.50	1.25	1.60	1.60	1.10	1.10	1.10
Public Works	8.00	8.00	8.00	8.00	8.00	7.53	7.44	7.44	7.44	7.51
Housing Authority	-	-	-	-	-	0.99	0.99	0.99	1.64	1.64
Golf Resort	-	-	-	-	-	-	0.18	0.18	0.84	0.84
Club Drive	-	-	-	-	-	-	0.05	0.05	0.07	-
Total	35.00	29.00	28.00	28.00	29.00	29.00	29.00	29.00	29.00	29.00

Source: City of Indian Wells Budget

City implemented program budgeting commencing with the 2017-2018 fiscal year

City of Indian Wells

**Operating Indicators
by Functions**

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Violent Crime	1	3	-	-	-
Thefts	89	112	102	141	97
Burglaries	72	58	47	66	39
Traffic Collisions	93	72	88	88	125
Traffic Citations	2,371	1,333	870	838	1,251
Fire					
Medical Aid Calls	538	594	696	704	659
Public Service Assists	76	78	108	118	90
Structure Fires	17	5	4	4	4
Vegetation Fires	-	-	-	-	-
Building Activity					
Permits Issued	416	548	582	774	914
Inspections Performed	1,390	2,286	2,811	3,862	4,927
New Dwelling Units	5	17	13	35	33
Public Works					
Lot Line Adjustments	1	-	1	3	3
Parcel Mergers	-	3	2	3	3
Encroachment Permits	59	66	48	66	84
Tract Maps	-	-	2	2	-
Golf Resort					
Golf rounds played	81,102	83,052	83,104	82,712	81,696
Administration					
City Council Meetings	22	20	21	21	20
Public Hearings	22	23	16	11	23
Adopted Resolutions	53	35	43	53	53

Fiscal Year

2015	2016	2017	2018	2019
3	6	6	2	8
87	91	96	89	101
29	45	39	34	49
136	104	116	98	101
971	1,101	1,248	1,231	853
751	794	818	934	951
102	76	79	69	59
4	3	1	5	2
-	-	2	2	-
845	887	774	764	758
5,438	4,607	3,319	3,686	3,841
37	32	33	39	46
4	2	4	-	2
5	4	1	3	2
59	70	82	71	86
1	-	-	-	2
78,829	77,613	74,358	74,828	74,589
18	15	8	10	9
18	14	15	11	9
49	42	49	41	39

City of Indian Wells

**Capital Asset Statistics
by Function**

Last Ten Fiscal Years

<u>Function</u>	Units of Measure	Fiscal Year		
		2010	2011	2012
Public safety				
Police Sub-Station	Buildings	1.00	1.00	1.00
Fire Stations	Buildings	1.00	1.00	1.00
Highways, Streets, Bridges, & Infrastructure				
Pavement (Roadway)	Centerline Miles	25.80	25.80	25.80
Sidewalks	Miles	12.70	12.70	12.70
Bridges	Each	3.50	3.50	3.50
Traffic Signals	Each	15.25	15.25	15.25
Traffic Signals equipped with Red Light Runner Camera	Each	-	-	-
Streetlights (not included with traffic signals)	Each	19.00	19.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	3.00	3.00	3.00
Parks and recreation				
Parks	Each	1.00	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00	1.00
City Vehicles				
City-Owned Fleet Motor Vehicles	Each	11.00	11.00	11.00
City-Owned Ambulances	Each	2.00	2.00	2.00
Affordable Housing				
Senior Affordable Housing Complexes	Each	2.00	2.00	2.00
Senior Affordable Housing Units	Each	218.00	218.00	218.00

Fiscal Year

2013	2014	2015	2016	2017	2018	2019
1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
25.80	25.80	25.80	25.80	25.80	25.80	25.80
12.70	12.70	12.70	12.70	12.70	12.70	12.70
3.50	3.50	3.50	3.50	3.50	3.50	3.50
15.25	15.25	15.25	15.25	15.25	15.25	15.25
-	-	-	-	-	-	-
19.00	19.00	19.00	19.00	19.00	19.00	19.00
3.00	3.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
10.00	10.00	10.00	10.00	11.00	11.00	11.00
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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, dated as of May 1, 2014 (the “Original Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A., formerly Union Bank, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture of Trust, dated as of August 1, 2015 (the “First Supplement”), by and between the Successor Agency and the Trustee, the Second Supplemental Indenture of Trust, dated as of July 1, 2016 (the “Second Supplement”), and the Third Supplemental Indenture of Trust, dated as of March 1, 2020 (the “Third Supplement”), by and between the Successor Agency and the Trustee (as so supplemented, the “Indenture”), providing for the issuance of the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds and the Series 2020A Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary regarding the Indenture:

“Additional Revenues” means, as the date of calculation, the amount of Pledged Tax Revenues which, as shown in a report of an Independent Redevelopment Consultant, are estimated to be receivable by the Successor Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (a) construction which has been completed and for which a certificate of occupancy has been issued by the County or other appropriate governmental entity but which is not then reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term “increases in the assessed valuation” means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

“AGM” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof, as the issuer of the 2014 Series A Authority Insurance Policy and the Series 2014 Surety Bond.

“Agreement” means that certain Joint Exercise of Powers Agreement, dated as of March 20, 1990, relating to the formation of the Authority, by and between the County and the former Redevelopment Agency for the County of Riverside, together with any amendments thereof and supplements thereto.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Bonds (including any Parity Debt) in such Bond Year, and (b) the principal amount of the Outstanding Bonds (including any Parity Debt) scheduled to be paid in such Bond Year upon the maturity or mandatory sinking account redemption thereof.

“Authority” means the Riverside County Public Financing Authority, a joint powers authority duly organized and existing under the Agreement and the laws of the State.

“Authority Bonds” means, collectively, the 2014 Series A Authority Bonds and the 2014 Taxable Series A-T Authority Bonds.

“Authority Bonds Indenture” means the Indenture of Trust, dated as of May 1, 2014, by and between the Authority and MUFG Union Bank, N.A., formerly Union Bank, N.A., as trustee for the Authority Bonds, providing for the issuance of the Authority Bonds.

“BAM” means Build America Mutual Assurance Company, a New York mutual insurance corporation, or any successor thereto, as the issuer of the Series 2020A Bonds Insurance Policy and the Series 2020A Reserve Policy.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Year” means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year with respect to the Series 2014 Bonds shall begin on the Closing Date thereof and end on September 1, 2014, with respect to the Series 2015A Bonds shall begin on the Closing Date thereof and end on September 1, 2015, with respect to the Series 2016A Bonds shall begin on the Closing Date thereof and end on September 1, 2016 with respect to the Series 2020A Bonds shall begin on the Closing Date thereof and end on September 1, 2020.

“Bonds” means, collectively, the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds and, if the context requires, any additional Parity Debt.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in the State or the State of New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Closing Date” means, with respect to the Bonds, the date on which the Bonds are delivered by the Successor Agency to the original purchasers thereof.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement executed on the Closing Date by the Successor Agency and the Authority, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Continuing Disclosure Certificate - Series 2015A Bonds” means, with respect to the Series 2015A Bonds, that certain Continuing Disclosure Certificate relating to the Series 2015A Bonds executed by the Successor Agency and dated the date of issuance and delivery of the Series 2015A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Continuing Disclosure Certificate - Series 2016A Bonds” means, with respect to the Series 2016A Bonds, that certain Continuing Disclosure Certificate relating to the Series 2016A Bonds executed by the Successor Agency and dated the date of issuance and delivery of the Series 2016A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Continuing Disclosure Certificate - Series 2020A Bonds” means, with respect to the Series 2020A Bonds, that certain Continuing Disclosure Certificate relating to the Series 2020A Bonds executed

by the Successor Agency and dated the date of issuance and delivery of the Series 2020A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds and the application of the proceeds of the Bonds pursuant to the Indenture, compensation, fees and expenses (including, but not limited to fees and expenses for legal counsel) of the Authority, the Successor Agency and the Trustee, compensation to any financial consultants or underwriters, costs of continuing disclosure and recording costs, rating agency fees, bond insurance premiums, costs of preparation and reproduction of documents and costs of printing.

“County” means the County of Riverside, a county duly organized and existing under the Constitution and laws of the State.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Defeasance Obligations” means the following:

- (a) cash; and
- (b) non-callable Federal Securities.

“Dissolution Act” means the provisions of Assembly Bill X1 26, signed by the Governor June 28, 2011, and filed with the Secretary of State June 29, 2011, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012, as such provisions may hereafter be amended.

“DOF” means the California Department of Finance.

“Event of Default” means any of the events described in this summary under the caption “Events of Default and Acceleration of Remedies” below.

“Fair Market Value” means, with respect to any investment, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any direct, general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury

of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“First Supplement” means the First Supplemental Indenture of Trust, dated as of August 1, 2015, by and between the Successor Agency and the Trustee.

“Fiscal Agent” means MUFG Union Bank, N.A., formerly Union Bank, N.A.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement between the Former Agency and the Fiscal Agent, as the same may be supplemented and amended from time to time.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period.

“Former Agency” means the Redevelopment Agency of the City of Indian Wells, a public body corporate and politic duly organized and formerly existing under the Redevelopment Law and dissolved in accordance with the Dissolution Act.

“Indenture” means the Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement, and as it may be further supplemented or amended by any additional Supplemental Indenture entered into pursuant to the provisions of the Indenture.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the domination of the Successor Agency;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and

(d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Insurance Agreement” means the Insurance Agreement entered into by the Successor Agency and AGM in connection with the Surety Bond.

“Insurer” means (i) AGM as provider of the Series 2014 Surety Bond, and (ii) the provider of a municipal bond or financial guaranty insurance policy with respect to an issue of Bonds (other than the Series 2014A Bonds) or with respect to an issue of bonds the proceeds of which are used to purchase an issue of Bonds (other than the Series 2014A Bonds).

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2014 for so long as any of the Bonds remain unpaid.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Successor Agency Bonds Indenture) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Successor Agency Bonds Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Successor Agency Bonds Indenture.

“Oversight Board” means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

“Owner” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the Bonds pursuant to the Indenture.

“Parity Debt Instrument” means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt and which otherwise complies with all of the terms and conditions of the Successor Agency Bonds Indenture.

“Pass-Through Agreements” mean certain contractual and statutory obligations secured by a pledge or lien on Tax Increment Revenues superior to the lien securing the Senior Bonds, as set forth in the agreements listed below:

(a) Agreement for Cooperation between the Coachella Valley Water District and the City of Indian Wells and Indian Wells Redevelopment Agency dated July 20, 1983;

(b) Agreement for Cooperation Between the County of Riverside and the City of Indian Wells and the Indian Wells Redevelopment Agency Regarding the Consolidated Whitewater Redevelopment Project dated September 13, 1983, as amended by the Amendment to Agreement for Cooperation Between the County of Riverside and the City of Indian Wells and

the Indian Wells Redevelopment Agency Regarding the Consolidated Whitewater Redevelopment Project dated March 21, 1989;

(c) Cooperation Agreement between the Desert Sands Unified School District and the Indian Wells Redevelopment Agency entered into on March 31, 1988;

(d) Cooperation Agreement between the College of the Desert, the City of Indian Wells and the Indian Wells Redevelopment Agency entered into on March 31, 1988;

(e) Cooperation Agreement between the Riverside County Superintendent of School and the Indian Wells Redevelopment Agency entered into on March 31, 1988;

(f) Cooperation Agreement between the Coachella Valley Mosquito Abatement District, the Indian Wells Redevelopment Agency, and the City of Indian Wells as to the Consolidated Whitewater Project Area entered into on September 13, 1988; and

(g) Cooperation Agreement between the Coachella Valley Recreation and Park District, the Indian Wells Redevelopment Agency, and the City of Indian Wells as to Consolidated Whitewater Project Area entered into on September 14, 1988.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State and constitute Permitted Investments), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank;

(c) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); and senior debt obligations of the Federal Home Loan Bank System;

(d) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody’s, and maturing no more than 360 days after the date of purchase, including those of the Trustee or its affiliates;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody’s and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated AAAM or AAAM-G or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant and with the prior approval of S&P, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(h) the County's investment pool.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Increment Revenues which may be outstanding at any time, or (b) the aggregate amount of taxes which may be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan.

“Pledged Tax Revenues” means the portion of the monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2014 Bonds, pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pre-Existing Agreements, (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, and (iii) the Tax Revenues required to pay debt service on the Senior Bonds. In accordance with the Dissolution Act, the Bonds and Parity Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above.

“Pre-Existing Agreements” means the contractual and statutory obligations secured by a lien on Tax Increment Revenues superior to the lien securing the Senior Bonds, namely, the Pass-Through Agreements.

“Principal Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Project Area” means the project area described in the Redevelopment Plan.

“Qualified Reserve Account Credit Instrument” means (i) the Series 2014 Surety Bond, (ii) the Series 2015A Surety Bond, the Series 2016A Surety Bond, the Series 2020 Reserve Policy or (iii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is “A” (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; (e) prior written notice is given to the Trustee before the effective date of any such Qualified Reserve Account Credit Instrument.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

“Redemption Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

“Redevelopment Plan” means the “Consolidated Whitewater Project Area Indian Wells Redevelopment Agency Plan” approved and adopted by the City by Ordinance No. 235, and includes any amendment thereof made pursuant to the Redevelopment Law.

“Redevelopment Project” means the undertaking of the Successor Agency to redevelop the Project Area in accordance with the Redevelopment Plan.

“Redevelopment Property Tax Trust Fund” or **“RPTTF”** means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Requirement” means, with respect to the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds or any Parity Debt issued as Bonds pursuant to a Supplemental Indenture supplemental to the Indenture, as of any calculation date, the lesser of (i) Maximum Annual Debt Service with respect to the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds or Parity Debt, as applicable, or (ii) 125% of average Annual Debt Service on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2020A Bonds or Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Tax Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such additional Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. The Reserve Requirement with respect to the Series 2014A Bonds and the Taxable Series 2014A-T Bonds will be calculated on a combined basis, provided that, in the event the Reserve Requirement for the Series 2014A Bonds and the Taxable Series 2014A-T Bonds is funded with cash, the Trustee shall establish separate subaccounts for the proceeds of the Series 2014A Bonds and the Taxable Series 2014A-T Bonds to enable the Trustee to track the investment of the proceeds of the Series 2014A Bonds and the Taxable Series 2014A-T Bonds.

“S&P” means Standard & Poor’s Ratings Service, a division of the McGraw-Hill Companies, Inc., and its successors and assigns.

“Second Supplement” means the Second Supplemental Indenture of Trust, dated as of July 1, 2016, by and between the Successor Agency and the Trustee, as the same may be supplemented and amended from time to time in accordance with the terms of the Series 2014 Indenture.

“Senior Bonds” means the Former Agency’s \$10,055,000 aggregate principal amount of Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2010A, to be refunded in full with net proceeds of the Series 2020A Bonds. As of the date of issuance of the Series 2020A Bonds, there will no longer be any Senior Bonds outstanding.

“Series 2003A Bonds” means the Former Agency’s Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2003A.

“Series 2014 Bonds” means, collectively, the Series 2014A Bonds and the Taxable Series 2014A-T Bonds.

“Series 2014 Surety Bond” means the municipal bond debt service reserve insurance policy relating to the Series 2014 Bonds issued by AGM.

“Series 2014A Bonds” means the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2014A, issued in the initial principal amount of \$6,505,000.

“Series 2014A Subaccount” means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to the Indenture.

“Series 2015A Bonds” means the Successor Agency’s Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2015A initially issued in the principal amount of \$20,575,000.

“Series 2015A Bonds Insurance Policy” means the municipal bond insurance policy issued by the Series 2015A Insurer guaranteeing the scheduled payment of the principal of and interest on the Series 2015A Bonds when due as provided in the First Supplement.

“Series 2015A Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof, as the issuer of the Series 2015A Bonds Insurance Policy and the Series 2015A Surety Bonds.

“Series 2015A Subaccount” means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to the Indenture.

“Series 2015A Surety Bond” means the municipal bond debt service reserve insurance policy in the amount of \$2,558,250.

“Series 2016A Bonds” means the Successor Agency’s Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2016A initially issued in the principal amount of \$37,470,000.

“Series 2016A Bonds Insurance Policy” means the Financial Guaranty Insurance Policy issued by the Series 2016A Insurer guaranteeing the scheduled payment of the principal of and interest on the Insured Series 2016A Bonds when due as provided in the Second Supplement.

“Series 2016A Insurer” means National Public Finance Guarantee Corporation, a New York stock insurance company, or any successor thereto or assignee thereof, as the issuer of the Series 2016A Bonds Insurance Policy and the Series 2016A Surety Bond.

“Series 2016A Surety Bond” means the debt service reserve surety bond issued by the Series 2016A Insurer in the amount of \$5,303,350.

“Series 2020A Bonds” means the Successor Agency’s Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A initially issued in the principal amount of \$_____.

“Series 2020A Bonds Insurance Policy” means the Municipal Bond Insurance Policy issued by the Series 2020A Insurer that guarantees the scheduled payment of the principal of and interest on the Insured Series 2020A Bonds when due.

“Series 2020A Bonds Proceeds Fund” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Series 2020A Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Series 2020A Debt Service Reserve Agreement” means the Debt Service Reserve Agreement, dated as of June __, 2020, by and between the Successor Agency and the Series 2020A Insurer.

“Series 2020A Insurer” means Build America Mutual Assurance Company, a New York mutual insurance corporation, or any successor thereto, as the issuer of the Series 2020A Bonds Insurance Policy and the Series 2020A Reserve Policy.

“Series 2020A Subaccount” means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to the Indenture.

“Series 2020A Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Series 2020A Insurer in the amount of \$_____.

“Sinking Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“State” means the State of California.

“Subordinate Debt” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency in accordance with the requirements of the Indenture, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the Bonds.

“Successor Agency” means the Successor Agency to the Indian Wells Redevelopment Agency, a public entity existing under the Dissolution Act, as successor to the Former Agency.

“Supplemental Indenture” means any indenture, agreement or other instrument which amends, supplements or modifies the Indenture and which has been duly entered into by and between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Tax Increment Revenues” means all taxes allocated and paid to the Successor Agency pursuant to Article 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Redevelopment Plan, including all payments and reimbursements, if any, to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

“Tax Revenues” means the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements.

“Taxable Series 2003A-T Bonds” means the Former Agency’s Consolidated Whitewater Project Area Taxable Tax Allocation Bonds, Series 2003A-T.

“Taxable Series 2014A-T Bonds” means the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Taxable Tax Allocation Refunding Bonds, Series 2014A-T, issued in the initial principal amount of \$27,480,000.

“Term Bonds” means any maturity of Parity Debt which is subject to mandatory Sinking Account redemption pursuant to the Supplemental Indenture authorizing the issuance thereof.

“Third Supplement” means the Third Supplemental Indenture of Trust, dated as of March 1, 2020, by and between the Successor Agency and the Trustee, as the same may be supplemented and amended from time to time in accordance with the terms of the Series 2014 Indenture.

“Trustee” means MUFG Union Bank, N.A., formerly Union Bank, N.A., as trustee pursuant to the Indenture, or any successor thereto appointed as Trustee thereunder in accordance with the provisions of the Indenture.

“Written Request of the Successor Agency” or **“Written Certificate of the Successor Agency”** means a request or certificate, in writing signed by the Executive Director, Treasurer or Secretary of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose and so identified in a Written Certificate of the Successor Agency.

“2014 Series A Authority Bonds” means the \$6,505,000 aggregate principal amount of Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds, Series A (Indian Wells Refunding Project), issued and at any time Outstanding under the Authority Bonds Indenture.

“2014 Series A Authority Bonds Insurance Policy” means the municipal bond insurance policy issued by AGM guaranteeing the scheduled payment of the principal of and interest on the 2014 Series A Authority Bonds when due, as provided in the Authority Bonds Indenture.

“2014 Taxable Series A-T Authority Bonds” means the \$27,480,000 aggregate principal amount of Riverside County Public Financing Authority 2014 Taxable Tax Allocation Revenue Bonds, Series A-T (Indian Wells Refunding Project), issued and at any time Outstanding under the Authority Bonds Indenture.

SECURITY OF BONDS; EQUAL SECURITY

Pledge of Pledged Tax Revenues. Except as provided in the Indenture, the Bonds and all Parity Debt shall be secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues. In addition, the Bonds, and any other Parity Debt (to the extent provided in the applicable Parity Debt Instrument), shall, subject to the Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to

security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

Issuance of Parity Debt. In addition to the Bonds, the Successor Agency may issue or incur additional Parity Debt in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any Parity Debt subject to the following specific conditions which are made conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

(a) The Pledged Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred fifty percent (150%) of the Maximum Annual Debt Service on the Bonds and Parity Debt that will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. Notwithstanding the foregoing, the Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with the Bonds and any outstanding Parity Debt without complying with the foregoing provision, if (i) annual debt service on such refunding bonds is lower than annual debt service on the bonds or other indebtedness being refunded during every year the Bonds or Parity Debt, as applicable, will be Outstanding and (ii) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds or Parity Debt being refunded, as applicable;

(b) The Successor Agency shall certify that the aggregate principal of and interest on the Bonds, the Senior Bonds, the Pre-Existing Obligations and any Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Pledged Tax Revenues permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt;

(c) In the event the Successor Agency issues Parity Debt pursuant to a Supplemental Indenture supplemental thereto, the Successor Agency shall cause the amount on deposit in the Reserve Account to equal the Reserve Requirement.

(d) The Successor Agency will deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Issuance of Subordinate Debt. The Successor Agency may from time to time issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency.

ESTABLISHMENT OF FUNDS AND ACCOUNTS; FLOW OF FUNDS

Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the “Redevelopment Obligation Retirement Fund,” which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. There has been established a special trust fund known as the “Debt Service Fund” and the accounts therein referred to below which will be held by the Trustee in accordance with the Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Bonds and

any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under the Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues is not sufficient to pay debt service on the Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Deposit of Amounts by Trustee. Moneys in the Debt Service Fund shall be transferred in the following amounts, at the following times, and in the following respective special accounts, within the Debt Service Fund, which accounts were established pursuant to the Indenture with the Trustee to pay debt service on the Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) ***Interest Account.*** On or before the fourth (4th) Business Day preceding each date on which interest on the Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture).

(b) ***Principal Account.*** On or before the fourth (4th) Business Day preceding each date on which principal of the Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any such Parity Debt upon the maturity thereof.

(c) ***Sinking Account.*** On or before the fourth (4th) Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, the Successor Agency shall withdraw from the Debt Service Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) *Reserve Account.* In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Written Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Successor Agency shall, but only with the prior written consent of AGM in connection with the Series 2014A Bonds and any other Insurer with respect to an issue of Bonds (other than the Series 2014A Bonds), have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such Funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2014A Bonds or an issue of Bonds (other than the Series 2014A Bonds) to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Dissolution Act and the Redevelopment Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required as described in this subparagraph (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to

the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

The Reserve Requirement with respect to the Series 2014 Bonds shall be satisfied by the delivery of the Series 2014 Surety Bond to the Trustee. The Trustee shall credit the Series 2014 Surety Bond to the Series 2014 Subaccount of the Reserve Account, which subaccount is created under the Indenture. Under the terms and conditions of the Series 2014 Surety Bond, the Trustee shall deliver to AGM a demand for payment under the Series 2014 Surety Bond in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Successor Agency Bonds Indenture. The Trustee shall comply with all of the terms and provisions of the Series 2014 Surety Bond for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Series 2014 Surety Bond. All amounts drawn by the Trustee under the Series 2014 Surety Bond will be deposited into the Reserve Account and applied for the purposes thereof. The Successor Agency shall reimburse AGM for all draws under Series 2014 Surety Bond in accordance with the terms of the Insurance Agreement and the Indenture.

The Trustee will establish a separate subaccount within the Reserve Account designated as the "Series 2015A Subaccount," to which the Trustee shall credit the Series 2015A Surety Bond. The Series 2015A Surety Bond is a Qualified Reserve Account Credit Instrument, as defined in the Indenture.

The Reserve Requirement with respect to the Series 2015A Bonds shall be satisfied by the delivery of the Series 2015A Surety Bond to the Trustee. The Trustee shall credit the Series 2015A Surety Bond to the Series 2015A Subaccount of the Reserve Account. The Trustee shall comply with all of the terms and provisions of the Series 2015A Surety Bond for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Series 2015A Surety Bond. All amounts drawn by the Trustee under the Series 2015A Surety Bond will be deposited into the Series 2015A Subaccount of the Reserve Account and applied for the purposes of paying principal and interest on the Series 2015A Bonds. The Successor Agency shall reimburse the Series 2015A Insurer for all draws under Series 2015A Surety Bond in accordance with the terms of the Indenture.

The Trustee will establish a separate subaccount within the Reserve Account designated as the "Series 2016A Subaccount," to which the Trustee shall credit the Series 2016A Surety Bond. The Series 2016A Surety Bond is a Qualified Reserve Account Credit Instrument, as defined in the Indenture.

The Reserve Requirement with respect to the Series 2016A Bonds shall be satisfied by the delivery of the Series 2016A Surety Bond to the Trustee. The Trustee shall credit the Series 2016A Surety Bond to the Series 2016A Subaccount of the Reserve Account. The Trustee shall comply with all of the terms and provisions of the Series 2016A Surety Bond for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Series 2016A Surety Bond. All amounts drawn by the Trustee under the Series 2016A Surety Bond will be deposited into the Series 2016A Subaccount of the Reserve Account and applied for the purposes of paying principal of and interest on the Series 2016A Bonds. The Successor Agency shall reimburse the Series 2016A Insurer for all draws under Series 2016A Surety Bond in accordance with the terms of the Indenture.

The Trustee will establish a separate subaccount within the Reserve Account designated as the “Series 2020A Subaccount,” to which the Trustee shall credit the Series 2020 Reserve Policy. The Series 2020 Reserve Policy is a Qualified Reserve Account Credit Instrument, as defined in the Indenture.

The Reserve Requirement with respect to the Series 2020A Bonds shall be satisfied by the delivery of the Series 2020 Reserve Policy to the Trustee. The Trustee shall credit the Series 2020 Reserve Policy to the Series 2020A Subaccount of the Reserve Account. The Trustee shall comply with all of the terms and provisions of the Series 2020 Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Series 2020 Reserve Policy. All amounts drawn by the Trustee under the Series 2020 Reserve Policy will be deposited into the Series 2020A Subaccount of the Reserve Account and applied for the purposes of paying principal of and interest on the Series 2020A Bonds. The Successor Agency shall reimburse the Series 2020A Insurer for all draws under Series 2020 Reserve Policy in accordance with the terms of the Indenture.

(e) *Redemption Account.* On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Term Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) *Equal Rights.* It is the intention of the Successor Agency that the Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the Bonds and Parity Debt as it becomes due, the Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund.

In the event that the Successor Agency fails to make the deposits required pursuant to (a), (b) or (c) above, the Trustee shall immediately notify MUFG Union Bank, N.A., as trustee for the Authority Bonds.

COVENANTS OF THE SUCCESSOR AGENCY

Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds and Parity Debt in strict conformity with the terms of the Bonds and of the Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures. Nothing contained in the Indenture shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Limitation on Additional Indebtedness. The Successor Agency covenants that so long as any of the Bonds remain Outstanding, the Successor Agency will not issue any bonds, notes or other obligations which are otherwise secured on a basis which is senior to the pledge and lien which secures the Bonds.

The Successor Agency covenants that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Increment Revenues, excepting only the Bonds, any Parity Debt, any Subordinate Debt and any obligations entered into pursuant to the terms of the Indenture.

Extension of Payment of Bonds. The Successor Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in this paragraph shall be deemed to limit the right of the Successor Agency to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Payment of Claims. The Successor Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant to the Indenture, or which might impair the security of the Bonds or any Parity Debt. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared and delivered to the Trustee, AGM and any other Insurer annually, within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements from the Redevelopment Obligation Retirement Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. In accordance with the Indenture, the Trustee shall not be responsible for reviewing such financial statements. The Successor Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver the Successor Agency's annual budget to AGM and any other Insurer upon the written request of the AGM or any other Insurer.

Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of any Bonds, such Bonds shall be incontestable by the Successor Agency.

Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing in the Indenture shall

require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Disposition of Property. Except as otherwise required by the Dissolution Act, the Successor Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent of the land area in the Project Area unless such disposition is permitted as provided in the Indenture. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Successor Agency shall not approve the proposed disposition.

Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Successor Agency shall not enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Pledged Tax Revenues available to the Successor Agency for payment of the Bonds. The Successor Agency shall not undertake proceedings for amendment of the Redevelopment Plan if such amendment shall result in payments to one of more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law or Section 34183(a)(1) of the Dissolution Act unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay the Bonds and all Parity Debt. Nothing in the Indenture is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Successor Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Bonds and all Parity Debt.

Compliance with the Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Senior Bonds and the Bonds, as well as any amount required under the Fiscal Agent Agreement to replenish the Reserve Account established thereunder or required under the Indenture to replenish the Reserve Account or to pay amounts owed to AGM under the Insurance Agreement and the Indenture, in Recognized Obligation Payment Schedules for each six-month period so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period and to pay amounts owed to AGM. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated

by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture and the Insurance Agreement.

Plan Limitations; Annual Review of Pledged Tax Revenues. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and premium (if any) on the Senior Bonds, the Bonds and any Parity Debt when due.

Additionally, the Successor Agency has covenanted that, if it is determined that the Plan Limitations apply to the Successor Agency, it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Successor Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, any obligations of the Successor Agency payable from tax increment revenues that are senior to the Bonds, and payments on obligations that are subordinate to the Bonds. If, based on such review, the allocation of tax increment revenues to the Successor Agency in any of the next three succeeding Fiscal Years will cause an amount equal to ninety-five (95%) of the amount remaining under the Plan Limitations to fall below the sum of (i) remaining cumulative Annual Debt Service, (ii) any obligations of the Successor Agency payable from tax increment revenues that are senior to the Bonds, and (iii) payments on obligations that are subordinate to the Bonds, the Successor Agency shall either (1) defease Bonds or Parity Debt by depositing an amount of Pledged Tax Revenues equal to the amount that is required to ensure continuing compliance with the preceding paragraph in a defeasance escrow to be held by the Trustee and to be pledged solely to the payment of debt service on the Bonds or Parity Debt, which escrow shall be invested in Defeasance Obligations and used for the payment of interest on and principal of and redemption premiums, if any, on the Bonds or Parity Debt or (2) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Successor Agency's continuing ability to pay debt service on the Bonds and Parity Debt. In determining the amount to be deposited in escrow with the Trustee, the Successor Agency may consider actual interest earnings on the amounts so deposited.

Tax Covenants. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2014A Bonds or the Series 2015A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series 2014A Authority Bonds or the Series 2015A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code. The Successor Agency shall assure that the proceeds of the Series 2014 Bonds are not so used as to cause the 2014 Series A Authority Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code. The Successor Agency shall assure that the proceeds of the Series 2015A Bonds are not so used as to cause the Series 2015A Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2014 Series A Authority Bonds or the Series 2015A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code. The Successor Agency shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2014 Series A Authority Bonds or the Series 2015A Bonds. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2014A Authority Bonds, the Series 2015A Bonds, the Series 2016A Bonds and the Series 2020A Bonds from the gross income of the Owners of the 2014 Series A Authority Bonds, the Series 2015A Bonds, the Series 2016A Bonds and the Series 2020A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

Continuing Disclosure. The Successor Agency covenants and agrees in the Indenture that it will comply with and carry out all of its obligations under the Continuing Disclosure Agreement executed and delivered by the Successor Agency. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the provisions of the Continuing Disclosure Agreement relating to it shall not constitute an Event of Default under the Indenture; *provided, however*, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Agreement) or any Owner or beneficial owner of the Series 2014 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture. Notwithstanding the preceding two sentences, the Successor Agency shall have no obligation to enter into a Continuing Disclosure Agreement so long as the Trustee owns the Series 2014 Bonds and any of the Authority Bonds remain outstanding (or bonds refunding the Authority Bonds remain outstanding), and the Authority (or other issuer of refunding bonds) has entered into a continuing disclosure undertaking with respect to the Series 2014 Bonds.

The Successor Agency covenants and agrees under the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate - Series 2015A Bonds. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate - Series 2015A Bonds shall not be considered an Event of Default; however, any Participating Underwriter (as defined in the Continuing Disclosure Certificate - Series 2015A Bonds or any owner or beneficial owner of the Series 2015A Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture.

The Successor Agency covenants and agrees under the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate - Series 2016A Bonds. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate - Series 2016A Bonds shall not be considered an Event of Default; however, any Participating Underwriter (as defined in the Continuing Disclosure Certificate - Series 2016A Bonds or any owner or beneficial owner of the Series 2016A Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture.

The Successor Agency covenants and agrees under the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate - Series 2020A Bonds. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate - Series 2020A Bonds shall not be considered an Event of Default; however, any Participating Underwriter (as defined in the Continuing Disclosure Certificate - Series 2020A Bonds or any owner or beneficial owner of the Series 2020A Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture.

INVESTMENT OF MONEYS IN FUNDS

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account shall be invested by the Trustee in Permitted Investments specified in the Written Request of the Successor Agency (which Request shall be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two (2) Business Days in advance of the making of such investments; provided, however, that in the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (f) of the definition thereof. Moneys in the

Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; *provided, however,* that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have a maturity in excess of five (5) years following the date of its acquisition. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment, may utilize the investment departments of its affiliates to complete each transaction and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture. The Successor Agency acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Successor Agency the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Successor Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall furnish to the Successor Agency periodic statements which include detail of all investment transactions effected by the Trustee or by brokers selected by the Successor Agency. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided to that party only upon request.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendment Without Consent Of Owners. The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption (except no consent is required with respect to subsection (c) below), but without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved in the Indenture to or conferred upon the Successor Agency provided such addition, limit, or surrender shall not materially adversely effect the interest of the Owners as determined by the Successor Agency and certified to the Trustee or the interests of AGM; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners or the interests of AGM; or

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including but not

limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to amend any provision of the Indenture to assure the exclusion from gross income of interest on the 2014 Series A Authority Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or

(e) to comply with the requirements of the provider of a Qualified Reserve Account Credit Instrument.

Amendment With Consent of Owners. Except as set forth in the preceding section entitled “Amendment Without Consent of Owners,” the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Insurer and the written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding are delivered to the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture or such Supplemental Indenture and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

EVENTS OF DEFAULT AND REMEDIES

Events of Default Defined and Acceleration of Maturities. Each of the following events constitute an Event of Default under the Indenture:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or AGM or any other Insurer; *provided, however*, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty day period, such failure shall not constitute an Event of Default if corrective action is instituted by the

Successor Agency within such thirty day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect shall be given to payments made by AGM under the Series 2014 Surety Bond.

If an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency and to AGM by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to the Indenture, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

(c) To the payment of amounts owed to AGM or any other Insurer under the Indenture.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority of the principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority of the principal amount of the Bonds then Outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in the Indenture.

Limitation on Owners' Right to Sue. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority of the principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers thereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions or any other provision of the Indenture.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given in the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Dissolution Act and the Redevelopment Law or any other law.

AGM Deemed Sole Owner. AGM shall be deemed to be the sole owner of the Series 2014A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the Series 2014A Bonds are entitled to take pursuant to the Successor Agency Bonds Indenture. Except as otherwise provided therein, no contract shall be entered into or action taken by which the rights granted under the Successor Agency Bonds Indenture or the security or sources of payment for the Series 2014 Bonds or the Authority Bonds will be impaired or prejudiced, except upon obtaining the prior written consent of AGM for so long as AGM is not in default in its obligations under the 2014 Series A Authority Bonds Insurance Policy or the Series 2014 Surety Bond.

Rights of AGM. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, AGM shall be entitled to control and direct the enforcement of all rights and remedies granted under the Indenture (including the right to require a declaration of acceleration) granted thereunder to the Owners of the Series 2014A Bonds, or to the Trustee for the benefit of the Owners of the Series 2014A Bonds, including but not limited to rights and remedies granted pursuant the Indenture and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to AGM under the Indenture shall be deemed terminated and shall not be exercisable by AGM during any period during which AGM shall be in default under the 2014 Series A Authority Bonds Insurance Policy.

THE SERIES 2015A BONDS INSURANCE POLICY AND THE SERIES 2015A SURETY BOND

Claims Upon the Series 2015A Bonds Insurance Policy. As long as the Series 2015A Bonds Insurance Policy shall be in full force and effect or any amounts are owed to the Series 2015A Insurer in connection therewith, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

- (a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date of the Series 2015A Bonds (the “Series 2015A Bonds Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2015A Bonds due on such Payment Date, the Trustee shall give notice to the Series 2015A Insurer and to its designated agent (if any) (the “Series 2015A Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Series 2015A Bonds Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2015A Bonds due on such Series 2015A Bonds Payment Date, the Trustee shall make a claim under the Series 2015A Bonds Insurance Policy and give notice to the Series 2015A Insurer and the Series 2015A Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2015A

Bonds and the amount required to pay principal of the Series 2015A Bonds, confirmed in writing to the Series 2015A Insurer and the Series 2015A Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2015A Bonds Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on Series 2015A Bonds paid by the Series 2015A Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2015A Bonds registered to the then current Owner of such Series 2015A Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2015A Bond to the Series 2015A Insurer, registered in the name of the Series 2015A Insurer in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2015A Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Series 2015A Bond or the subrogation rights of the Series 2015A Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2015A Insurer into the Series 2015A Bonds Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2014 Series A Bond. The Series 2015A Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Series 2015A Bonds Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of the Owners of the Series 2015A Bonds referred to in the Indenture as the "Series 2015A Bonds Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2015A Bonds Insurance Policy in trust on behalf of the Owners of the Series 2015A Bonds and shall deposit any such amount in the Series 2015A Bonds Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to the Owners of the Series 2015A Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2015A Bonds under the Indenture. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to the Series 2015A Insurer (i) a sum equal to the total of all amounts paid by the Series 2015A Insurer under the Series 2015A Bonds Insurance Policy (the "Series 2015A Bond Insurer Advances"); and (ii) interest on such Series 2015A Bond Insurer Advances from the date paid by the Series 2015A Insurer until payment thereof in full, payable to the Series 2015A Insurer at the Late Payment Rate per annum (collectively, the "Series 2015A Bond Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2015A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency covenants and agrees under the Indenture that the Series 2015A Bond Insurer Reimbursement Amounts shall be secured by a valid lien on all revenues and other collateral

pledged as security for the Series 2015A Bonds (subject only to the priority of payment provisions set forth under the Indenture).

(e) Funds held in the Series 2015A Bonds Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Series 2015A Bonds Policy Payments Account following a Series 2015A Bonds Payment Date shall promptly be remitted to the Series 2015A Insurer.

Provisions Relating to the Series 2015A Surety Bond. So long as the Series 2015A Surety Bond remains in force and effect or any amounts are owed in connection therewith, the provisions of the First Supplement shall govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the Series 2015A Surety Bond and pay all related reasonable expenses incurred by the Series 2015A Insurer and shall pay interest thereon from the date of payment by the Series 2015A Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created under the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Indenture, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due thereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Series 2015A Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the Series 2015A Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created under the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws under the Series 2015A Surety Bond and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Series 2015A Surety Bond Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2015A Surety Bond Costs related to such draw. The Successor Agency shall take all actions required by the Dissolution Act to ensure that Series 2015A Surety Bond Costs are paid to the Series 2015A Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for Series 2015A Surety Bond Costs that are payable to the Series 2015A Insurer.

Amounts in respect of Series 2015A Surety Bond Costs paid to the Series 2015A Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2015A Insurer on account of principal due, the coverage under the Series 2015A Surety Bond will be increased by a like amount, subject to the terms of the Series 2015A Surety Bond. The obligation to pay Series 2015A Surety Bond Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2015A Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2015A Subaccount of the Reserve Account relating to the Series 2015A Bonds shall be transferred to the Principal Account and the Interest Account for payment of debt service on the Series 2015A Bonds before any drawing may be made on the Series 2015A Surety Bond or any other credit facility credited to the Series 2015A Subaccount of the Reserve Account in lieu

of cash (a “Credit Facility”). Payment of any 2015A Surety Bond Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2015A Surety Bond) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Series 2015A Surety Bond Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any Series 2015A Surety Bond Costs in accordance with the requirements of the Indenture, the Series 2015A Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2015A Bonds or (ii) remedies which would adversely affect owners of the Series 2015A Bonds.

(c) The Indenture shall not be discharged until all Series 2015A Surety Bond Costs owing to the Series 2015A Insurer have been paid in full. The Successor Agency’s obligation to pay such amounts shall expressly survive payment in full of the Series 2014 Bonds. The Successor Agency shall include any Series 2015A Surety Bond Costs then due and owing the Series 2015A Insurer in determining whether Parity Debt may be issued pursuant to the Indenture.

(d) The Trustee shall ascertain the necessity for a claim upon the Series 2015A Surety Bond in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to the Series 2015A Insurer in accordance with the terms of the Series 2015A Surety Bond at least five (5) Business Days prior to each date upon which interest or principal is due on the Series 2015A Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Debt Service Fund more often than semiannually, the Trustee shall be instructed to give notice to the Series 2015A Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two (2) Business Days of the date due.

(e) The Successor Agency will pay or reimburse the Series 2015A Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Series 2015A Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Series 2015A Surety Bond, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Series 2015A Surety Bond, the Indenture or any other document executed in connection with the Series 2015A Bonds (the “Series 2015A Bonds Related Documents”), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture or any other Series 2015A Bonds Related Document, or the transactions contemplated by the Series 2015A Bonds Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Series 2015A Bonds Related Document, if any, or the pursuit of any remedies under the Indenture or any other Series 2015A Bonds Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the Series 2015A Surety Bond or any other Series 2015A Bonds Related Document whether or not executed or completed, or (v) any action taken by the Series 2015A Insurer to cure a default or termination or similar event

(or to mitigate the effect thereof) under the Indenture or any other Series 2015A Bonds Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Series 2015A Insurer spent in connection with the actions described in clauses (ii)(v) above. The Series 2015A Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Series 2015A Bonds Related Document. Amounts payable by the Successor Agency under the Indenture shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Series 2015A Insurer until the date the Series 2015A Insurer is paid in full.

(f) The obligation of the Successor Agency to pay all amounts due to the Series 2015A Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of the Indenture, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2015A Bonds, the Indenture or any other Series 2015A Bonds Related Document, (ii) any amendment or other modification of, or waiver with respect to the Series 2015A Surety Bond; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2015A Bonds, the Indenture or any other Series 2015A Bonds Related Documents; (iv) whether or not such Series 2015A Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Series 2015A Surety Bond, the Indenture or all or any of the other Series 2015A Bonds Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the Series 2015A Insurer, whether in connection with the transactions contemplated under the Indenture or in any other Series 2015A Bonds Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Series 2015A Surety Bond proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Series 2015A Insurer under the Series 2015A Surety Bond against presentation of a certificate or other document which does not strictly comply with the terms of the Series 2015A Surety Bond.

(g) The prior written consent of the Series 2015A Insurer shall be a condition precedent to the deposit of any Credit Facility credited to the Series 2015A Subaccount of the Reserve Account in lieu of a cash deposit into the Series 2015A Subaccount of the Reserve Account. Amounts drawn under the Series 2015A Surety Bond shall be available only for the payment of scheduled principal and interest on the Series 2015A Bonds when due.

(h) Notwithstanding the satisfaction of the other conditions relating to the issuance of Parity Debt set forth in the Indenture, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured by the issuance of such Parity Debt.

Rights of the Series 2015A Insurer. For so long as either the Series 2015A Bonds Insurance Policy or the Series 2015A Surety Bond is outstanding or any amounts are owed by the Successor Agency to the Series 2015A Insurer in connection therewith, notwithstanding anything to the contrary set forth in the Indenture, the following provisions shall govern:

(a) The Series 2015A Insurer shall be deemed to be the sole holder of the Series 2015A Bonds for the purpose of exercising any voting right or privilege or giving any consent or

direction or taking any other action that the holders of the Series 2015A Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2015A Bond, the Trustee and each Owner of the Series 2015A Bonds appoint the Series 2015A Insurer as their agent and attorney-in-fact and agree that the Series 2015A Insurer may at any time during the continuation of any Insolvency Proceeding direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of the Series 2015A Bonds delegate and assign to the Series 2015A Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of the Series 2015A Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(b) In the event the maturity of the Series 2015A Bonds is accelerated, the Series 2015A Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2015A Insurer's obligations under the Series 2015A Bonds Insurance Policy with respect to such Series 2015A Bonds shall be fully discharged.

(c) The Series 2015A Insurer is a third party beneficiary under the Indenture.

(d) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of the Series 2015A Bonds to be redeemed shall be subject to the approval of the Series 2015A Insurer.

(e) The rights granted to the Series 2015A Insurer under the Indenture to request, consent to or direct any action are rights granted to the Series 2015A Insurer in consideration of its issuance of the Series 2015A Bonds Insurance Policy. Any exercise by the Series 2015A Insurer of such rights is merely an exercise of the Series 2015A Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Series 2015A Bonds and such action does not evidence any position of the Series 2015A Insurer, affirmative or negative, as to whether the consent of the Owners of the Series 2015A Bonds or any other person is required in addition to the consent of the Series 2015A Insurer.

(f) To accomplish defeasance of the Series 2015A Bonds pursuant to the Indenture, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2015A Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2015A Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2015A Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2015A Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2015A Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and the Series 2015A Insurer. The Series 2015A Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Series 2015A Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the foregoing criteria with respect to the Indenture are met.

(g) Amounts paid by the Series 2015A Insurer under the Series 2015A Bonds Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2015A Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2015A Insurer have been paid in full or duly provided for.

(h) Each of the Successor Agency and Trustee covenant and agree to take such action as is necessary from time to time under applicable law to preserve the priority of the pledge of the Pledged Tax Revenues and all other amounts pledged to the payment of the Series 2015A Bonds pursuant to the Indenture.

(i) The Series 2015A Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2015A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2015A Bonds Insurance Policy. Each obligation of the Successor Agency to the Series 2015A Insurer under the Indenture shall survive discharge or termination thereof.

(j) The Successor Agency shall pay or reimburse the Series 2015A Insurer any and all charges, fees, costs and expenses that the Series 2015A Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2015A Insurer to honor its obligations under the Series 2015A Bonds Insurance Policy. The Series 2015A Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(k) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Series 2015A Bonds and amounts required to restore the Reserve Account to the Reserve Requirement (as such term is defined in the Successor Agency Bonds Indenture).

(l) The Series 2015A Insurer shall be entitled to pay principal or interest on Series 2015A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the Series 2015A Bonds Insurance Policy) and any amounts due on the Series 2015A Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2015A Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2015A Bonds Insurance Policy) or a claim upon the Series 2015A Bonds Insurance Policy.

(m) Notices shall be sent to the Series 2015A Insurer at the address provided in the First Supplement.

(n) The Successor Agency covenants under the Indenture to provide to the Series 2015A Insurer, promptly upon request, any information regarding the Series 2015A Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the Series 2015A Insurer. The Successor Agency will permit the Series 2015A Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the Series 2015A Insurer may reasonably request regarding the security for the Series 2015A Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the Series 2015A Insurer to have access to the facilities, books and records of the Successor Agency on any business day upon reasonable prior notice.

(o) The Series 2015A Insurer shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) Notice of any draw upon the Series 2015A Subaccount of the Reserve Account within two (2) Business Days after knowledge thereof other than (a) withdrawals of amounts in excess of the Reserve Requirement and (b) withdrawals in connection with a refunding of Series 2015A Bonds;

(ii) Notice of any default known to the Trustee or the Successor Agency within five (5) Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Series 2015A Bonds, including the principal amount, maturities and CUSIP numbers thereof;

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

(v) Notice of the commencement of any Insolvency Proceeding;

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2015A Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture;

(viii) All reports, notices and correspondence to be delivered to Owners of the Series 2015A Bonds under the terms of the Indenture;

(ix) All information furnished pursuant to the Successor Agency's undertaking pursuant to the Continuing Disclosure Certificate shall also be provided to the Series 2015A Insurer, simultaneously with the furnishing of such information; and

(x) All other information as it may reasonably request.

(p) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2015A Bonds or the rights of the Owners of the Series 2015A Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2015A Bonds Insurance Policy.

(q) No contract shall be entered into or any action taken by which the rights of the Series 2015A Insurer or security for or sources of payment of the Series 2015A Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2015A Insurer.

(r) Any amendment, supplement, modification to, or waiver of, any Series 2015A Bonds Related Document, that requires the consent of Owners of the Series 2015A Bonds or adversely affects the rights and interests of the Series 2015A Insurer shall be subject to the prior written consent of the Series 2015A Insurer.

THE SERIES 2016A BONDS INSURANCE POLICY AND THE SERIES 2016A SURETY BOND

Provisions Relating to the Series 2016A Bonds Insurance Policy. As long as the Series 2016A Bonds Insurance Policy shall be in full force and effect and the Series 2016A Insurer is not in payment default thereunder, or any amounts are owed to the Series 2016A Insurer in connection therewith, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

(a) In the event that on the second business day prior to the payment date on the Insured Series 2016A Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Series 2016A Bonds due on the second following business day, the Trustee shall immediately notify the Series 2016A Insurer or its designee on the same business day by telephone and email, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Series 2016A Insurer or its designee.

(c) In addition, if the Trustee has notice that any holder of the Insured Series 2016A Bonds (the “Bondholder”) has been required to disgorge payments of principal or interest on the Insured Series 2016A Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Series 2016A Insurer or its designee of such fact by telephone, confirmed in writing by registered or certified mail.

(d) The Trustee is irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Bondholders as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Insured Series 2016A Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Series 2016A Bonds Insurance Policy (the “Insurance Trustee”), in form satisfactory to the Insurance Trustee, an instrument appointing the Series 2016A Insurer as agent for such Bondholders in any legal proceeding related to the payment of such interest and an assignment to the Series 2016A Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 2016A Insurer, (b) receive as designee of the respective Bondholders (and not as Trustee) in accordance with the tenor of the Series 2016A Bonds Insurance Policy payment from the Insurance Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Bondholders; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Insured Series 2016A Bonds, the Trustee shall (a) execute and deliver to the Insurance Trustee in form satisfactory to the Insurance Trustee an instrument appointing the Series 2016A Insurer as

agent for such Bondholders in any legal proceeding relating to the payment of such principal and an assignment to the Series 2016A Insurer of any of Insured Series 2016A Bonds surrendered to the Insurance Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Trustee is received), (b) receive as designee of the respective Bondholders (and not as Trustee) in accordance with the tenor of the Series 2016A Bonds Insurance Policy payment therefor from the Insurance Trustee, and (c) disburse the same to such Bondholders.

(e) Payments with respect to claims for interest on and principal of Insured Series 2016A Bonds disbursed by the Trustee from proceeds of the Series 2016A Bonds Insurance Policy shall not be considered to discharge the obligation of the Successor Agency with respect to such Series 2016A Bonds, and the Series 2016A Insurer shall become the owner of such unpaid Insured Series 2016A Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise. The Series 2016A Bonds Insurance Policy may be drawn upon only to pay debt service on the Insured Series 2016A Bonds.

(f) Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of the Series 2016A Insurer that:

(i) They recognize that to the extent the Series 2016A Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Insured Series 2016A Bonds, the Series 2016A Insurer will be subrogated to the rights of such Bondholders to take all actions and enforce all rights of such Bondholders and to receive the amount of such principal and interest from the Successor Agency, with interest thereon as provided and solely from the sources stated in the Indenture and the Insured Series 2016A Bonds; and

(ii) They will accordingly pay to the Series 2016A Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Series 2016A Bonds Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Indenture and the Insured Series 2016A Bonds, but only from the sources and in the manner provided in the Indenture for the payment of principal of and interest on the Insured Series 2016A Bonds to Bondholders, and will otherwise treat the Series 2016A Insurer as the owner of such rights to the amount of such principal and interest.

(g) With respect to any amendment for which Bondholder consent is a prerequisite, the Series 2016A Insurer's consent is also required and must be obtained.

(h) The Series 2016A Insurer shall receive copies of all notices required to be delivered to Bondholders and any notices of Material Events, as defined by SEC Rule 15c2-12, as amended. All notices required to be given to the Series 2016A Insurer shall be in writing and delivered as provided in the Indenture.

(i) With respect to any advance refunding of the Insured Series 2016A Bonds, the Successor Agency agrees to provide the Series 2016A Insurer (i) 15 days prior notice of any such advance refunding; (ii) verification by an independent firm acceptable to the Series 2016A Insurer of the sufficiency of the escrow to timely retire the refunded bonds; and (iii) if such advance refunding is intended to discharge or defease the Insured Series 2016A Bonds under the Indenture, an opinion of counsel stating that the Insured Series 2016A Bonds have been legally defeased and that the escrow

agreement establishing such defeasance operates to legally defease the Insured Series 2016A Bonds within the meaning of the Indenture.

(j) Permissible Investments for funds held under the Indenture are limited to the following:

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

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

(1) U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership

(2) Federal Financing Bank

(3) Federal Housing Administration Debentures (FHA)

(4) General Services Administration

i. Participation certificates

(5) General Services Administration

i. GNMA - guaranteed mortgage-backed bonds

ii. GNMA - guaranteed pass-through obligations

iii. not acceptable for certain cash-flow sensitive issues

(6) Bonds or notes issued by any state or municipality whose underlying ratings from Moody's and S&P are in the highest rating categories assigned by such agencies.

i. Project Notes

ii. Local Authority Bonds

iii. New Communities Debentures - U.S. government guaranteed debentures

iv. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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

(1) Federal Home Loan Bank System
Senior debt obligations

(2) Resolution Funding Corp. (REFCORP) obligations

(3) Farm Credit System

Consolidated system wide bonds and notes

(iv) Certificates of deposit secured at all times by collateral described in (i) and/or (ii) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(v) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF or collateralized by Permissible Investments described in clause (i) above.

(vi) Bonds or notes issued by any state or municipality whose underlying ratings from Moody's and S&P are in the highest rating categories assigned by such agencies.

(vii) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed 2016 Insured Bond rating of Prime - 1 or A3 or better by Moody's and A-1 or A or better by S&P.

(viii) Repurchase Agreements for 30 days or less, subject to the following criteria:

(1) Repos must be between the municipal entity and a dealer bank or securities firm

(A) Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or

(B) Banks rated ?A? or above by Standard & Poor's Corporation and Moody's Investor Services.

(ix) Investments in a money market fund rated AAAM or AAAM-G or better by S&P, excluding such funds with a floating net asset value but including funds for which the Trustee or its affiliates provide investment advisory or other management services.

(k) Permissible Investments for Escrowed Funds must be limited to the following:

(i) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGS").

(ii) Direct obligations of the Treasury that have been stripped by the Treasury itself.

(iii) Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(iv) Pre-refunded municipal bonds rated Aaa by both Moody's and AAA by S&P.

(v) Obligations issued by the following agencies and which are backed by the full faith and credit of the United States:

(1) U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership

(2) Federal Financing Bank

(3) General Services Administration: Participation certificates

(4) U.S. Department of Housing and Urban Development (HUD): Project Notes; Local Authority Bonds; New Communities Debentures – U.S.

government guaranteed debentures; and U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

(l) The Successor Agency agrees that the Series 2016A Insurer is explicitly recognized as being a third party beneficiary under the Indenture with the power to enforce any right, remedy, or claim conferred, given or granted under the Indenture.

(m) The Successor Agency agrees to reimburse the Series 2016A Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Series 2016A Insurer in connection with the enforcement by the Series 2016A Insurer of the Insured Series 2016A Bonds, or the preservation or defense of any rights of the Series 2016A Insurer, under the Indenture and any other document executed in connection with the issuance of the Insured Series 2016A Bonds. The Successor Agency shall take all actions required by the Dissolution Act to ensure that all amounts due to the Series 2016A Insurer with respect to the Series 2016A Bonds Insurance Policy and the Series 2016A Surety Bond are paid to the Series 2016A Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for such amounts.

Provisions Relating to the Series 2016A Surety Bond. Notwithstanding anything to the contrary set forth in the Indenture, and so long as the Series 2016A Surety Bond is in full force and effect and the Series 2016A Insurer is not in payment default thereunder, the following provisions shall govern:

(a) The Trustee shall make a Demand for Payment (as such term is defined in the Series 2016A Surety Bond) at least three days prior to the date on which funds are required. Amounts drawn on the Series 2016A Surety Bond may be used only to pay debt service on the Insured Series 2016A Bonds.

(b) The Successor Agency may not redeem any of the Insured Series 2016A Bonds so long as any amounts are due to the Series 2016A Insurer pursuant to the Series 2016A Financial Guaranty Agreement.

(c) The Indenture may not be discharged until all amounts owed to the Series 2016A Insurer under the Series 2016A Financial Guaranty Agreement have been paid.

THE SERIES 2020A BONDS INSURANCE POLICY AND THE SERIES 2020 RESERVE POLICY

Provisions Relating to the Series 2020A Bonds Insurance Policy. As long as the Series 2020A Bonds Insurance Policy shall be in full force and effect and the Series 2020A Insurer is not in payment default thereunder, or any amounts are owed to the Series 2020A Insurer in connection therewith, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

Claims Upon the Series 2020A Bonds Insurance Policy; Rights of the Series 2020A Insurer. As long as the Series 2020A Bonds Insurance Policy shall be in full force and effect and the Series 2020A Insurer is not in payment default thereunder, or any amounts are owed to the Series 2020A Insurer in connection therewith, and notwithstanding anything to the contrary set forth elsewhere in the Indenture, the Successor Agency and the Trustee shall comply with the following provisions:

(a) ***Payment Procedure Under the Series 2020A Bonds Insurance Policy.*** In the event that principal and/or interest due on the Insured Series 2020A Bonds shall be paid by the Series 2020A Insurer pursuant to the Series 2020A Bonds Insurance Policy, the Insured Series 2020A Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the

Successor Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Successor Agency to the registered owners shall continue to exist and shall run to the benefit of the Series 2020A Insurer and the Series 2020A Insurer shall be subrogated to the rights and remedies of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Series 2020A Bonds.

In the event that on the second (2nd) business day prior to any payment date on the Insured Series 2020A Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Series 2020A Bonds due on such payment date, the Trustee shall immediately notify the Series 2020A Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall notify the Series 2020A Insurer or its designee immediately upon receipt of payment.

In addition, if the Trustee has notice that any holder of the Insured Series 2020A Bonds has been required to disgorge payments of principal of or interest on the Insured Series 2020A Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Series 2020A Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Series 2020A Insurer.

(c) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Series 2020A Bonds as follows:

(i) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Series 2020A Bonds, the Trustee shall (A) execute and deliver to the Series 2020A Insurer, in form satisfactory to the Series 2020A Insurer, an instrument appointing the Series 2020A Insurer as agent and attorney-in-fact for such holders of the Insured Series 2020A Bonds in any legal proceeding related to the payment and assignment to the Series 2020A Insurer of the claims for interest on the Insured Series 2020A Bonds, (B) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Series 2020A Bonds Insurance Policy payment from the Series 2020A Insurer with respect to the claims for interest so assigned, and (C) disburse the same to such respective holders; and

(ii) If there is a deficiency in amounts required to pay principal of the Insured Series 2020A Bonds, the Trustee shall (A) execute and deliver to the Series 2020A Insurer, in form satisfactory to the Series 2020A Insurer, an instrument appointing the Series 2020A Insurer as agent and attorney-in-fact for such holder of the Insured Series 2020A Bonds in any legal proceeding related to the payment of such principal and an assignment to the Series 2020A Insurer of the Insured Series 2020A Bonds surrendered to the Series 2020A Insurer, (B) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Series 2020A Bonds Insurance Policy payment therefore from the Series 2020A Insurer, and (C) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Series 2020A Bonds paid by the Series 2020A Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2020A Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2020A Bond to the Series 2020A Insurer, registered in the name directed by the Series 2020A Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations);

provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2020A Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any Insured Series 2020A Bond or the subrogation or assignment rights of the Series 2020A Insurer.

Payments with respect to claims for interest on and principal of Insured Series 2020A Bonds disbursed by the Trustee from proceeds of the Series 2020A Bonds Insurance Policy shall not be considered to discharge the obligation of the Successor Agency with respect to such Insured Series 2020A Bonds, and the Series 2020A Insurer shall become the owner of such unpaid Insured Series 2020A Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of the Series 2020A Insurer that:

(iii) They recognize that to the extent the Series 2020A Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Insured Series 2020A Bonds, the Series 2020A Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Successor Agency, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Insured Series 2020A Bonds; and

(iv) They will accordingly pay to the Series 2020A Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Series 2020A Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Series 2020A Bonds to holders, and will otherwise treat the Series 2020A Insurer as the owner of such rights to the amount of such principal and interest.

(d) *Additional Payments.* The Successor Agency agrees unconditionally that it will pay or reimburse the Series 2020A Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Series 2020A Insurer may pay or incur, including, but not limited to, fees and expenses of the Series 2020A Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Series 2020A Insurer spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Series 2020A Insurer until the date the Series 2020A Insurer is paid in full. For such purpose, "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2020A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such other bank, banking association or trust company as the Series 2020A Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to

the Series 2020A Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to the Series 2020A Insurer from available Pledged Tax Revenues (i) a sum equal to the total of all amounts paid by the Series 2020A Insurer under the Series 2020A Bonds Insurance Policy (“the Series 2020A Insurer Policy Payment”); and (ii) interest on such the Series 2020A Insurer Policy Payments from the date paid by the Series 2020A Insurer until payment thereof in full by the Successor Agency, payable to the Series 2020A Insurer at the Late Payment Rate per annum (collectively, “the Series 2020A Insurer Reimbursement Amounts”) compounded semiannually. The Successor Agency covenants and agrees that the Series 2020A Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Series 2020A Bonds on parity with debt service due on the Insured Series 2020A Bonds.

(e) *Debt Service Reserve Fund.* The prior written consent of the Series 2020A Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2020A Subaccount of the Reserve Account, if any. Amounts on deposit in the Series 2020A Subaccount of the Reserve Account shall be applied solely to the payment of debt service due on the Series 2020A Bonds.

(f) *Exercise of Rights by the Series 2020A Insurer.* The rights granted to the Series 2020A Insurer under the Security Documents and Insured Series 2020A Bonds to request, consent to or direct any action are rights granted to the Series 2020A Insurer in consideration of its issuance of the Series 2020A Bonds Insurance Policy. Any exercise by the Series 2020A Insurer of such rights is merely an exercise of the Series 2020A Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Series 2020A Bonds and such action does not evidence any position of the Series 2020A Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Series 2020A Bonds or any other person is required in addition to the consent of the Series 2020A Insurer.

The Series 2020A Insurer shall be entitled to pay principal or interest on the Insured Series 2020A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Successor Agency (as such terms are defined in the Series 2020A Bonds Insurance Policy) and any amounts due on the Insured Series 2020A Bonds as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not the Series 2020A Insurer has received a claim upon the Series 2020A Bonds Insurance Policy.

(g) *Books and Records.* The Successor Agency and the Trustee shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions and all funds and accounts by or maintained pursuant to the Security Documents, which shall at all times during normal business hours and upon reasonable notice be subject to inspection by the Series 2020A Insurer or its agents or representatives who have been duly authorized in writing.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the Series 2020A Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the Series 2020A Insurer may reasonably request.

(h) *Meet and Confer: ROPS Denial.* The Successor Agency shall provide the Series 2020A Insurer with copies of all ROPS submitted and any and all correspondence received from the DOF upon receipt. Documents poked by DOF under their existing procedures on the DOF website shall meet this

requirement. In the event that the Successor Agency is a party to a meet and confer with the DOF that relates to the payment of security for the Bonds or Policy Costs, the Successor Agency shall notify the Series 2020A Insurer and, if the subject of the meet and confer could impact the payment of or security for the Bonds or Policy Costs, the Series 2020A Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meet and confer or through written submission as the Series 2020A Insurer determines in its discretion. In the event the Successor Agency receives a ROPS denial, whether relating to the Insured Series 2020A Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, Policy Costs, or the Series 2020A Insurer Reimbursement Amounts relating to the Insured Series 2020A Bonds, the Successor Agency agrees to cooperate in good faith with the Series 2020A Insurer and the Series 2020A Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the DOF and to discuss such matters with the DOF directly.

(i) *The Series 2020A Insurer As Third Party Beneficiary.* The Series 2020A Insurer is recognized as and shall be deemed to be an irrevocable third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

(j) *Additional Debt.* The Successor Agency shall not issue or incur any bonds, debt or other obligations that are payable from or secured by any property tax or tax increment revenues pledged to the Insured Series 2020A Bonds on a basis senior or superior to the Bonds. The Successor Agency shall not issue or incur any bonds, indebtedness or other obligations payable or secured on a parity basis with the Bonds except for refunding bonds issued to refund the Bonds or other outstanding parity bonds, provided that such refunding bonds generate debt service savings. Any additional subordinate debt shall be payable on the same dates as the Bonds and shall be in all respects, including security and payment, subordinate and junior to the Bonds and the replenishment of the debt service reserve fund for the Bonds, including the reimbursement of all amounts due and payable to the Series 2020A Insurer relating to the Series 2020A Reserve Policy.

(k) *ROPS.* The Security Documents shall require the Successor Agency to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds (including, without limitation, any mandatory redemption payments), as well as any amount required under the Security Documents to replenish the Series 2020A Subaccount of the Reserve Account and to reimburse the Series 2020A Insurer in connection with the Series 2020A Bonds Insurance Policy and any Series 2020A Reserve Policy, in the ROPS so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund, amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and to meet its other obligations, including all amounts due and payable to the Series 2020A Insurer. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, the amounts to be held by the Successor Agency as a reserve until the next ROPS Period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the ROPS Period.

In the event the Successor Agency fails to provide the Oversight Board for approval, or provide the DOF with an Oversight Board approved ROPS, by the statutory deadlines relating to the Insured Series 2020A Bonds for any period, the Successor Agency designates the Series 2020A Insurer as its attorney in fact with the power to make such a request relating to the Insured Series 2020A Bonds. The Successor Agency agrees to amend any ROPS filing for any period during which amounts owed to the Series 2020A Insurer with respect to the Series 2020A Bonds Insurance Policy and/or Series 2020A Reserve Policy are not included on such ROPS.

In the event the Successor Agency fails to provide the Oversight Board for approval, or provide the DOF with an Oversight Board approved ROPS, by the statutory deadlines relating to the Insured Series 2020A Bonds for any period, the Successor Agency designates the Series 2020A Insurer as its attorney in fact with the power to make such a request relating to the Insured Series 2020A Bonds.

The Successor Agency will not, without the prior written consent of the Series 2020A Insurer, approve or submit for approval by the Oversight Board of the Successor Agency or the DOF any Last and Final Recognized Obligation Payment Schedule.

(l) *Deposit of Redevelopment Obligation Retirement Fund Payments.* The Successor Agency agrees to deposit all amounts distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund within 5 business days of receipt with the Trustee for the Bonds to pay debt service on the Bonds. The Successor Agency may take into account any funds on deposit with the Trustee for the payment of the Bonds in the ROPS period covered by the deposit. The Successor Agency agrees that to the extent there exists an Event of Default under the Indenture or the City declares a fiscal emergency, it shall take all steps necessary to cause an amount of RPTTF equal to the amount requested on the ROPS for such period to be deposited directly from the County to the Trustee, to the extent that the County agrees to comply with such procedure.

(m) *Notice and Other Information to be given to the Series 2020A Insurer.* The Successor Agency will identify the Series 2020A Insurer as a "notice party" and, except to the extent such information is filed with the MSRB's EMMA system, shall further provide the Series 2020A Insurer with notices and information in accordance with the Indenture.

(n) *Defeasance.* The investments in the defeasance escrow relating to Insured Series 2020A Bond shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by the Series 2020A Insurer ("Defeasance Obligations").

At least (three) 3 Business Days prior to any defeasance with respect to the Insured Series 2020A Bonds, the Successor Agency shall deliver to the Series 2020A Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Series 2020A Bonds, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to the Series 2020A Insurer and shall be in form and substance satisfactory to the Series 2020A Insurer. In addition, the escrow agreement shall provide that:

Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Series 2020A Bonds is excludable) from gross income of the holders of the Insured Series 2020A Bonds of the interest on the Insured Series 2020A Bonds for federal income tax purposes and the prior written consent of the Series 2020A Insurer, which consent will not be unreasonably withheld.

The Successor Agency will not exercise any prior optional redemption of Insured Series 2020A Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding

bonds, and (ii) as a condition to any such redemption there shall be provided to the Series 2020A Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

The Successor Agency shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without written notice to and the prior written consent of the Series 2020A Insurer.

(o) *Trustee and Paying Agent.* The Series 2020A Insurer shall receive prior written notice of any name change of the Trustee for the Insured Series 2020A Bonds or the resignation, removal or substitution of the Trustee. Each Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by the Series 2020A Insurer in writing.

No resignation, removal or substitution of the Trustee shall take effect until a successor, meeting the requirements above or acceptable to the Series 2020A Insurer, shall be qualified and appointed. The Series 2020A Insurer shall have the right to direct the replacement of the Trustee upon the occurrence of an event of a default on the Insured Series 2020A Bonds and any event of default under any senior or subordinate obligations to the extent the Series 2020A Insurer determines in its sole discretion that there exists or could exist a conflict of interest.

(p) *Amendments, Supplements and Consents.* The Series 2020A Insurer's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Successor Agency shall send copies of all amendments or supplements to the Series 2020A Insurer and the rating agencies that have assigned a rating to the Insured Series 2020A Bonds.

Consent of the Series 2020A Insurer. Any amendments or supplements to the Security Documents shall require the prior written consent of the Series 2020A Insurer with the exception of amendments or supplements:

- (1) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
- (2) To grant or confer upon the holders of the Insured Series 2020A Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Series 2020A Bonds, or
- (3) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
- (4) To add to the covenants and agreements of the Successor Agency in the Security Documents other covenants and agreements thereafter to be observed by the Successor Agency or to surrender any right or power therein reserved to or conferred upon the Successor Agency, or
- (5) To issue additional bonds in compliance with the terms of the indenture and the Additional Debt condition set forth above (unless otherwise specified in the Indenture).

Consent of the Series 2020A Insurer in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of

holders of the Insured Series 2020A Bonds or adversely affects the rights or interests of the Series 2020A Insurer shall be subject to the prior written consent of the Series 2020A Insurer.

Notice To and Consent of the Series 2020A Insurer in the Event of Insolvency. To the extent the Successor Agency enters into any reorganization or liquidation plan with respect to the Successor Agency, it must be acceptable to the Series 2020A Insurer. In the event of any reorganization or liquidation of the Successor Agency the Series 2020A Insurer shall have the right to file a claim, object to and vote on behalf of all holders of the Insured Series 2020A Bonds absent a continuing failure by the Series 2020A Insurer to make a payment under the Series 2020A Bonds Insurance Policy. The Successor Agency shall provide the Series 2020A Insurer with immediate written notice of any insolvency event that causes the Successor Agency to be unable to pay its obligations as and when they become due. In the event of a receivership or out-of-court restructuring, the Series 2020A Insurer shall have the right to negotiate and speak on behalf of and bind the bondholders and any agreements reached must be acceptable to the Series 2020A Insurer.

Consent of the Series 2020A Insurer Upon Default. Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, monetary or nonmonetary, the Series 2020A Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2020A Bonds or the Trustee for the benefit of the holders of the Insured Series 2020A Bonds under any Security Document. No monetary or nonmonetary default or event of default may be waived without the Series 2020A Insurer's written consent.

(q) *The Series 2020A Insurer as Owner.* Upon the occurrence and continuance of a default or an event of default, the Series 2020A Insurer shall be deemed to be the sole and exclusive owner of the outstanding Insured Series 2020A Bonds for all purposes under the Security Documents, including, without limitation, for purpose of approvals, consents, exercising remedies and approving agreements relating to the Insured Series 2020A Bonds.

(r) *Consent of the Series 2020A Insurer for Acceleration.* The Series 2020A Insurer's prior written consent is required as a condition precedent to and in all instances of acceleration.

(s) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Series 2020A Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of the Series 2020A Insurer.

(t) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs (p)(1)-(5) above to the contrary, (1) if at any time prior to or following an Insurer Default, the Series 2020A Insurer has made payment under the Series 2020A Bonds Insurance Policy, to the extent of such payment the Series 2020A Insurer shall be treated like any other holder of the Insured Series 2020A Bonds for all purposes, including giving of consents, and (2) if the Series 2020A Insurer has not made any payment under the Series 2020A Bonds Insurance Policy, the Series 2020A Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Series 2020A Insurer makes a payment under the Series 2020A Bonds Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) the Series 2020A Insurer has failed to make any payment under the Series 2020A Bonds Insurance Policy when due and owing in accordance with its terms; or (B) the Series 2020A Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, apply for or consent to the appointment of a receiver,

trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Series 2020A Bonds Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Series 2020A Insurer (including without limitation under the New York Insurance Law).

Provisions Relating to the Series 2020 Reserve Policy. Notwithstanding anything to the contrary set forth in the Indenture, and so long as the Series 2020 Reserve Policy is in full force and effect and the Series 2020A Insurer is not in payment default thereunder, the following provisions shall govern:

(a) The Successor Agency shall repay any draws under the Municipal Bond Debt Service Reserve Insurance Policy (the “Series 2020 Reserve Policy”) and pay all related reasonable expenses incurred by the Series 2020A Insurer from available Pledged Tax Revenues. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Series 2020A Insurer at the Late Payment Rate. For such purpose, “Late Payment Rate” means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2020A Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Series 2020A Insurer in its sole and absolute discretion shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Series 2020A Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2020A Insurer on account of principal due, the coverage under the Series 2020 Reserve Policy will be increased by a like amount, subject to the terms of the Series 2020 Reserve Policy.

All cash and investments in the Series 2020A Subaccount of the Reserve Account established for the Series 2020A Bonds, if any, shall be transferred to the Debt Service Fund for payment of the debt service on the Series 2020A Bonds before any drawing may be made on the Series 2020 Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Series 2020 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2020A Subaccount of the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2020A Subaccount of the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider

of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws under the Series 2020 Reserve Policy may only be used to make payments on Series 2020A Bonds.

(c) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Series 2020A Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2020A Bonds, or (ii) remedies which would adversely affect owners of the Series 2020A Bonds.

(d) The Indenture shall not be discharged until all Policy Costs owing to the Series 2020A Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Series 2020A Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the Series 2020 Reserve Policy in accordance with the provisions of paragraph (a) immediately above and provide notice to the Series 2020A Insurer at least three business days prior to each date upon which interest or principal is due on the Series 2020A Bonds.

(f) The Series 2020 Reserve Policy shall expire on the earlier of the date the Series 2020A Bonds are no longer outstanding and the final maturity date of the Series 2020A Bonds.

DEFEASANCE OF BONDS

If the Successor Agency shall pay and discharge the entire indebtedness on any Bonds thereof in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any such Bonds shall not

have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture with respect to such Bonds shall cease and terminate, except only (A) the obligations of the Successor Agency regarding tax and rebate requirements of the Indenture, (B) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (C) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (D) the obligations of the Successor Agency to compensate and indemnify the Trustee pursuant to the Indenture. Notice of such election shall be filed with the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel to the Successor Agency, expects to be able to render on the Settlement Date its final approving opinion with respect to the Series 2020A Bonds in substantially the following form:

[Settlement Date]

Successor Agency to the
Indian Wells Redevelopment Agency
Indian Wells, California

Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2020A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Successor Agency to the Indian Wells Redevelopment Agency (the “Successor Agency”) in connection with issuance of \$_____ aggregate principal amount of bonds designated Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2020A (the “Series 2020A Bonds”), issued pursuant to an Indenture of Trust, dated as of May 1, 2014 (the “Original Indenture”), as supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, a Second Supplemental Indenture of Trust, dated as of July 1, 2016, and a Third Supplemental Indenture of Trust, dated as of June 1, 2020 (as amended, the Indenture”), each by and between the Successor Agency and MUFG Union Bank, N.A. (formerly Union Bank, N.A.), as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, dated the date hereof (the “Tax Certificate”), opinions of counsel to the Successor Agency, the Trustee and others, certificates of the Successor Agency, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2020A Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2020A Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2020A Bonds has concluded with

their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Successor Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2020A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2020A Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against successor redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2020A Bonds and express no opinion with respect thereto.

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

1. The Series 2020A Bonds constitute the valid and binding limited obligations of the Successor Agency.
2. The Third Supplemental Indenture has been duly executed and delivered by, and the Indenture constitutes the valid and binding obligation of, the Successor Agency. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2020A Bonds, of the Pledged Tax Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. Interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2020A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020A Bonds.

Faithfully yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE, dated as of June 1, 2020, (this “Disclosure Certificate”), is executed and delivered by the SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the Indian Wells Redevelopment Agency, the “Agency”), in connection with the issuance of the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “Bonds”) pursuant to an Indenture of Trust, dated as of May 1, 2014 (the “Original Indenture”), between the Agency and MUFG Union Bank, N.A., formerly Union Bank, N.A., as trustee (the “Trustee”), supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, a Second Supplemental Indenture of Trust, dated as of July 1, 2016, and a Third Supplemental Indenture of Trust, dated as of June 1, 2020, each between the Agency and the Trustee (as amended, the “Indenture”).

WITNESSETH:

WHEREAS, successor agencies to former community redevelopment agencies are permitted to refund tax increment obligations pursuant to California Assembly Bill 1484 (Stats 2012 c. 26) (“AB 1484”) in order to provide debt service savings to successor agencies and to increase property tax revenues available for distribution to affected taxing entities; and

WHEREAS, the Agency is empowered under the provisions of Section 34177.5(b) of the California Health and Safety Code authorizes a successor agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, including tax allocation refunding bonds issued by said successor agencies, as described in Section 34177.5(a)(1) of the California Health and Safety Code; and

WHEREAS, the Agency has determined to issue the Bonds in order to provide funds to acquire bonds issued by the Agency, in order to assist the Agency in refunding certain of its outstanding bonds pursuant to AB 1484; and

WHEREAS, such Refunding Bonds will be secured by a pledge of, and lien on, and shall be repaid from Pledged Tax Revenues (as defined in the Indenture) deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code; and

WHEREAS, this Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

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

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Certificate have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“Annual Report” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Agency’s fiscal year, which date, as of the date of this Disclosure Certificate, is March 1.

“Agency” means the Successor Agency to the Indian Wells Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“City” means the City of Indian Wells, California.

“County Auditor-Controller” means the Auditor-Controller of the County of Riverside.

“Disclosure Representative” means or other as shall designate in writing to the Agency and the Dissemination Agent (if other than the Agency) from time to time.

“Dissemination Agent” means the Agency, acting in its capacity as Dissemination Agent hereunder, or any successor dissemination agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

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

“Official Statement” means the Official Statement, dated March __, 2020, relating to the Bonds, as supplemented prior to the Settlement Date.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Project Area” shall have the meaning specified in the Official Statement.

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

“Trustee” means MUFJ Union Bank, N.A., as trustee under the Indenture, or any successor thereto as trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2019-20 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Agency, if any, 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 Agency's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Agency 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, the Dissemination Agent shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

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

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Annual Report shall be prepared by the Agency and shall contain or include by reference the following:

(a) The Agency's separate audited financial statements, or the City's audited financial statements including Agency operations as a trust fund, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Agency, substantially similar to that provided in the corresponding tables relating to the Agency and the Project Area in the Official Statement (and where not specified by date or period for the preceding fiscal year):

(i) Taxable assessed values for the most recent fiscal year in substantially the format of Table 5 of the Official Statement;

(ii) Pledged Tax Revenues for the most recent fiscal year;

(iii) An update of the ten largest assesseees in substantially the format of Table 1 of the Official Statement for the most recent fiscal year;

(iv) An update of Debt Service Coverage for the Bond Year ending on the immediately preceding September 1 in substantially the format of Table 6 of the Official Statement;

(v) If the Agency is not in a County Teeter Plan, tax levy, percentage of current year levy collected, percentage of current levy delinquent, total collections and total collections as a percentage of the most recent year's tax levy;

(vi) Information related to Project Area assessed valuation appeals.

(vii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items described above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Agency to give, or cause to be given, with respect to the Bonds, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Redemptions and Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(x) Incurrence of a Financial Obligation of the Agency, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect Bond holders.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Agency to give, or cause to be given, with respect to the Bonds, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.

(ii) Modifications to rights of holders of the Bonds.

(iii) Optional, unscheduled or contingent Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Agency shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and the Dissemination Agent and inform such persons of the event.

(d) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Agency, as applicable shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that the occurrence of a Listed Event described in subsection (b) of this Section is material under subsection (d) of this Section, the Agency shall, or shall

cause the Dissemination Agent (if the Agency is not the Dissemination Agent) to, file a notice of the occurrence of such Listed Event with the MSRB within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (a) of this Section and in paragraph (vii) 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 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The obligations of the Agency and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Bonds or the legal defeasance, prior prepayment or payment in full of all of the Refunding Bonds, if earlier. If such termination occurs prior to the final principal payment date of the Bonds, the Agency shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent (if the Agency is not the Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent (if other than the Agency or the Trustee), with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsections (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in

narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. The parties hereto acknowledge that in the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal evidenced by Outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall (so long as the Agency is the Dissemination Agent) be entitled to the protections and limitations from liability afforded to the Agency under the Indenture. The Dissemination Agent shall be not responsible for the form or content of financial statements made part of any Annual Report or notice of Listed Event or for information sourced to the Agency. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Certificate. The Dissemination Agent (if other than the Agency or the Agency acting in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Certificate. To the extent permitted by law, the Agency shall indemnify and save the Dissemination Agent (if other than the Agency) and the Agency harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or its willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Section 13. Counterparts. This Disclosure Certificate 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.

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

SUCCESSOR AGENCY TO THE INDIAN
WELLS REDEVELOPMENT AGENCY

By: _____
Kevin McCarthy
Finance Director of the City on behalf
of the Successor Agency

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Indian Wells Redevelopment Agency
Name of Issue: Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area Tax Allocation
Refunding Bonds, Series 2020A
Date of Issuance: June __, 2020

NOTICE IS HEREBY GIVEN that the Successor Agency to the Indian Wells Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Certificate, dated as of June 1, 2020, by the Agency. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

SUCCESSOR AGENCY TO THE INDIAN
WELLS REDEVELOPMENT AGENCY

By: _____
Finance Director of the City
on behalf of the Successor Agency

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APPENDIX G

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this Appendix G concerning the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2020A Bonds, payment of principal of and interest on the Series 2020A Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2020A Bonds, and other Series 2020A Bonds-related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Successor Agency believes to be reliable, but the Successor Agency does not take responsibility for the completeness or accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2020A Bonds. The Series 2020A 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 bond certificate for each maturity of the Series 2020A Bonds will be issued for the Series 2020A Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by such reference or otherwise.

Purchases of Series 2020A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020A 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 Series 2020A 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 Series 2020A Bonds, except in the event that use of the book-entry system for the Series 2020A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020A 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 Series 2020A 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 Series 2020A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020A 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 Series 2020A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2020A Bonds may wish to ascertain that the nominee holding the Series 2020A 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 Series 2020A Bonds within an issue 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 Series 2020A 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 Successor Agency 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 Series 2020A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2020A 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 Successor Agency 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 Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency 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 Series 2020A Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2020A Bond certificates are required to be printed and delivered.

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

SPECIAL ENDORSEMENT

APPENDIX I

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

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BAM

**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: ISSUER_NAME, STATE_NAME

Policy No: @@POLICY_NO@@

MEMBER: MEMBER_COMPANY,
STATE_NAME

Effective Date: @@CLOSING_DATE@@

BONDS: \$ _____ in aggregate
principal amount of
ISSUE_NAME, SERIES

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

Maximum Policy Limit: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. [“**Debt Service Reserve Agreement**” means the Debt Service Reserve Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time.] “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy Limit**” means the dollar

amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the "Reserve Account Requirement"), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed the Maximum Policy Limit set forth above. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. "**Security Documents**" means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

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

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

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Authorized Officer

SPECIMEN

Schedule

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____

Name:

Title:



BAM

CALIFORNIA

ENDORSEMENT TO

**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

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APPENDIX J

FORM OF FORWARD DELIVERY CONTRACT

Re: Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A (the “Series 2020A Bonds”)

Ladies and Gentlemen:

The Purchaser designated below and executing this instrument (the “Purchaser”) hereby agrees to purchase when, as, and if issued and delivered by the Successor Agency to the Indian Wells Redevelopment Agency (“Issuer”) to Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) and the Underwriter agrees to sell to the undersigned,

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield	Price

of the above-referenced Series 2020A Bonds (the “Purchased Series 2020A Bonds”) offered by the Issuer’s Preliminary Official Statement dated March 3, 2020 (the “Preliminary Official Statement”), receipt of a copy of which is hereby acknowledged and the Official Statement dated March __, 2020 (the “Official Statement”), at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Purchased Series 2020A Bonds), at the interest rates, in the principal amounts and with maturity dates shown above, and on the further terms and conditions set forth in this Forward Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the information under the heading “PLAN OF REFUNDING – Forward Delivery of the Series 2020A Bonds,” therein), has considered the risks associated with purchasing the Purchased Series 2020A Bonds and is duly authorized to purchase the Purchased Series 2020A Bonds. The Purchaser further acknowledges and agrees that the Purchased Series 2020A Bonds are being sold on a “forward” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Series 2020A Bonds from the Underwriter on or about June 3, 2020 (the “Settlement Date”) as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement between the Issuer and the Underwriter (the “Bond Purchase Agreement”). A copy of the Bond Purchase Agreement is available

from the Underwriter upon request. Under the Bond Purchase Agreement, the Issuer must deliver a copy of the Official Statement within seven business days of the date of the Bond Purchase Agreement.

Payment for the Purchased Series 2020A Bonds that the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriter by wire transfer to a bank account specified by the Underwriter, on the Settlement Date upon delivery to the Purchaser of the Purchased Series 2020A Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the Issuer of the Series 2020A Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Series 2020A Bonds hereunder shall be unconditional unless:

- The Issuer fails to deliver the Series 2020A Bonds as set forth in the Bond Purchase Agreement or fails or is unable to comply with all of the conditions to settlement set forth in the Bond Purchase Agreement by 11:30 a.m. Pacific Time on the Settlement Date, or
- the Underwriter terminates its agreement to purchase the Series 2020A Bonds on the Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Preliminary Official Statement under “INTRODUCTION – Certain Considerations Regarding Forward Delivery of the Series 2020A Bonds.”

The Purchaser acknowledges that the market value of the Series 2020A Bonds as of the Settlement Date may be affected by a variety of factors between the date of this Forward Delivery Contract and the Settlement Date, including, without limitation, changes in general market conditions or the financial condition of the Issuer or modifications to laws that may diminish the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on “state or local bonds,” that will not prevent the Issuer from satisfying all material conditions precedent for the delivery of the Purchased Series 2020A Bonds. The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described and, except as described in the paragraph immediately above, will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Series 2020A Bonds on the Settlement Date. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Forward Delivery Contract to the Underwriter before Settlement (i.e., delivery of the Series 2020A Bonds to, and payment for the Series 2020A Bonds by, the Underwriter) on the Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after Settlement. The Purchaser also acknowledges and agrees that it will remain obligated to purchase the Purchased Series 2020A Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Series 2020A Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Series 2020A Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Forward Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

[NAME OF INVESTOR]

By: _____
Name: _____
Title: _____

Accepted: _____, 2020

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Name: _____
Title: _____