**SUBMITTAL TO THE BOARD OF SUPERVISORS**
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**ITEM:** 3.6
(ID # 12551)
**MEETING DATE:**
Tuesday, June 02, 2020

**FROM :** EXECUTIVE OFFICE:

**SUBJECT:** EXECUTIVE OFFICE: Fiscal Year 2020-2021 Tax and Revenue Anticipation Notes, Adopt Resolution No. 2020-143 Authorizing and Approving the Borrowing of Funds for Fiscal Year 2020-2021; All Districts. [$400,000,000 - Note Proceeds 100%] (VOTE ON SEPARATELY)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution No. 2020-143 Authorizing and Approving the Borrowing Of Funds For Fiscal Year 2020-2021; the Issuance and Sale Of The Fiscal Year 2020-2021 Tax And Revenue Anticipation Notes; and the Execution and Delivery of Related Documents.

**ACTION:Policy, Separate Vote Required**

Stephanie Perez, Principal Management Analyst 5/26/2020

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

| | |
|---|---|
| Ayes: | Jeffries, Spiegel, Washington, Perez and Hewitt |
| Nays: | None |
| Absent: | None |
| Date: | June 2, 2020 |
| xc: | EO |

Kecia R. Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|---|---|---|---|---|
| COST | $ 0 | $330,000 | $330,000 | $ 0 |
| NET COUNTY COST | $ 0 | $ 0 | $ 0 | $ 0 |
| **SOURCE OF FUNDS:** 100% Note Proceeds | | | **Budget Adjustment:** No | |
| | | | **For Fiscal Year:** 2020-2021 | |

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The County annually issues Tax and Revenue Anticipation Notes (TRANs) to provide needed funds to cover the projected cash flow deficits of the County General Fund during the fiscal year. The deficit occurs because the timing of tax collections does not match the County's on-going expenditure requirements.

In addition, as a cost savings measure, the County evaluates annually the option of prepaying the unfunded liability portion of its pension obligation. Board Policy B-25 (Pension Management Policy) directs the Pension Advisory Review Committee (PARC) to review and make a recommendation regarding the prepayment of the annual CalPERS contribution. PARC recommended the prepayment of the CalPERS contribution for the last 15 years and recommends the prepayment of the FY 20-21 payment.

In April 2020, the Board of Supervisors approved the refunding of a portion of the pension obligation bonds. Through the successful sale of the bonds the County realized a lower CalPERS pre-payment.

Staff will continue to evaluate the cash flow benefit of the prepayment up to the pricing of the TRANs. If, at the time of the pricing, there is insufficient savings, the prepayment will be removed from the TRANs.

The FY 2020-21 resolution authorizes the issuance of tax and revenue anticipation notes in an amount not-to-exceed $400 million, though the actual amount may be less. The large authorization provides the flexibility to issue an additional series of notes in the event the County and State budgets change substantially. The County's issuance cost for the TRANs will be approximately $330,000, plus an underwriter's compensation of $149,362 assuming a $340 million issuance. It is anticipated that interest rates for the tax-exempt notes will be less than 1% for a 12-month note.

The resolution also appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Kutak Rock LLP as disclosure counsel for the notes, Fieldman, Rolapp &

Associates, Inc. as financial advisor, and Wells Fargo Corporate and Investment Banking, as senior managing underwriter, together with UBS Financial Services Inc., as co-manager.

The FY 2020-21 TRANs financing was recommended for approval by the Debt Advisory Committee at the May 14, 2020 meeting.

**Impact on Residents and Businesses**

The borrowing will allow the County to run its daily business until tax revenues are received. This allows the County to provide continued services to the citizens and businesses.

**ATTACHMENTS:**

A. Resolution No. 2020-143
B. 2020-21 TRANs Paying Agent Agreement
C. 2020-21 TRANs Note Purchase Agreement
D. Preliminary Official Statement
E. Appendix A

Lisa Brandl

Lisa D Brandl 5/27/2020

Gregory P. Priamos, Director County Counsel 5/27/2020

Board of Supervisors County of Riverside

RESOLUTION NO. 2020-143

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2020-2021; THE ISSUANCE AND SALE OF ONE OR MORE 2020 TAX AND REVENUE ANTICIPATION NOTES; AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

**WHEREAS**, the County of Riverside (the "County") is authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the Board of Supervisors of the County (the "Board") has determined that a sum (the "Principal Amount") not to exceed a maximum principal amount of $400,000,000, is needed for the requirements of the County, to satisfy obligations of the County, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received or accrued by the County for the general fund of the County, and provided for or attributable to its fiscal year ending June 30, 2021 ("Repayment Fiscal Year");

**WHEREAS,** the County hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note, as hereinafter defined;

**WHEREAS,** it appears, and this Board hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the County provided for or attributable to the Repayment Fiscal Year, and available for the payment of the principal of the Note and the interest

FORM APPROVED COUNTY COUNSEL
BY KRISTINE BELL-VALDEZ 5/26/2020 DATE



4129-1528-2979.3

thereon;

**WHEREAS,** no money has heretofore been borrowed by or on behalf of the County through the issuance of tax and revenue anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for the Repayment Fiscal Year (other than amounts heretofore pledged by the County for the payment of its Teeter Plan obligations pursuant to Resolution No. 97-203, as such resolution may be amended or supplemented from time to time);

**WHEREAS,** pursuant to Section 53856 of the Act, certain moneys which will be received or accrued by the County and provided for or attributable to the Repayment Fiscal Year can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

**WHEREAS,** The Bank of New York Mellon Trust Company, N.A. has agreed to act as paying agent (the "Paying Agent") with respect to the Note;

**WHEREAS**, the Underwriter appointed in Section 21 hereof, intends to submit an offer to purchase the Note and has submitted a form of Note Purchase Agreement (the "Purchase Agreement") to the Board;

**WHEREAS,** a form of the Preliminary Official Statement describing the Note or Note of a series will be distributed to potential purchasers of the Note of such series by the Underwriter;

**WHEREAS,** this Board has been presented with the form of each document hereinafter referred to relating to the Note, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the issuance of the Note;

**WHEREAS,** the County has determined that it may be desirable to provide for the issuance of an additional parity note (the "Parity Note") during the Repayment Fiscal Year, the principal and interest on which are secured by Pledged Revenues, hereinafter defined, on a parity with the Note; and

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), assembled in regular session, assembled on June 2, 2020, in the Chambers of the Board of Supervisors, 4080 Lemon Street, 5th Floor, Riverside, California 92501, that this Board finds, determines, declares and resolves as follows:

**Section 1. Recitals.** All the above recitals are true and correct.

**Section 2. Authorization of Issuance.** This Board hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received or accrued by the County for the general fund of the County and provided for or attributable to the Repayment Fiscal Year, by the issuance of a note or notes, pursuant to the provisions of the Act, designated the County's "2020 Tax and Revenue Anticipation Note," with an appropriate series designation if more than one note is issued (collectively, the "Note"), each to be issued in the form of a fully registered note or notes, in denominations of $5,000 or integral multiples thereof, in a combined amount not to exceed the Principal Amount, to be dated the date of delivery to the initial purchaser thereof, to mature on a date or dates, if more than one note is issued, with or without option of prior redemption at the election of the County, not more than 15 months thereafter on a date indicated on the face thereof and determined in the respective Purchase Agreement (each such date, a "Maturity Date"), and to bear interest, payable on the respective Maturity Date (and if the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment date set forth in the respective Purchase Agreement) and computed upon the basis of a 360-day year consisting of twelve 30-day months, or a 365- or 366-day year, as the case may be, and actual days elapsed, at a rate or rates, if more than one Note is issued, not to exceed 12% per annum as determined in the respective Purchase Agreement and indicated on the face of the respective Note (the "Note Rate"). If the Note of a series is not fully paid at maturity, the unpaid portion thereof shall be deemed outstanding and shall continue to bear interest thereafter until paid. In each case set forth in the preceding two sentences, the obligation of the County with respect to such unpaid Note shall not be a debt or liability of the County prohibited by Article XVI, Section 18 of the California Constitution, and the County shall not be liable thereon except to the extent of any available revenues provided for or attributable to the Repayment Fiscal Year, as provided in Section 7 hereof. Both the principal of and interest on the Note shall be payable in lawful money of the United States of America.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures as determined at closing.

**Section 4. Sale of Note; Purchase Agreement; Continuing Disclosure.** The form of the

Purchase Agreement presented to this meeting is hereby approved. The County Executive Officer, or in the absence of such officer, his or her assistant, the County Treasurer-Tax Collector, or in the absence of such officer, his or her assistant, and the Auditor-Controller, or in the absence of such officer, his or her assistant (each a "County Officer") are each hereby individually authorized and directed to execute and deliver such Purchase Agreement in substantially said form with respect to the Note of a series, with such changes thereto as such County Officer shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; *provided, however*, that the interest rate on the Note shall not exceed 12% per annum, and that the Underwriter's discount on the Note of a series shall not exceed 0.05% of the Principal Amount actually issued. Delivery of an executed copy of the Purchase Agreement by fax or telecopy shall be deemed effective upon execution and delivery for all purposes.

The form of instrument, entitled "Continuing Disclosure Certificate," to be dated as of its date of execution, in substantially the form presented to this meeting, is hereby approved. Any County Officer is authorized and directed to execute and deliver on behalf of the County an instrument in substantially said form, with such changes therein as such officer executing such instrument may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5. Official Statement.** The proposed form of preliminary official statement (the "Preliminary Official Statement") relating to the Note, in substantially the form presented to this meeting, is hereby approved with such changes, additions, completion and corrections as any County Officer may approve, and the Underwriter is hereby authorized and directed to cause to be distributed to prospective purchasers a Preliminary Official Statement in connection with the offering and sale of the Note of a series. Such Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the County for purposes of Rule 15c2-12, promulgated by the Securities and Exchange Commission (the "Rule"), unless otherwise exempt, but is subject to revision, amendment and completion in a final official statement (the "Official Statement"). The Official Statement for each series in substantially said form is hereby authorized and approved, with such changes therein as any County Officer may approve. The County Officer is hereby authorized and directed, at or after the time of the sale of the Note of each series, for and in the name and on behalf of the County, to deem the applicable Preliminary Official Statement final on behalf of the County, to execute a final Official Statement in substantially the form of the applicable Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the County Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Any one of the County Officers is hereby authorized and directed to provide disclosure counsel with such information relating to the County as they shall reasonably request for inclusion in the Preliminary Official Statement and the Official Statement related to any series and any supplements thereto. Upon inclusion of the information relating to the County therein, the Preliminary Official Statement is, except for certain omissions permitted by the Rule, hereby deemed final within the meaning of the Rule. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in any Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall promptly notify the Underwriter and the Municipal Advisor.

**Section 6. Disposition of Proceeds of Note; Investment.** The moneys received from the sale of the Note shall be deposited in the County's "2020 Note Proceeds Account" (herein called the "Proceeds Account") which Proceeds Account is hereby established and maintained with the County Treasurer-Tax Collector. The moneys received from the sale of the Note deposited in the County's Proceeds Account may be used and expended by the County for any purpose for which it is authorized to expend funds.

All moneys in the Proceeds Account shall be invested in Permitted Investments (as hereinafter defined), and the proceeds of such investments shall be retained in the Proceeds Account.

"Permitted Investments" means any of the following to the extent then permitted by law:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit

of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Obligations of instrumentalities or agencies of the United States of America. These are specifically limited to:

-- Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Debt Obligations

-- Federal Home Loan Banks (FHL Banks)

Consolidated debt obligation

-- Federal National Mortgage Association (FNMA)

Debt obligations

Mortgage backed securities (Excluded are stripped mortgage securities-which are purchased at prices exceeding their principal amounts).

Book entry securities listed in 1 and 2 above must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank.

3. Federal Housing Administration debentures.

4. Commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated SP-1 by S&P and MIG-1 by Moody's.

5. Interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings

Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto. These deposits: (a) must be continuously and fully insured by BIF or SAIF, or (b) must have maturities of less than 366 days and be deposited with banks the short term obligations of which are rated SP-1 by S&P and MIG-1 by Moody's.

6. Money market mutual funds or portfolios investing in short-term US Treasury securities rated AAAm or AAAm-G by S&P and Aaa by Moody's.

7. Investment agreements, funding agreements or guaranteed investment contracts approved by the County Treasurer-Tax Collector with a financial institution rated in one of the two highest rating categories by both Moody's and S&P without regard to plus, minus or numerical notation. Such agreement or contract must contain downgrade covenants providing that in the event of a rating downgrade of the provider below Aa3 by Moody's or AA- by S&P, the agreement or contract shall require the provider to notify the County Treasurer-Tax Collector in writing of such downgrade within five (5) business days of such downgrade event; thereafter, at the provider's option, the provider shall either (a) assign the agreement or contract and all of its obligations thereunder to a then qualified financial institution acceptable to the County Treasurer-Tax Collector, or (b) collateralize the agreement or contract with U.S. Treasury or Government Agency securities at 105% of principal and interest, marked-to-market weekly with a three (3) business day cure period for deficiencies. Such collateral must be held by an independent third party acting for the benefit of the County and must be free and clear of any liens. A downgrade below A3 by Moody's or A- by S&P of the provider or any substituted provider pursuant to an assignment, shall allow for the immediate withdrawal of all monies then invested in the agreement or contract at no premium or penalty to the County.

8. Repurchase agreements with financial institutions or banks insured by the FDIC or FSLIC, or any broker dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC), or any other financial institutions, provided that: (a) the repurchase agreement is over-collateralized at one hundred two percent (102%), computed weekly, consisting of securities as described in clauses (1) and

(2) above; (b) a third party custodian, the Paying Agent or the Federal Reserve Bank shall have possession of such obligations; (c) the Paying Agent shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Paying Agent to liquidate the collateral.

9. The Local Agency Investment Fund administered by the State of California.

10. Investment Trust of California, doing business as CalTRUST.

11. The Pooled Investment Fund maintained by the County Treasurer-Tax Collector.

**Section 7. Source of Payment; Parity Note.** The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are accrued, received or held by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year and which are available for payment of current expenses and other obligations of the County ("Unrestricted Revenues"). As security for the payment of the principal of and interest on the Note, the County hereby pledges all Unrestricted Revenues, except for Unrestricted Revenues pledged by the County to the payment of County of Riverside Teeter Plan obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and supplemented from time to time (the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the moneys received by the County from such Pledged Revenues and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The County may incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues hereunder and may issue subordinate tax and revenue anticipation notes.

In order to effect the pledge referenced in the preceding paragraph, the County hereby agrees to the establishment and maintenance of a "2020 Note Payment Account" (herein called the "Payment Account") by the Paying Agent as the responsible agent to maintain such an account until the payment of the principal of the Note and the interest thereon, and the County further agrees to cause to be deposited in the Payment Account from amounts received in the months specified in the respective Purchase Agreement as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment

Months") (and any amounts received thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on deposit in the Payment Account, is equal in the respective Repayment Months identified in the respective Purchase Agreement to the percentage of the principal of and interest due on the Note specified in such Purchase Agreement. Any such deposit may take into consideration anticipated investment earnings on amounts deposited in an Investment Agreement that is a Permitted Investment through the Maturity Date.

Any County Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal of and interest due on the Note of each series required to be on deposit in the Payment Account in each Repayment Month, all as specified in the respective Purchase Agreement, by executing and delivering such Purchase Agreement, such execution and delivery to be conclusive evidence of approval by this Board and such County Officer. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the County has not received sufficient Unrestricted Revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said Unrestricted Revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

Any moneys placed in the Payment Account shall be for the benefit of the holders of the Note. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for such payment.

In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the following priority: first, to pay interest on the Note and any Parity Note, ratably; and second, to pay principal of the Note and any Parity Note, ratably without preference or priority of any kind, according to the amounts due and payable with respect to such Note and Parity Note. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the County.

Moneys in the Payment Account shall be invested in Permitted Investments and any such investment shall be for the account and risk of the County. The County shall not be deemed to be relieved of any of its obligations with respect to the Note by reason of such investment of the moneys in its Payment Account.

Anything herein to the contrary notwithstanding, the County may at any time during the Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on Pledged Revenues on a parity with the then outstanding Note; provided that (i) the issuance of any such Parity Note shall not, in and of itself, reduce or impair the rating on the then outstanding Note, (ii) the maturity date of any such Parity Note shall be later than the outstanding Note and (iii) the then outstanding Note and Parity Note shall have the same paying agent. In the event that the County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note.

**Section 8. Execution of Note.** Any one of the County Officers or any other officer designated by the Board shall be authorized to execute the Note by manual or facsimile signature, and the Clerk of the Board of the County or any duly appointed deputy or assistant thereto shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the County are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the respective Purchase Agreement. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note need not bear the seal of the County, if any.

**Section 9. Use of Depository; Registration, Exchange and Transfer.**

(A) The Depository Trust Company, New York, New York ("DTC"), is hereby appointed depository for the Note. DTC shall perform such function pursuant to the Blanket Issuer Letter of Representations on file with DTC (the "Letter of Representations"). The Note shall be initially issued and registered in the name of "Cede & Co.," as nominee of DTC and shall be evidenced by a single Note for each series. Registered ownership of each Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 9(B).

(B) The Note shall be initially issued and registered as provided in Section 9(A) hereof.

Registered ownership of the Note, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of DTC, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (B) ("Substitute Depository"); provided, that, any successor of Cede & Co., as nominee of DTC or Substitute Depository, shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository not objected to by the County Officer, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the County Officer to substitute another depository for DTC (or its successor) because DTC (or its successor) is no longer able to carry out its functions as depository; provided, that, any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the County Officer to discontinue using DTC or a depository.

(C) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (B) of this Section 9, upon receipt of the outstanding Note of each series by the Paying Agent (together with a written request of the County Officer to the Paying Agent designating the Substitute Depository), a single new Note of each series, which the County shall prepare or cause to be prepared, shall be executed and delivered, authenticated by the Paying Agent, and registered in the name of any such successor to Cede & Co. or such Substitute Depository, or their respective nominees, as the case may be, all as specified in the written request of the County Officer. In the case of any transfer pursuant to clause (iii) of Subsection (B) of this Section 9 upon receipt of the outstanding Note of a series by the Paying Agent (together with a written request of the County Officer to such Paying Agent), a new Note of such series, which the County shall prepare or cause to be prepared, shall be executed by the County and authenticated by the Paying Agent and delivered in such denominations and registered in the names of such persons as specified by the County Officer in such written request, subject to the limitations of this Section 9, provided, that, the Paying Agent shall deliver such new Note as soon as practicable.

(D) The County and the Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of this Resolution and for purposes of payment of principal of and interest on such Note, notwithstanding any notice to the contrary received by the Paying Agent or the County; and the County and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note while DTC or its successor is the registered owner. Neither the County nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the registered owner of any Note, and the Paying Agent may rely conclusively on its records as to the identity of the owners of the Note.

(E) Notwithstanding any other provision of this Resolution and so long as the outstanding Note is registered in the name of Cede & Co. or its registered assigns, the County and the Paying Agent shall cooperate with Cede & Co. or its registered assigns, as sole registered owner, in effecting payment of the principal of and interest on the Note by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Letter of Representations, the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

(F) In the case of any transfer pursuant to clause (iii) of subsection (B) of this Section, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount in authorized denominations, upon the books required to be kept by the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed and in form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the County shall execute and the Paying Agent shall authenticate and deliver a new Note of authorized denominations of the same series, for a like aggregate principal amount of the same interest rate. The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(G) The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Note of each series, which shall at all times be open to inspection by the County. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

(H) If any Note shall become mutilated, the County, at the expense of the owner of such Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Note of like series, tenor, interest rate and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County and the Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the County, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate, if required, and deliver a new Note of like series, interest rate, tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Paying Agent may require payment by the registered owner of a Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the County and the Paying Agent. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the County whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with the Note of any other series secured by this Resolution.

The Note of any series surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly cancelled by it. The County may at any time deliver to the Paying Agent for cancellation any Note previously authenticated and delivered hereunder which the County may have acquired in any manner whatsoever, and any Note so delivered shall promptly be cancelled by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for any Note cancelled as provided herein, except as expressly permitted hereunder. The cancelled Note of any series held by the Paying Agent shall be disposed of as directed by the County.

**Section 10. Representations and Covenants of the County.** The County makes the following representations and covenants for the benefit of the holders of the Note:

(A) The County is duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority (i) to adopt this Resolution and perform its obligations thereunder, (ii) to enter into and perform its obligations under the Purchase Agreement, and (iii) to issue the Note and perform its obligations thereunder.

(B) Upon the issuance of the Note, the County shall have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and the County has full legal right, power and authority to issue and deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the County is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities laws of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the County required for the issuance and sale of the Note or the consummation by the County of the other transactions contemplated by this Resolution, except those the County shall obtain or perform prior to or upon the issuance of the Note.

(E) Prior to the issuance of the Note, the County has duly, regularly and properly adopted a recommended budget for the Repayment Fiscal Year setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The County hereby covenants that it shall (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the Municipal Advisor and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The County (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation, and (ii) to the best knowledge of the County, has never defaulted on any debt obligation.

(G) The County's most recent audited financial statements present fairly the financial condition of the County as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Municipal Advisor and the Underwriter and in the Preliminary Official Statement and to be set forth in the final Official Statement, there has been no change in the financial condition of the County since the date of such audited financial statements that will in the reasonable opinion of the County materially impair its ability to perform its obligations under this Resolution and the Note. The County agrees to furnish to the Municipal Advisor and the Underwriter promptly, from time to time, such information regarding the operations, financial condition and property of the County as such party may reasonably request.

(H) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the County, threatened against or affecting the County questioning the validity of any proceeding taken or to be taken by the County in connection with the Note, the Purchase Agreement or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the County of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the County's financial condition or results of operations or on the ability of the County to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under, the Note, the Purchase Agreement or this Resolution.

(I) Upon issuance of the Note and execution of the Purchase Agreement, this Resolution, the Purchase Agreement and the Note will constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(J) The County and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged

Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(K) Except for Parity Notes, if any, permitted to be executed and delivered pursuant to Section 7 hereof, the County shall not incur any indebtedness secured by a pledge of its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged Revenues hereunder.

(L) The information contained in the Official Statement (excluding the statements and information under the heading "UNDERWRITING" and under "THE NOTE—Book-Entry-Only System"), as of the time of delivery thereof to the Underwriter and at all times subsequent thereto up to and including the closing, will be true, complete, correct and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(M) The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate consistent with the requirements of the Rule.

**Section 11. Tax Covenants.** The County will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Without limiting the generality of the foregoing, the County will not make any use of the proceeds of the Note or any other funds of the County which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The County, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

The County hereby covenants that the County will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

Notwithstanding any other provision of this Resolution to the contrary, upon the County's failure to observe, or refusal to comply with, the covenants contained in this Section 11, no one other than the holders or former holders of the Note, and their legal representatives, shall be entitled to exercise any right or remedy under this Resolution on the basis of the County's failure to observe, or refusal to comply with, such covenants.

The covenants contained in this Section 11 shall survive the payment of the Note.

**Section 12. <u>Events of Default and Remedies</u>.**

If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the County to make or cause to be made the transfers and deposits to the Payment Account, or any other payment required to be paid hereunder, including payment of principal of and interest on the Note, on or before the date on which such transfer, deposit or other payment is due and payable;

(b) Failure by the County to observe and perform any covenant, condition or agreement (other than failure to make a payment or transfer as provided in subsection (a) of this Section) on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the County by the holders of not less than 10% in aggregate principal amount of the Note, unless such holders shall agree in writing to an extension of such time prior to its expiration;

(c) Any warranty, representation or other statement by or on behalf of the County contained in this Resolution or the Purchase Agreement or in any requisition or any financial report delivered by the County or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(d) A petition is filed against the County under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the holders of the Note shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect their interests;

(e) The County files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(f) The County admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the County or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the holders of the Note shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect their interests;

Whenever any Event of Default referred to in this Section 12 shall have happened and be continuing, the holders of the Note and any adversely affected former holders of the Note, and their legal representatives, shall, in addition to any other remedies provided herein, have the right, at their option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Without declaring the Note to be immediately due and payable, require the County to pay to the Paying Agent on behalf of the holders of the Note, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the County the same shall become immediately due and payable by the County without further notice or demand; and

(b) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

**Section 13. Application of Amounts After Default**. Notwithstanding anything to the contrary contained herein, after a default by the County, all funds and accounts held by the Paying Agent and all payments received by the Paying Agent with respect to the Note after an Event of Default by the County pursuant to Section 12 hereof, and all damages or other payments received by the Paying Agent for the enforcement of any rights and powers of the Paying Agent under Section 12, shall be deposited into the Payment Account and as soon as practicable thereafter applied to the payment of all amounts then due as interest on the Note and any Parity Note, and thereafter to the payment of all amounts due as principal on the Note and any Parity Note, ratably without preference or priority of any kind, according to the amounts due and payable with respect to such Note and Parity Note.

**Section 14. Paying Agent**. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as paying agent and registrar for the Note. The County hereby directs and authorizes the payment by the Paying Agent of the interest on and principal of the Note when such become due and payable, from the Payment Account held by the Paying Agent in the name of the County in the manner set forth herein. The County hereby covenants to deposit funds in such account at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures and if the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment date set forth in the respective Purchase Agreement. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

**Section 15. Approval of Actions**. All actions heretofore taken by the officers and agents of the County or this Board with respect to the sale and issuance of the Note are hereby approved, confirmed and ratified, and the County Officers and agents of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution.

**Section 16. Proceedings Constitute Contract**. The provisions of the Note and of this Resolution shall constitute a contract between the County and the registered holders of the Note and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrepealable.

**Section 17. Limited Liability**. Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note, the County shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 7 hereof.

**Section 18. Amendments**. At any time or from time to time, the County may adopt one or more Supplemental Resolutions without the necessity for consent of the holders of the Note for any one or more of the following purposes:

(a) to add to the covenants and agreements of the County in this Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the holders of the Note.

Any modifications or amendment of this Resolution and of the rights and obligations of the County and of the holders of the Note may be made by a Supplemental Resolution, with the written consent of the holders of at least a majority in principal amount of the Note outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note remains outstanding, the consent of the holders of such Note shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the holders of the Note, or shall reduce the percentage of the Note, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Paying Agent without its written assent thereto.

**Section 19. Severability**. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 20. Appointment of Bond Counsel and Disclosure Counsel**. The County approves and consents to the appointment of the law firm of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California as Bond Counsel for the Note. The County acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to the County in this or some other matter. Given the special, limited role of Bond Counsel described above, the County acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

The County approves and consents to the appointment of the law firm of Kutak Rock LLP, Los Angeles, California as Disclosure Counsel for the Note. The County acknowledges that Disclosure Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Disclosure Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to the County in this or some other matter. Given the special, limited role of Disclosure Counsel described above, the County acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

**Section 21. Appointment of Municipal Advisor and Underwriter**. The County approves the appointment of Fieldman, Rolapp & Associates, Inc., as municipal advisor for the County for the Note (the "Municipal Advisor") pursuant to its existing contract to provide financial advisory services for the County.

The County approves and consents to the appointment of Wells Fargo Bank, National Association, as senior manager, together with UBS Financial Services, as co-manager (collectively, the "Underwriter") for the Note.

**Section 22. Effective Date.** This Resolution shall take effect from and after its date of adoption.

[Attach form of Certification of the Clerk with respect to the Resolution.]

**RESOLUTION NO. 2020 – 143**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2020-2021; THE ISSUANCE AND SALE OF ONE OR MORE 2020 TAX AND REVENUE ANTICIPATION NOTES; AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS**

ADOPTED by Riverside County Board of Supervisors on June 2, 2020.

ROLL CALL:

| | |
|---|---|
| Ayes: | Jeffries, Spiegel, Washington, Perez and Hewitt |
| Nays: | None |
| Absent: | None |

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA R. HARPER, Clerk of said Board

By: ______________________

Deputy

**EXHIBIT A**

**FORM OF NOTE**

COUNTY OF RIVERSIDE

2020 TAX AND REVENUE ANTICIPATION NOTE, SERIES ___[*]

| Interest Rate | Maturity Date | Date of Original Issue |
|---|---|---|
| % | _______ __, 2021 | July __, 2020 |
| **First Repayment Month** | **Second Repayment Month** | **Third Repayment Month** |
| __% (Total of principal and interest due on Note at maturity) | __% (Total of principal and interest due on Note at maturity) | __% (Total of principal and interest due on Note at maturity)[**] |

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**FOR VALUE RECEIVED,** the County of Riverside (the "County") acknowledges itself indebted, and promises to pay, to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on [__________, 20__ and on] the Maturity Date, at the Interest Rate specified above. Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal to be paid upon surrender hereof at the office of The Bank of New York Mellon Trust Company, N.A., or its successor (the "Paying Agent"). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note

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[*] If more than one series is issued in the Repayment Fiscal Year.

[**] Number of Repayment Dates and percentages to be determined in Purchase Agreement (as defined in the Resolution).

shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of certain resolutions of the Board of Supervisors of the County (the "Board") duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received or accrued by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year, as defined in the Resolution, and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the County has pledged from Unrestricted Revenues of the County received in the Repayment Months (as defined in the Resolution) identified in the Purchase Agreement (as defined in the Resolution) (and any amounts received thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on deposit in the Payment Account (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note as set forth in the Purchase Agreement (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the County lawfully available therefor as set forth in the Resolution. The full faith and credit of the County is not pledged to the payment of the principal of or interest on this Note.

In accordance with the Resolution, the County may at any time during the Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on Pledged Revenues on a parity with this Note; provided that (i) the issuance of any such Parity Note shall not, in and of itself, reduce or impair the rating on this Note, (ii) the maturity date of any such Parity Note shall be later than the maturity date of this Note, and (iii) this Note and the Parity Note shall have the same paying agent.

The County and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the County and the Paying Agent shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the County, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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

**IN WITNESS WHEREOF,** the Board has caused this Note to be executed by the manual or facsimile signature of a duly authorized County Officer and countersigned by the manual or facsimile signature of the Clerk of the Board as of the date of original issue set forth above.

COUNTY OF RIVERSIDE

By: ______________________________

Countersigned

By: ______________________________
Clerk of the Board

KBV:kbv

**IN WITNESS WHEREOF,** the Board has caused this Note to be executed by the manual or facsimile signature of a duly authorized County Officer and countersigned by the manual or facsimile signature of the Clerk of the Board as of the date of original issue set forth above.

COUNTY OF RIVERSIDE

By: ______________________________

Countersigned

By: ______________________________
Clerk of the Board

KBV:kbv

05/26/2020
PL202030132

**PAYING AGENT AGREEMENT**

**THIS PAYING AGENT AGREEMENT** is entered into as of July 1, 2020 (the "Agreement"), by and between County of Riverside, California (the "County") and The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent"), a national banking association duly organized and operating under the laws of the United States of America.

**WHEREAS,** the County has duly authorized the sale and issuance of the County of Riverside 2020 Tax and Revenue Anticipation Note (the "Note") pursuant to Resolution No. 2020-143 adopted by the County on June 2, 2020 (the "Resolution");

**WHEREAS,** in connection with the issuance of its Note, the County has agreed to pay certain of the costs associated with the issuance and delivery of the Note (the "Costs of Issuance"); and

**WHEREAS,** the Paying Agent has agreed to act as Paying Agent for the Note and to accept the deposit in the amount of $__________ for payment of certain Costs of Issuance (the "COI Deposit") and to disburse payments of Costs of Issuance to various persons, upon instruction and has full power and authority to perform and serve as Paying Agent for the County in connection with the Note and the payment of the Costs of Issuance;

**NOW, THEREFORE,** it is mutually agreed as follows:

**ARTICLE I**
**APPOINTMENT OF PAYING AGENT**

**SECTION 1.01 APPOINTMENT.** (a) The County hereby appoints the Paying Agent to serve as Paying Agent with respect to the Note in accordance with, respectively, the Resolution and this Agreement, including, without limitation:

(i) The obligation of the Paying Agent to make payments in respect of principal of and interest on the Note;

(ii) The obligation of the Paying Agent to maintain a register required to be kept by the Paying Agent pursuant to the provisions of the Resolution for the registration and transfer of the Note;

(iii) The obligation of the Paying Agent to make disbursement of the COI Deposit to pay Costs of Issuance, upon receipt of invoices by the Paying Agent; and

(iv) The obligation of the Paying Agent to transfer and exchange the Note; provided that, prior to any transfer of the Note outside the book-entry system, (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Paying Agent all information necessary to allow the Paying Agent to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended, it being acknowledged that the Paying Agent shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(b) By executing and delivering this Agreement, the Paying Agent hereby agrees to perform the duties and responsibilities of the Paying Agent under the Resolution with respect to the Note and hereby accepts its appointment and agrees to serve as Paying Agent for the Note.

**SECTION 1.02 COMPENSATION.** The Paying Agent will receive a one-time fee of $_______ payable out of the COI Deposit, as compensation for the Paying Agent's services hereunder. If the amount on deposit in the Costs of Issuance Account is not sufficient to pay such fee to the Paying Agent, the County shall pay the Paying Agent from available funds of the County all amounts necessary to compensate the Paying Agent pursuant to this Section 1.02. In addition, the Paying Agent shall be entitled to payment of all reasonable expenses (including, without limitation, legal fees and expenses) incurred in satisfaction of any of the provisions hereof, out of the COI Deposit or, if such funds no longer exist or are not sufficient, the County shall make such reimbursement to the Paying Agent.

## ARTICLE II
## COST OF ISSUANCE ACCOUNT

**SECTION 2.01 COSTS OF ISSUANCE ACCOUNT.** There is hereby established an account to be known as County of Riverside 2020 Tax and Revenue Anticipation Note Costs of Issuance Account (the "Costs of Issuance Account") to be held by the Paying Agent, into which the County shall cause to be deposited the COI Deposit.

## ARTICLE III
## DUTIES OF PAYING AGENT

**SECTION 3.01 DUTIES OF PAYING AGENT.** (a) The Paying Agent shall pay from the COI Deposit held in the Costs of Issuance Account those Costs of Issuance for which the Paying Agent has received a written invoice; provided that (i) each payee is listed as entitled to payment of Costs of Issuance on Exhibit A to this Agreement, (ii) the amount paid shall not exceed the amount set forth with respect to such payee in Exhibit A and (iii) amounts on deposit in the Costs of Issuance Account are sufficient to cover such payment.

(b) If the then remaining amounts on deposit in the Costs of Issuance Account are insufficient to pay any Costs of Issuance for which an invoice set forth in Exhibit A has been presented to the Paying Agent, the Paying Agent shall honor invoices to the extent of amounts remaining on deposit in the Costs of Issuance Account, and the County shall be responsible for payment of any amount of such invoice remaining unpaid. The Paying Agent shall honor invoices on a first received – first paid basis.

(c) The Paying Agent shall invest all cash in the Costs of Issuance Account as directed in writing by the County from time to time.

The Paying Agent shall not be responsible for any investment losses which may occur. The Paying Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the County. The County acknowledges that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the County specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Paying Agent that no brokerage confirmations need be sent relating to the security transactions as they occur. The Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the County.

(d) Any earnings in the Costs of Issuance Account shall remain in said account, until such account is closed. The Costs of Issuance Account shall be closed on the earlier to occur of (1) the date which is 45 days following the Closing Date of the Note; (2) the date on which each invoice scheduled on Exhibit A is paid in full; or (3) the date that the last available sums on deposit in the Costs of Issuance Account are disbursed in accordance with paragraph (a) above. At that time, the Paying Agent shall remit any amount remaining in the Costs of Issuance Account to the County.

(e) The Paying Agent shall also have such duties as assigned to it under the Resolution.

## ARTICLE IV
## ADDITIONAL PROVISIONS REGARDING THE PAYING AGENT

**SECTION 4.01** **<u>ADDITIONAL RIGHTS AND DUTIES</u>.** The Paying Agent undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof and may conclusively rely on certificates, invoices and requisitions furnished to the Paying Agent. In addition:

(a) No provisions of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(b) The Paying Agent may rely, shall be protected in acting or refraining from acting upon and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, resolution, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(c) The Paying Agent may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and completed authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(d) Neither the Paying Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Agreement or in connection herewith except to the extent caused by the Paying Agent's gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. The Paying Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(e) Any bank, corporation or association into which the Paying Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Paying Agent shall be the successor of the Paying Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

(f) The County shall indemnify, defend and hold harmless the Paying Agent and its officers, directors, employees and agents, from and against and reimburse the Paying Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Paying Agent directly or indirectly relating to, or arising from, claims against the Paying Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Paying Agent's gross negligence or willful misconduct. The provisions of this Section 4.01(f) shall survive the termination of this Agreement or the earlier resignation or removal of the Paying Agent.

(g) The Paying Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Paying Agent Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Paying Agent, or another method or system specified by the Paying Agent as available for use in connection with its services hereunder); provided, however, that the County shall provide to the Paying Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County whenever a person is to be added or deleted from the listing. If the County elects to give the Paying Agent Instructions using Electronic Means and the Paying Agent in its discretion elects to act upon such Instructions, the Paying Agent's understanding of such Instructions shall be deemed controlling. The County understands and agrees that the Paying Agent cannot determine the identity of the actual sender of such Instructions and that the Paying Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Paying Agent have been sent by such Authorized Officer. The County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Paying Agent and that the County and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the County. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The County agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Paying Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the

County; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Paying Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

**SECTION 4.02 MONEY HELD BY PAYING AGENT.** The Paying Agent shall hold the COI Deposit in the Costs of Issuance Account to be held in a fiduciary capacity for the payment of Costs of Issuance. Payments made from the Costs of Issuance Account shall be made by check or wire transfer drawn on such trust account.

All funds at any time and from time to time provided to or held by the Paying Agent hereunder shall be deemed, construed, and considered for all purposes as being provided to or held by the Paying Agent in trust and as a Paying Agent for the County, for payment of Costs of Issuance for the benefit of the County. The Paying Agent acknowledges, covenants, and represents that it is acting therein in an agency capacity in relation to such funds, and is not accepting, holding, administering, or applying such funds as a banking depository, but solely as paying agent for and on behalf of the County, to be applied as Paying Agent pursuant to the terms of this Agreement. The County shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of trust funds generally. The funds provided to the Paying Agent hereunder shall not be subject to warrants, drafts, or checks drawn by the County and, except as expressly provided herein, shall not be subject to compromise, setoff, or other charge or diminution by the Paying Agent.

The Paying Agent shall be under no liability for interest on any money received by it hereunder.

## ARTICLE V
## MISCELLANEOUS PROVISIONS

**SECTION 5.01 AMENDMENT.** This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**SECTION 5.02 ASSIGNMENT.** This Agreement may not be assigned by either party without prior written consent of the other, provided, however, that no such prior consent is required for an assignment by the Paying Agent if such assignment is to a successor by operation of law or in connection with a merger, consolidation, conversion or sale of all or substantially all of the Paying Agent's corporate trust business.

**SECTION 5.03 NOTICES.** Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the County or the Paying Agent shall be mailed or delivered to the following addresses:

To the Paying Agent at:

The Bank of New York Mellon Trust Company, N.A.
400 S. Hope Street, Suite 500
Los Angeles, CA 90071
Attn: Jane Thang
Tel: (213) 553-4343
Fax: (877) 269-6192

To the County at:

County of Riverside
Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501
Attn: Don R. Kent,
Assistant County Executive Officer

**SECTION 5.04 SUCCESSORS AND ASSIGNS.** All covenants and agreements herein by the County shall bind its successors and assigns, whether so expressed or not.

**SECTION 5.05 SEVERABILITY.** In case any provision herein shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 5.06 BENEFITS OF AGREEMENT.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**SECTION 5.07 ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties hereto relative to the Paying Agent acting in such capacity as agent of the County.

**SECTION 5.08 COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**SECTION 5.09 TERMINATION.** This Agreement will terminate on the date that the Note is paid in full. This Agreement may be earlier terminated by either party upon 30 days written notice. Upon an early termination of this Agreement, the Paying Agent agrees to promptly transfer and deliver to the County all pertinent records relating to the Costs of Issuance Account and the Note.

**SECTION 5.10 GOVERNING LAW.** This Agreement shall be construed in accordance with and governed by the laws of the State of California.

**IN WITNESS WHEREOF,** the parties have executed this Agreement as of the date and year first above written.

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,** as Paying Agent

By: ______________________________
Authorized Officer

**COUNTY OF RIVERSIDE**

By: ______________________________
Don R. Kent,
Assistant County Executive Officer

**SUBMITTAL TO THE BOARD OF SUPERVISORS**
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**ITEM:** 3.6
(ID # 12551)
**MEETING DATE:**
Tuesday, June 02, 2020

**FROM :** EXECUTIVE OFFICE:

**SUBJECT:** EXECUTIVE OFFICE: Fiscal Year 2020-2021 Tax and Revenue Anticipation Notes, Adopt Resolution No. 2020-143 Authorizing and Approving the Borrowing of Funds for Fiscal Year 2020-2021; All Districts. [$400,000,000 - Note Proceeds 100%] (VOTE ON SEPARATELY)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution No. 2020-143 Authorizing and Approving the Borrowing Of Funds For Fiscal Year 2020-2021; the Issuance and Sale Of The Fiscal Year 2020-2021 Tax And Revenue Anticipation Notes; and the Execution and Delivery of Related Documents.

**ACTION:Policy, Separate Vote Required**

Stephanie Perez, Principal Management Analyst 5/26/2020

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

| | |
|---|---|
| Ayes: | Jeffries, Spiegel, Washington, Perez and Hewitt |
| Nays: | None |
| Absent: | None |
| Date: | June 2, 2020 |
| xc: | EO |

Kecia R. Harper
Clerk of the Board
By: Deputy

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|---|---|---|---|---|
| COST | $ 0 | $330,000 | $330,000 | $ 0 |
| NET COUNTY COST | $ 0 | $ 0 | $ 0 | $ 0 |
| SOURCE OF FUNDS: 100% Note Proceeds | | | Budget Adjustment: No | |
| | | | For Fiscal Year: 2020-2021 | |

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The County annually issues Tax and Revenue Anticipation Notes (TRANs) to provide needed funds to cover the projected cash flow deficits of the County General Fund during the fiscal year. The deficit occurs because the timing of tax collections does not match the County's on-going expenditure requirements.

In addition, as a cost savings measure, the County evaluates annually the option of prepaying the unfunded liability portion of its pension obligation. Board Policy B-25 (Pension Management Policy) directs the Pension Advisory Review Committee (PARC) to review and make a recommendation regarding the prepayment of the annual CalPERS contribution. PARC recommended the prepayment of the CalPERS contribution for the last 15 years and recommends the prepayment of the FY 20-21 payment.

In April 2020, the Board of Supervisors approved the refunding of a portion of the pension obligation bonds. Through the successful sale of the bonds the County realized a lower CalPERS pre-payment.

Staff will continue to evaluate the cash flow benefit of the prepayment up to the pricing of the TRANs. If, at the time of the pricing, there is insufficient savings, the prepayment will be removed from the TRANs.

The FY 2020-21 resolution authorizes the issuance of tax and revenue anticipation notes in an amount not-to-exceed $400 million, though the actual amount may be less. The large authorization provides the flexibility to issue an additional series of notes in the event the County and State budgets change substantially. The County's issuance cost for the TRANs will be approximately $330,000, plus an underwriter's compensation of $149,362 assuming a $340 million issuance. It is anticipated that interest rates for the tax-exempt notes will be less than 1% for a 12-month note.

The resolution also appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Kutak Rock LLP as disclosure counsel for the notes, Fieldman, Rolapp &

Associates, Inc. as financial advisor, and Wells Fargo Corporate and Investment Banking, as senior managing underwriter, together with UBS Financial Services Inc., as co-manager.

The FY 2020-21 TRANs financing was recommended for approval by the Debt Advisory Committee at the May 14, 2020 meeting.

**Impact on Residents and Businesses**

The borrowing will allow the County to run its daily business until tax revenues are received. This allows the County to provide continued services to the citizens and businesses.

**ATTACHMENTS:**

A. Resolution No. 2020-143
B. 2020-21 TRANs Paying Agent Agreement
C. 2020-21 TRANs Note Purchase Agreement
D. Preliminary Official Statement
E. Appendix A

Lisa D Brandl 5/27/2020 Gregory P. Priamos, Director County Counsel 5/27/2020

Board of Supervisors County of Riverside

RESOLUTION NO. 2020-143

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2020-2021; THE ISSUANCE AND SALE OF ONE OR MORE 2020 TAX AND REVENUE ANTICIPATION NOTES; AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

**WHEREAS**, the County of Riverside (the "County") is authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the Board of Supervisors of the County (the "Board") has determined that a sum (the "Principal Amount") not to exceed a maximum principal amount of $400,000,000, is needed for the requirements of the County, to satisfy obligations of the County, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received or accrued by the County for the general fund of the County, and provided for or attributable to its fiscal year ending June 30, 2021 ("Repayment Fiscal Year");

**WHEREAS,** the County hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note, as hereinafter defined;

**WHEREAS,** it appears, and this Board hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the County provided for or attributable to the Repayment Fiscal Year, and available for the payment of the principal of the Note and the interest

FORM APPROVED COUNTY COUNSEL
BY KRISTINE BELL-VALDEZ 5/26/2020 DATE



4129-1528-2979.3

thereon;

**WHEREAS,** no money has heretofore been borrowed by or on behalf of the County through the issuance of tax and revenue anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue, cash receipts or other moneys for the Repayment Fiscal Year (other than amounts heretofore pledged by the County for the payment of its Teeter Plan obligations pursuant to Resolution No. 97-203, as such resolution may be amended or supplemented from time to time);

**WHEREAS,** pursuant to Section 53856 of the Act, certain moneys which will be received or accrued by the County and provided for or attributable to the Repayment Fiscal Year can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

**WHEREAS,** The Bank of New York Mellon Trust Company, N.A. has agreed to act as paying agent (the "Paying Agent") with respect to the Note;

**WHEREAS**, the Underwriter appointed in Section 21 hereof, intends to submit an offer to purchase the Note and has submitted a form of Note Purchase Agreement (the "Purchase Agreement") to the Board;

**WHEREAS,** a form of the Preliminary Official Statement describing the Note or Note of a series will be distributed to potential purchasers of the Note of such series by the Underwriter;

**WHEREAS,** this Board has been presented with the form of each document hereinafter referred to relating to the Note, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the issuance of the Note;

**WHEREAS,** the County has determined that it may be desirable to provide for the issuance of an additional parity note (the "Parity Note") during the Repayment Fiscal Year, the principal and interest on which are secured by Pledged Revenues, hereinafter defined, on a parity with the Note; and

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Supervisors of the County of Riverside ("Board"), assembled in regular session, assembled on June 2, 2020, in the Chambers of the Board of Supervisors, 4080 Lemon Street, 5th Floor, Riverside, California 92501, that this Board finds, determines, declares and resolves as follows:

**Section 1. <u>Recitals</u>.** All the above recitals are true and correct.

**Section 2. Authorization of Issuance.** This Board hereby determines to borrow solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received or accrued by the County for the general fund of the County and provided for or attributable to the Repayment Fiscal Year, by the issuance of a note or notes, pursuant to the provisions of the Act, designated the County's "2020 Tax and Revenue Anticipation Note," with an appropriate series designation if more than one note is issued (collectively, the "Note"), each to be issued in the form of a fully registered note or notes, in denominations of $5,000 or integral multiples thereof, in a combined amount not to exceed the Principal Amount, to be dated the date of delivery to the initial purchaser thereof, to mature on a date or dates, if more than one note is issued, with or without option of prior redemption at the election of the County, not more than 15 months thereafter on a date indicated on the face thereof and determined in the respective Purchase Agreement (each such date, a "Maturity Date"), and to bear interest, payable on the respective Maturity Date (and if the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment date set forth in the respective Purchase Agreement) and computed upon the basis of a 360-day year consisting of twelve 30-day months, or a 365- or 366-day year, as the case may be, and actual days elapsed, at a rate or rates, if more than one Note is issued, not to exceed 12% per annum as determined in the respective Purchase Agreement and indicated on the face of the respective Note (the "Note Rate"). If the Note of a series is not fully paid at maturity, the unpaid portion thereof shall be deemed outstanding and shall continue to bear interest thereafter until paid. In each case set forth in the preceding two sentences, the obligation of the County with respect to such unpaid Note shall not be a debt or liability of the County prohibited by Article XVI, Section 18 of the California Constitution, and the County shall not be liable thereon except to the extent of any available revenues provided for or attributable to the Repayment Fiscal Year, as provided in Section 7 hereof. Both the principal of and interest on the Note shall be payable in lawful money of the United States of America.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures as determined at closing.

**Section 4. Sale of Note; Purchase Agreement; Continuing Disclosure.** The form of the

Purchase Agreement presented to this meeting is hereby approved. The County Executive Officer, or in the absence of such officer, his or her assistant, the County Treasurer-Tax Collector, or in the absence of such officer, his or her assistant, and the Auditor-Controller, or in the absence of such officer, his or her assistant (each a "County Officer") are each hereby individually authorized and directed to execute and deliver such Purchase Agreement in substantially said form with respect to the Note of a series, with such changes thereto as such County Officer shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; *provided, however*, that the interest rate on the Note shall not exceed 12% per annum, and that the Underwriter's discount on the Note of a series shall not exceed 0.05% of the Principal Amount actually issued. Delivery of an executed copy of the Purchase Agreement by fax or telecopy shall be deemed effective upon execution and delivery for all purposes.

The form of instrument, entitled "Continuing Disclosure Certificate," to be dated as of its date of execution, in substantially the form presented to this meeting, is hereby approved. Any County Officer is authorized and directed to execute and deliver on behalf of the County an instrument in substantially said form, with such changes therein as such officer executing such instrument may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5. Official Statement.** The proposed form of preliminary official statement (the "Preliminary Official Statement") relating to the Note, in substantially the form presented to this meeting, is hereby approved with such changes, additions, completion and corrections as any County Officer may approve, and the Underwriter is hereby authorized and directed to cause to be distributed to prospective purchasers a Preliminary Official Statement in connection with the offering and sale of the Note of a series. Such Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the County for purposes of Rule 15c2-12, promulgated by the Securities and Exchange Commission (the "Rule"), unless otherwise exempt, but is subject to revision, amendment and completion in a final official statement (the "Official Statement"). The Official Statement for each series in substantially said form is hereby authorized and approved, with such changes therein as any County Officer may approve. The County Officer is hereby authorized and directed, at or after the time of the sale of the Note of each series, for and in the name and on behalf of the County, to deem the applicable Preliminary Official Statement final on behalf of the County, to execute a final Official Statement in substantially the form of the applicable Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the County Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Any one of the County Officers is hereby authorized and directed to provide disclosure counsel with such information relating to the County as they shall reasonably request for inclusion in the Preliminary Official Statement and the Official Statement related to any series and any supplements thereto. Upon inclusion of the information relating to the County therein, the Preliminary Official Statement is, except for certain omissions permitted by the Rule, hereby deemed final within the meaning of the Rule. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in any Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall promptly notify the Underwriter and the Municipal Advisor.

**Section 6. Disposition of Proceeds of Note; Investment.** The moneys received from the sale of the Note shall be deposited in the County's "2020 Note Proceeds Account" (herein called the "Proceeds Account") which Proceeds Account is hereby established and maintained with the County Treasurer-Tax Collector. The moneys received from the sale of the Note deposited in the County's Proceeds Account may be used and expended by the County for any purpose for which it is authorized to expend funds.

All moneys in the Proceeds Account shall be invested in Permitted Investments (as hereinafter defined), and the proceeds of such investments shall be retained in the Proceeds Account.

"Permitted Investments" means any of the following to the extent then permitted by law:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit

of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Obligations of instrumentalities or agencies of the United States of America. These are specifically limited to:

-- Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Debt Obligations

-- Federal Home Loan Banks (FHL Banks)

Consolidated debt obligation

-- Federal National Mortgage Association (FNMA)

Debt obligations

Mortgage backed securities (Excluded are stripped mortgage securities-which are purchased at prices exceeding their principal amounts).

Book entry securities listed in 1 and 2 above must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank.

3. Federal Housing Administration debentures.

4. Commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated SP-1 by S&P and MIG-1 by Moody's.

5. Interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings

Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto. These deposits: (a) must be continuously and fully insured by BIF or SAIF, or (b) must have maturities of less than 366 days and be deposited with banks the short term obligations of which are rated SP-1 by S&P and MIG-1 by Moody's.

6. Money market mutual funds or portfolios investing in short-term US Treasury securities rated AAAm or AAAm-G by S&P and Aaa by Moody's.

7. Investment agreements, funding agreements or guaranteed investment contracts approved by the County Treasurer-Tax Collector with a financial institution rated in one of the two highest rating categories by both Moody's and S&P without regard to plus, minus or numerical notation. Such agreement or contract must contain downgrade covenants providing that in the event of a rating downgrade of the provider below Aa3 by Moody's or AA- by S&P, the agreement or contract shall require the provider to notify the County Treasurer-Tax Collector in writing of such downgrade within five (5) business days of such downgrade event; thereafter, at the provider's option, the provider shall either (a) assign the agreement or contract and all of its obligations thereunder to a then qualified financial institution acceptable to the County Treasurer-Tax Collector, or (b) collateralize the agreement or contract with U.S. Treasury or Government Agency securities at 105% of principal and interest, marked-to-market weekly with a three (3) business day cure period for deficiencies. Such collateral must be held by an independent third party acting for the benefit of the County and must be free and clear of any liens. A downgrade below A3 by Moody's or A- by S&P of the provider or any substituted provider pursuant to an assignment, shall allow for the immediate withdrawal of all monies then invested in the agreement or contract at no premium or penalty to the County.

8. Repurchase agreements with financial institutions or banks insured by the FDIC or FSLIC, or any broker dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC), or any other financial institutions, provided that: (a) the repurchase agreement is over-collateralized at one hundred two percent (102%), computed weekly, consisting of securities as described in clauses (1) and

(2) above; (b) a third party custodian, the Paying Agent or the Federal Reserve Bank shall have possession of such obligations; (c) the Paying Agent shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Paying Agent to liquidate the collateral.

9. The Local Agency Investment Fund administered by the State of California.

10. Investment Trust of California, doing business as CalTRUST.

11. The Pooled Investment Fund maintained by the County Treasurer-Tax Collector.

**Section 7. Source of Payment; Parity Note.** The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which are accrued, received or held by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year and which are available for payment of current expenses and other obligations of the County ("Unrestricted Revenues"). As security for the payment of the principal of and interest on the Note, the County hereby pledges all Unrestricted Revenues, except for Unrestricted Revenues pledged by the County to the payment of County of Riverside Teeter Plan obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and supplemented from time to time (the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the moneys received by the County from such Pledged Revenues and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the County lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The County may incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues hereunder and may issue subordinate tax and revenue anticipation notes.

In order to effect the pledge referenced in the preceding paragraph, the County hereby agrees to the establishment and maintenance of a "2020 Note Payment Account" (herein called the "Payment Account") by the Paying Agent as the responsible agent to maintain such an account until the payment of the principal of the Note and the interest thereon, and the County further agrees to cause to be deposited in the Payment Account from amounts received in the months specified in the respective Purchase Agreement as Repayment Months (each individual month a "Repayment Month" and collectively "Repayment

Months") (and any amounts received thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on deposit in the Payment Account, is equal in the respective Repayment Months identified in the respective Purchase Agreement to the percentage of the principal of and interest due on the Note specified in such Purchase Agreement. Any such deposit may take into consideration anticipated investment earnings on amounts deposited in an Investment Agreement that is a Permitted Investment through the Maturity Date.

Any County Officer is hereby authorized to approve the determination of the Repayment Months and percentages of the principal of and interest due on the Note of each series required to be on deposit in the Payment Account in each Repayment Month, all as specified in the respective Purchase Agreement, by executing and delivering such Purchase Agreement, such execution and delivery to be conclusive evidence of approval by this Board and such County Officer. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the County has not received sufficient Unrestricted Revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said Unrestricted Revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

Any moneys placed in the Payment Account shall be for the benefit of the holders of the Note. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for such payment.

In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the following priority: first, to pay interest on the Note and any Parity Note, ratably; and second, to pay principal of the Note and any Parity Note, ratably without preference or priority of any kind, according to the amounts due and payable with respect to such Note and Parity Note. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the County.

Moneys in the Payment Account shall be invested in Permitted Investments and any such investment shall be for the account and risk of the County. The County shall not be deemed to be relieved of any of its obligations with respect to the Note by reason of such investment of the moneys in its Payment Account.

Anything herein to the contrary notwithstanding, the County may at any time during the Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on Pledged Revenues on a parity with the then outstanding Note; provided that (i) the issuance of any such Parity Note shall not, in and of itself, reduce or impair the rating on the then outstanding Note, (ii) the maturity date of any such Parity Note shall be later than the outstanding Note and (iii) the then outstanding Note and Parity Note shall have the same paying agent. In the event that the County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note.

**Section 8. <u>Execution of Note.</u>** Any one of the County Officers or any other officer designated by the Board shall be authorized to execute the Note by manual or facsimile signature, and the Clerk of the Board of the County or any duly appointed deputy or assistant thereto shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the County are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the respective Purchase Agreement. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note need not bear the seal of the County, if any.

**Section 9. <u>Use of Depository; Registration, Exchange and Transfer</u>.**

(A) The Depository Trust Company, New York, New York ("DTC"), is hereby appointed depository for the Note. DTC shall perform such function pursuant to the Blanket Issuer Letter of Representations on file with DTC (the "Letter of Representations"). The Note shall be initially issued and registered in the name of "Cede & Co.," as nominee of DTC and shall be evidenced by a single Note for each series. Registered ownership of each Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 9(B).

(B) The Note shall be initially issued and registered as provided in Section 9(A) hereof.

Registered ownership of the Note, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of DTC, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (B) ("Substitute Depository"); provided, that, any successor of Cede & Co., as nominee of DTC or Substitute Depository, shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository not objected to by the County Officer, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the County Officer to substitute another depository for DTC (or its successor) because DTC (or its successor) is no longer able to carry out its functions as depository; provided, that, any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the County Officer to discontinue using DTC or a depository.

(C) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (B) of this Section 9, upon receipt of the outstanding Note of each series by the Paying Agent (together with a written request of the County Officer to the Paying Agent designating the Substitute Depository), a single new Note of each series, which the County shall prepare or cause to be prepared, shall be executed and delivered, authenticated by the Paying Agent, and registered in the name of any such successor to Cede & Co. or such Substitute Depository, or their respective nominees, as the case may be, all as specified in the written request of the County Officer. In the case of any transfer pursuant to clause (iii) of Subsection (B) of this Section 9 upon receipt of the outstanding Note of a series by the Paying Agent (together with a written request of the County Officer to such Paying Agent), a new Note of such series, which the County shall prepare or cause to be prepared, shall be executed by the County and authenticated by the Paying Agent and delivered in such denominations and registered in the names of such persons as specified by the County Officer in such written request, subject to the limitations of this Section 9, provided, that, the Paying Agent shall deliver such new Note as soon as practicable.

(D) The County and the Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of this Resolution and for purposes of payment of principal of and interest on such Note, notwithstanding any notice to the contrary received by the Paying Agent or the County; and the County and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Note while DTC or its successor is the registered owner. Neither the County nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the registered owner of any Note, and the Paying Agent may rely conclusively on its records as to the identity of the owners of the Note.

(E) Notwithstanding any other provision of this Resolution and so long as the outstanding Note is registered in the name of Cede & Co. or its registered assigns, the County and the Paying Agent shall cooperate with Cede & Co. or its registered assigns, as sole registered owner, in effecting payment of the principal of and interest on the Note by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Letter of Representations, the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

(F) In the case of any transfer pursuant to clause (iii) of subsection (B) of this Section, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount in authorized denominations, upon the books required to be kept by the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed and in form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the County shall execute and the Paying Agent shall authenticate and deliver a new Note of authorized denominations of the same series, for a like aggregate principal amount of the same interest rate. The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(G) The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Note of each series, which shall at all times be open to inspection by the County. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

(H) If any Note shall become mutilated, the County, at the expense of the owner of such Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Note of like series, tenor, interest rate and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County and the Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the County, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate, if required, and deliver a new Note of like series, interest rate, tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Paying Agent may require payment by the registered owner of a Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the County and the Paying Agent. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the County whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with the Note of any other series secured by this Resolution.

The Note of any series surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly cancelled by it. The County may at any time deliver to the Paying Agent for cancellation any Note previously authenticated and delivered hereunder which the County may have acquired in any manner whatsoever, and any Note so delivered shall promptly be cancelled by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for any Note cancelled as provided herein, except as expressly permitted hereunder. The cancelled Note of any series held by the Paying Agent shall be disposed of as directed by the County.

**Section 10. <u>Representations and Covenants of the County</u>.** The County makes the following representations and covenants for the benefit of the holders of the Note:

(A) The County is duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority (i) to adopt this Resolution and perform its obligations thereunder, (ii) to enter into and perform its obligations under the Purchase Agreement, and (iii) to issue the Note and perform its obligations thereunder.

(B) Upon the issuance of the Note, the County shall have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance of its obligations thereunder, and the County has full legal right, power and authority to issue and deliver the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the County is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities laws of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the County required for the issuance and sale of the Note or the consummation by the County of the other transactions contemplated by this Resolution, except those the County shall obtain or perform prior to or upon the issuance of the Note.

(E) Prior to the issuance of the Note, the County has duly, regularly and properly adopted a recommended budget for the Repayment Fiscal Year setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The County hereby covenants that it shall (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the Municipal Advisor and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) The County (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation, and (ii) to the best knowledge of the County, has never defaulted on any debt obligation.

(G) The County's most recent audited financial statements present fairly the financial condition of the County as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Municipal Advisor and the Underwriter and in the Preliminary Official Statement and to be set forth in the final Official Statement, there has been no change in the financial condition of the County since the date of such audited financial statements that will in the reasonable opinion of the County materially impair its ability to perform its obligations under this Resolution and the Note. The County agrees to furnish to the Municipal Advisor and the Underwriter promptly, from time to time, such information regarding the operations, financial condition and property of the County as such party may reasonably request.

(H) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the County, threatened against or affecting the County questioning the validity of any proceeding taken or to be taken by the County in connection with the Note, the Purchase Agreement or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the County of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the County's financial condition or results of operations or on the ability of the County to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under, the Note, the Purchase Agreement or this Resolution.

(I) Upon issuance of the Note and execution of the Purchase Agreement, this Resolution, the Purchase Agreement and the Note will constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against local agencies, as applicable, in the State of California.

(J) The County and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged

Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(K) Except for Parity Notes, if any, permitted to be executed and delivered pursuant to Section 7 hereof, the County shall not incur any indebtedness secured by a pledge of its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged Revenues hereunder.

(L) The information contained in the Official Statement (excluding the statements and information under the heading "UNDERWRITING" and under "THE NOTE—Book-Entry-Only System"), as of the time of delivery thereof to the Underwriter and at all times subsequent thereto up to and including the closing, will be true, complete, correct and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(M) The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate consistent with the requirements of the Rule.

**Section 11. Tax Covenants.** The County will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Without limiting the generality of the foregoing, the County will not make any use of the proceeds of the Note or any other funds of the County which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The County, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

The County hereby covenants that the County will take all legally permissible steps necessary to ensure that all of the gross proceeds of the Note will be expended no later than the day that is six months after the date of issuance of the Note so as to satisfy the requirements of Section 148(f)(4)(B) of the Code.

Notwithstanding any other provision of this Resolution to the contrary, upon the County's failure to observe, or refusal to comply with, the covenants contained in this Section 11, no one other than the holders or former holders of the Note, and their legal representatives, shall be entitled to exercise any right or remedy under this Resolution on the basis of the County's failure to observe, or refusal to comply with, such covenants.

The covenants contained in this Section 11 shall survive the payment of the Note.

**Section 12. <u>Events of Default and Remedies</u>.**

If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the County to make or cause to be made the transfers and deposits to the Payment Account, or any other payment required to be paid hereunder, including payment of principal of and interest on the Note, on or before the date on which such transfer, deposit or other payment is due and payable;

(b) Failure by the County to observe and perform any covenant, condition or agreement (other than failure to make a payment or transfer as provided in subsection (a) of this Section) on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the County by the holders of not less than 10% in aggregate principal amount of the Note, unless such holders shall agree in writing to an extension of such time prior to its expiration;

(c) Any warranty, representation or other statement by or on behalf of the County contained in this Resolution or the Purchase Agreement or in any requisition or any financial report delivered by the County or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(d) A petition is filed against the County under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the holders of the Note shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect their interests;

(e) The County files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(f) The County admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the County or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the holders of the Note shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect their interests;

Whenever any Event of Default referred to in this Section 12 shall have happened and be continuing, the holders of the Note and any adversely affected former holders of the Note, and their legal representatives, shall, in addition to any other remedies provided herein, have the right, at their option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Without declaring the Note to be immediately due and payable, require the County to pay to the Paying Agent on behalf of the holders of the Note, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the County the same shall become immediately due and payable by the County without further notice or demand; and

(b) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

**Section 13. Application of Amounts After Default**. Notwithstanding anything to the contrary contained herein, after a default by the County, all funds and accounts held by the Paying Agent and all payments received by the Paying Agent with respect to the Note after an Event of Default by the County pursuant to Section 12 hereof, and all damages or other payments received by the Paying Agent for the enforcement of any rights and powers of the Paying Agent under Section 12, shall be deposited into the Payment Account and as soon as practicable thereafter applied to the payment of all amounts then due as interest on the Note and any Parity Note, and thereafter to the payment of all amounts due as principal on the Note and any Parity Note, ratably without preference or priority of any kind, according to the amounts due and payable with respect to such Note and Parity Note.

**Section 14. Paying Agent**. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as paying agent and registrar for the Note. The County hereby directs and authorizes the payment by the Paying Agent of the interest on and principal of the Note when such become due and payable, from the Payment Account held by the Paying Agent in the name of the County in the manner set forth herein. The County hereby covenants to deposit funds in such account at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures and if the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment date set forth in the respective Purchase Agreement. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

**Section 15. Approval of Actions**. All actions heretofore taken by the officers and agents of the County or this Board with respect to the sale and issuance of the Note are hereby approved, confirmed and ratified, and the County Officers and agents of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution.

**Section 16. Proceedings Constitute Contract**. The provisions of the Note and of this Resolution shall constitute a contract between the County and the registered holders of the Note and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrepealable.

**Section 17. Limited Liability**. Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note, the County shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 7 hereof.

**Section 18. Amendments**. At any time or from time to time, the County may adopt one or more Supplemental Resolutions without the necessity for consent of the holders of the Note for any one or more of the following purposes:

(a) to add to the covenants and agreements of the County in this Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any monies, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the holders of the Note.

Any modifications or amendment of this Resolution and of the rights and obligations of the County and of the holders of the Note may be made by a Supplemental Resolution, with the written consent of the holders of at least a majority in principal amount of the Note outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note remains outstanding, the consent of the holders of such Note shall not be required. No such modification or amendment shall permit a change in the maturity of the Note or a reduction of the principal amount thereof or an extension of the time of any payment thereon or a reduction of the rate of interest thereon, or a change in the date or amounts of the pledge set forth in this Resolution, without the consent of the holders of the Note, or shall reduce the percentage of the Note, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Paying Agent without its written assent thereto.

**Section 19. Severability**. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 20. Appointment of Bond Counsel and Disclosure Counsel**. The County approves and consents to the appointment of the law firm of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California as Bond Counsel for the Note. The County acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to the County in this or some other matter. Given the special, limited role of Bond Counsel described above, the County acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

The County approves and consents to the appointment of the law firm of Kutak Rock LLP, Los Angeles, California as Disclosure Counsel for the Note. The County acknowledges that Disclosure Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Disclosure Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to the County in this or some other matter. Given the special, limited role of Disclosure Counsel described above, the County acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

**Section 21. Appointment of Municipal Advisor and Underwriter**. The County approves the appointment of Fieldman, Rolapp & Associates, Inc., as municipal advisor for the County for the Note (the "Municipal Advisor") pursuant to its existing contract to provide financial advisory services for the County.

The County approves and consents to the appointment of Wells Fargo Bank, National Association, as senior manager, together with UBS Financial Services, as co-manager (collectively, the "Underwriter") for the Note.

**Section 22. Effective Date.** This Resolution shall take effect from and after its date of adoption.

[Attach form of Certification of the Clerk with respect to the Resolution.]

**EXHIBIT A**

**FORM OF NOTE**

COUNTY OF RIVERSIDE

2020 TAX AND REVENUE ANTICIPATION NOTE, SERIES ___ [*]

| Interest Rate | Maturity Date | Date of Original Issue |
|---|---|---|
| % | _______ __, 2021 | July __, 2020 |

| First Repayment Month | Second Repayment Month | Third Repayment Month |
|---|---|---|
| __% (Total of principal and interest due on Note at maturity) | __% (Total of principal and interest due on Note at maturity) | __% (Total of principal and interest due on Note at maturity)[**] |

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**FOR VALUE RECEIVED,** the County of Riverside (the "County") acknowledges itself indebted, and promises to pay, to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on [__________, 20__ and on] the Maturity Date, at the Interest Rate specified above. Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal to be paid upon surrender hereof at the office of The Bank of New York Mellon Trust Company, N.A., or its successor (the "Paying Agent"). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note

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[*] If more than one series is issued in the Repayment Fiscal Year.

[**] Number of Repayment Dates and percentages to be determined in Purchase Agreement (as defined in the Resolution).

shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of certain resolutions of the Board of Supervisors of the County (the "Board") duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received or accrued by the County for the general fund of the County and are provided for or attributable to the Repayment Fiscal Year, as defined in the Resolution, and which are available for payment thereof. As security for the payment of the principal of and interest on the Note, the County has pledged from Unrestricted Revenues of the County received in the Repayment Months (as defined in the Resolution) identified in the Purchase Agreement (as defined in the Resolution) (and any amounts received thereafter provided for or attributable to the Repayment Fiscal Year) until the amount on deposit in the Payment Account (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note as set forth in the Purchase Agreement (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the County lawfully available therefor as set forth in the Resolution. The full faith and credit of the County is not pledged to the payment of the principal of or interest on this Note.

In accordance with the Resolution, the County may at any time during the Repayment Fiscal Year issue a Parity Note secured by a first lien and charge on Pledged Revenues on a parity with this Note; provided that (i) the issuance of any such Parity Note shall not, in and of itself, reduce or impair the rating on this Note, (ii) the maturity date of any such Parity Note shall be later than the maturity date of this Note, and (iii) this Note and the Parity Note shall have the same paying agent.

The County and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the County and the Paying Agent shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the County, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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

**IN WITNESS WHEREOF,** the Board has caused this Note to be executed by the manual or facsimile signature of a duly authorized County Officer and countersigned by the manual or facsimile signature of the Clerk of the Board as of the date of original issue set forth above.

COUNTY OF RIVERSIDE

By: ______________________

Countersigned

By: ______________________
Clerk of the Board

ROLL CALL:

| | |
|---|---|
| Ayes: | Jeffries, Spiegel, Washington, Perez and Hewitt |
| Nays: | None |
| Absent: | None |

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

Kecia R. Harper, Clerk of said Board

By ______________________
Deputy

KBV:kbv

05/26/2020
PL202030132

## OFFICIAL STATEMENT

**$340,000,000***
**COUNTY OF RIVERSIDE**
**2020 TAX AND REVENUE ANTICIPATION NOTE**

## INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the Note being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution (as defined below). See "APPENDIX F—FORM OF RESOLUTION" attached hereto.*

### General

This Official Statement, including the Appendices hereto, has been prepared under the direction of the County of Riverside (the "County"), in order to furnish information with respect to its sale of a tax and revenue anticipation note designated, "County of Riverside, 2020 Tax and Revenue Anticipation Note" (the "Note") in the aggregate principal amount of $340,000,000*. The Note was authorized pursuant to the resolution of the County adopted on June 2, 2020 (the "Resolution"), and will be issued in full conformity with the constitution and laws of the State of California (the "State"), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"). The Note is a general obligation of the County payable solely from unrestricted revenues consisting of taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County attributable to its fiscal year commencing on July 1, 2020 and ending on June 30, 2021 ("Fiscal Year 2020-21") and legally available for payment thereof. The Note is secured by a pledge of such unrestricted revenues, excluding amounts pledged by the County to the payment of the County's Teeter Plan obligations. See "THE NOTE—Security for the Note" herein for a description of such Pledged Revenues (as defined herein), and "APPENDIX A–INFORMATION REGARDING THE COUNTY OF RIVERSIDE–FINANCIAL INFORMATION–Teeter Plan" for a discussion of the County's Teeter Plan obligations. The Note shall constitute a first lien and charge against such Pledged Revenues. Proceeds from the sale of the Note will be used for current General Fund expenditures, including current expenses and capital expenditures. The Act provides that the County may issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon.

In the event on the day in a particular month that a deposit to the Payment Account (as defined herein) is required to be made, the County has not received sufficient Pledged Revenues to permit the deposit into the Payment Account of the full amount required to be deposited in the Payment Account in said month, then the amount of any deficiency will be satisfied and made up from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

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* Preliminary; subject to change.

### Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "projection," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

## THE NOTE

### Authority for Issuance

The Note is issued under the authority of the cited provisions of the Act and pursuant to the Resolution (see "INTRODUCTION" above).

### Purpose of Issue

Issuance of the Note will provide moneys to meet the County's Fiscal Year 2020-21 General Fund expenditures, including current expenses and capital expenditures, and the discharge of other obligations or indebtedness of the County.

### Description of the Note

The Note will be issued in the aggregate principal amount of $340,000,000* and will be issued in denominations of $5,000 or integral multiples thereof. The Note shall bear interest at the rate and will mature on the dates set forth on the inside cover page hereof. The Note is payable at maturity and interest thereon will be computed on a 30-day month/360-day year basis. The Note is to be delivered as a fully registered Note, without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Note. Purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof.

### Security for the Note

The Note and the interest thereon is a general obligation of the County and are payable solely from unrestricted revenues consisting of taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County attributable to its Fiscal Year 2020-21 and legally available for payment thereof, and are secured by a pledge of said unrestricted revenues, excluding amounts heretofore pledged by the County to the payment of its Teeter Plan obligations issued pursuant to Resolution No. 97-203, as such resolution may be amended and supplemented from time to time (the "Pledged Revenues"). See "APPENDIX A–INFORMATION REGARDING THE COUNTY OF RIVERSIDE–FINANCIAL INFORMATION–Teeter Plan" for a discussion of the County's Teeter Plan obligations. The Note shall constitute a first lien and charge against such Pledged Revenues. As security for the payment of the Note, including the interest thereon, the County has covenanted pursuant to the Resolution to set aside: (a) on January 31, 2021, an amount equal to 60% of the principal amount of and interest on the Note at maturity from said Pledged Revenues

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* Preliminary; subject to change.

received by the County in January, 2021; and (b) on May 31, 2021, an amount equal to 40% of the principal amount of and interest on the Note at maturity from said Pledged Revenues received by the County in May, 2021. Certain deposits may take into consideration anticipated investment earnings on amounts deposited in Permitted Investments through the maturity date. See "APPENDIX F—FORM OF RESOLUTION" attached hereto. As of the date hereof, the County has met all of its prior obligations to set aside amounts for payments of its tax and revenue anticipation notes with respect to its $340,000,000 County of Riverside 2019 Tax and Revenue Anticipation Note due June 30, 2020.

Proceeds from the sale of the Note will be used for current General Fund expenditures, including current expenses and capital expenditures. The Act provides that the County may issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon.

The Pledged Revenues shall be deposited by the County and held by the Paying Agent, in a special account (the "Payment Account") and applied as directed under the Resolution. The County will instruct the Paying Agent to invest the amounts in the Payment Account in the County Treasurer's Pooled Investment Fund pursuant to an investment agreement between the Paying Agent and the County until such amounts are required for the repayment of the Note. Any money deposited by the Paying Agent in the Payment Account shall be for the benefit of the holders of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on the Note at maturity, the moneys in the Payment Account shall be applied solely for the purpose of paying the principal of and interest on the Note at its maturity, although such amounts shall be invested by the County in Permitted Investments (as defined in the Resolution). In the event investment losses cause amounts on deposit in the Payment Account to be insufficient to pay principal of and interest on the Note at maturity, the County is required to use any available Pledged Revenues from Fiscal Year 2020-21 for the payment of principal of and interest on the Note, but there is no guarantee that the County will have sufficient Pledged Revenues to pay the principal of and interest on the Note as the same becomes due. Any moneys placed in the Payment Account shall be for the benefit of the holders of the Note. The moneys in the Payment Account shall be applied only for the purposes for which the Payment Account is created until the principal of the Note and all interest thereon are paid or until provision has been made for such payment. In the event that moneys in the Payment Account are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the following priority: first, to pay interest on the Note and any Parity Note, defined herein, ratably; and second, to pay principal of the Note and any Parity Note, ratably without preference or priority or any kind, according to the amounts due with respect to such Note and Parity Note. Any moneys remaining in or accruing to the Payment Account after the principal of the Note and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the County.

The Resolution requires that the Pledged Revenues be deposited and held in the Payment Account until maturity, at which time the moneys in such fund will be used to repay the Note. If during the foregoing period there are insufficient sources of Pledged Revenues to permit deposit of the full amount of Pledged Revenues, then the amount of any deficiency shall be satisfied from any other moneys of the County lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The County is not authorized to levy or collect any taxes for the repayment of the Note.

Should the County file for Chapter 9 bankruptcy, a court might hold that the holders of the Note do not have a valid and prior lien on the Payment Account invested in the County Treasurer's Pooled Investment Fund. While the County has taken steps to mitigate this risk by retaining the Paying Agent, by entering into a formal investment agreement with the Paying Agent, and by its practice of maintaining separate records of the Payment Account held in the Pooled Investment Fund, if the holders of the Note cannot trace the Payment Account funds, they may not be available for payment of principal of and interest on the Notes. There can be no assurance that the holders of the Note will be able to successfully trace such funds in the County Treasurer's Pooled Investment Fund in the future. For more information regarding the County Treasurer's Pooled Investment Fund, see "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE—Financial Information—Riverside County Treasurer's Pooled Investment Fund."

**Available Sources of Repayment**

The Note, in accordance with the Act, is a general obligation of the County but is payable only out of Pledged Revenues, which include the taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of the County which are accrued, received or held by the County for the General Fund of the County and are provided for or attributable to Fiscal Year 2020-21 and which are legally available for payment thereof. The Constitution of the State substantially limits the County's ability to levy ad valorem taxes (see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein). The County may, under the Act, issue the Note only if the principal of and interest on the Note will not exceed 85% of the estimated amounts of the County's uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys to be received or accrued by the County for the General Fund of the County and provided for or attributable to the Repayment Fiscal Year, all of which will be legally available to pay principal of and interest on the Note. The County has reserved the right to issue additional notes during Fiscal Year 2020-21 having a parity or subordinate lien on the Pledged Revenues, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and such additional notes. See "Additional Note Obligations" below and "APPENDIX F—FORM OF RESOLUTION" attached hereto. Further detail as to the estimated Pledged Revenues available for repayment can be found in "Table I, County of Riverside Fiscal Year 2020-21 Projected Unrestricted Revenues Available for Note Repayment," "Table IV, County of Riverside Fiscal Year 2020-21 Projected General Fund Cash Flow," and "Table VII, County of Riverside Alternative and Other Restricted Cash Resources, Actual/Projected."

The table below sets forth the source and amount of Fiscal Year 2020-21 projected unrestricted revenues available for repayment of the Note.

**TABLE I**
**County of Riverside**
**Fiscal Year 2020-21 Projected Unrestricted Revenues**
**Available for Note Repayment**
**(in Thousands)**

| **Revenue Source** | **Fiscal Year 2020-21 Amount** |
|---|---|
| Property Taxes | $289,443 |
| Sales and Use Taxes | 29,073 |
| Other Taxes | 35,808 |
| Licenses and Permits | 20,033 |
| Fines, Forfeitures and Penalties | 51,677 |
| Revenue from Use of Money and Property | 14,787 |
| State Aid | 1,578,886 |
| Federal Aid | 695,347 |
| Other Government Aid | 128,879 |
| Charges for Current Services | 621,008 |
| Miscellaneous Revenue | 35,994 |
| Other Financing Sources | 11,017 |
| Repayment of Advances to Other Funds | 61,441 |
| Reimbursement from Departments (CalPERS) | 112,482 |
| Interfund Transfers | 35,000 |
| **Total** | **$3,720,873** |

**Estimated and Projected General Fund Cash Flows**

Set forth below in Table II is a detailed summary of the County's actual Fiscal Year 2018-19 General Fund cash flows. Set forth below in Table III is a detailed summary of the County's actual and estimated Fiscal Year 2019-20 General Fund cash flows. Set forth below in Table IV is a detailed summary of the County's projected Fiscal Year 2020-21 General Fund cash flows. Table V provides a comparison between the Fiscal Year 2019-20 original projections of General Fund cash flows and the Fiscal Year 2019-20 actual/estimated General Fund cash flows. Table VI provides a comparison between the Fiscal Year 2019-20 actual/estimated General Fund cash flows and the Fiscal Year 2020-21 projected General Fund cash flows.

The estimated Fiscal Year 2019-20 cash flows and the projected Fiscal Year 2020-21 cash flows, as prepared by the County Auditor's Office, reflect the best currently available estimates and judgments of the County Auditor's Office as to the County's revenues and expenditures and the expected financial condition of the County for such fiscal years. The presented projected cash flows assume that all of the County's cash flow requirements are externally funded through the issuance of the Note, but, based on market conditions, the County may determine to borrow internally for a portion of its cash flow needs.

Neither the County's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the estimated Fiscal Year 2019-20 cash flows or the projected Fiscal Year 2020-21 cash flows contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and such parties assume no responsibility for, and disclaim any association with, the estimated Fiscal Year 2019-20 cash flows or the projected Fiscal Year 2020-21 cash flows.

***The assumptions and estimates underlying the projected cash flows are uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected cash flows.*** Accordingly, there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected cash flows. Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved. Basic assumptions underlying these General Fund projections include, but are not limited to, revenues and expenses as set forth in the County's recommended budget and impacts of recommended State budget (including the May revision thereto). For a discussion of the County's budget process, see "APPENDIX A – FINANCIAL INFORMATION–Budgetary Process and Budget."

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# TABLE II
## County of Riverside Fiscal Year 2018-19
## Actual General Fund Cash Flow
## ($ in Thousands)

| | Jul-18 Actuals | Aug-18 Actuals | Sep-18 Actuals | Oct-18 Actuals | Nov-18 Actuals | Dec-18 Actuals | Jan-19 Actuals | Feb-19 Actuals | Mar-19 Actuals | Apr-19 Actuals | May-19 Actuals | Jun-19 Actuals | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning General Fund Cash Balance | $ 123,884 | $ (109,964) | $ (184,458) | $ (173,613) | $ (242,068) | $ (258,203) | $ (202,819) | $ (102,991) | $ (112,935) | $ (56,154) | $ (49,773) | $ 73,834 | $ 123,884 |
| Receipts | | | | | | | | | | | | | |
| Property Taxes | $ 63 | $ - | $ 9,419 | $ 4,302 | $ - | $ 70,913 | $ 53,468 | $ 6,778 | $ 1,147 | $ 23,350 | $ 81,978 | $ 9,109 | $ 260,527 |
| Sales and Use Taxes | 2,371 | 2,270 | 2,352 | 3,090 | 3,747 | 2,592 | 2,656 | 3,415 | 2,049 | 2,365 | 3,108 | 2,332 | 32,347 |
| Other Taxes | 1,803 | 1,710 | 1,292 | 1,758 | 1,531 | 970 | 5,358 | 1,261 | 2,192 | 2,829 | 2,109 | 9,755 | 32,568 |
| Licenses & Permits | 1,564 | 1,290 | 986 | 1,081 | 1,858 | 799 | 1,355 | 731 | 1,878 | 5,511 | 1,461 | 1,067 | 19,581 |
| Fines, Forfeitures & Penalties | 1,608 | 1,785 | 1,770 | 1,541 | 1,608 | 1,918 | 1,599 | 1,981 | 1,810 | 4,930 | 2,504 | 22,220 | 45,274 |
| Use of Money and Property | 335 | 4,270 | 6,295 | 586 | 1,082 | 480 | 4,070 | 2,735 | 7,075 | 1,210 | 984 | 13,137 | 42,259 |
| State Aid | 60,917 | 79,227 | 98,592 | 80,541 | 103,855 | 97,623 | 217,114 | 73,656 | 99,872 | 86,422 | 256,501 | 178,905 | 1,433,225 |
| Federal Aid | 30,154 | 56,034 | 64,423 | 27,563 | 47,780 | 49,404 | 33,346 | 54,712 | 59,381 | 46,929 | 35,506 | 60,918 | 566,150 |
| Other Governmental Aid | - | - | 509 | 3,719 | - | - | 55,506 | - | - | - | - | 57,507 | 117,241 |
| Charges for Current Services | 47,259 | 42,154 | 41,413 | 42,751 | 27,641 | 62,470 | 47,640 | 47,662 | 51,671 | 45,571 | 46,818 | 77,934 | 580,984 |
| Miscellaneous Revenue | 548 | 1,051 | 1,463 | 763 | 2,379 | 1,354 | 1,430 | 2,181 | 1,478 | 11,941 | 20 | 12,379 | 36,987 |
| Other Financing Sources | 204 | - | - | - | - | 370 | 8 | 11 | 157 | 179 | 97 | 16,883 | 17,909 |
| Repayment of Advances to Other Funds | - | - | - | - | 7,000 | 3,000 | 5,000 | 1,800 | 8,000 | - | 19,500 | 13,000 | 57,300 |
| Reimbursement from Departments for CalPERS | 9,589 | 16,052 | 10,770 | 10,806 | 10,794 | 10,986 | 15,921 | 10,917 | 10,446 | 10,834 | 10,642 | 15,518 | 143,275 |
| Interfund Transfers | - | - | - | - | - | - | - | - | 35,000 | - | - | - | 35,000 |
| Total Receipts | $ 156,415 | $ 205,843 | $ 239,284 | $ 178,501 | $ 209,275 | $ 302,879 | $ 444,471 | $ 207,840 | $ 282,156 | $ 242,071 | $ 461,228 | $ 490,664 | $ 3,420,627 |
| Disbursements | | | | | | | | | | | | | |
| Salaries & Benefits | $ 121,603 | $ 182,082 | $ 125,281 | $ 125,587 | $ 125,246 | $ 128,932 | $ 191,741 | $ 124,393 | $ 125,730 | $ 125,733 | $ 127,692 | $ 125,909 | $ 1,629,929 |
| Services & Supplies | 36,208 | 41,266 | 43,983 | 37,935 | 43,034 | 27,798 | 98,988 | 42,334 | 44,732 | 42,639 | 144,204 | 106,239 | 709,360 |
| Other Charges | 32,867 | 55,538 | 58,391 | 48,538 | 56,059 | 85,669 | 52,404 | 50,785 | 54,337 | 65,804 | 50,239 | 74,122 | 684,753 |
| Fixed Assets & Capital Outlay | 652 | 185 | 156 | 77 | 991 | 1,336 | 397 | 262 | 503 | 187 | 2,405 | 953 | 8,104 |
| Other Financing Uses | 387 | 1,266 | 228 | 34,819 | 80 | 1,560 | 1,113 | 10 | 73 | 1,327 | 13,081 | 14,324 | 68,268 |
| Advances to Other Funds | 54,700 | - | 400 | - | - | 2,200 | - | - | - | - | - | - | 57,300 |
| CalPERs Prepayment | 143,846 | - | - | - | - | - | - | - | - | - | - | - | 143,846 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - | - | 35,000 | 35,000 |
| Total Disbursements | $ 390,263 | $ 280,337 | $ 228,439 | $ 246,956 | $ 225,410 | $ 247,495 | $ 344,643 | $ 217,784 | $ 225,375 | $ 235,690 | $ 337,621 | $ 356,547 | $ 3,336,560 |
| Ending General Fund Cash Balance | $ (109,964) | $ (184,458) | $ (173,613) | $ (242,068) | $ (258,203) | $ (202,819) | $ (102,991) | $ (112,935) | $ (56,154) | $ (49,773) | $ 73,834 | $ 207,951 | $ 207,951 |
| TRANS Borrowing | $ - | $ 347,634 | $ 347,634 | $ 347,634 | $ 347,634 | $ 347,634 | $ 347,634 | $ 135,565 | $ 135,565 | $ 135,565 | $ 135,565 | $ (5,815) | $ - |
| Proceeds of Notes | 340,000 | - | - | - | - | - | - | - | - | - | - | - | 340,000 |
| Principal Payment on Note | - | - | - | - | - | - | (204,000) | - | - | - | (136,000) | - | (340,000) |
| Premium | 7,984 | - | - | - | - | - | - | - | - | - | - | - | 7,984 |
| Interest Earnings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Expense / Cost of Issuance | (350) | - | - | - | - | - | (8,069) | - | - | - | (5,380) | 5,815 | (7,984) |
| Total TRANs Borrowing | $ 347,634 | $ 347,634 | $ 347,634 | $ 347,634 | $ 347,634 | $ 347,634 | $ 135,565 | $ 135,565 | $ 135,565 | $ 135,565 | $ (5,815) | $ - | $ - |
| Ending Balance WITH TRANs Borrowing | $ 237,670 | $ 163,176 | $ 174,021 | $ 105,566 | $ 89,431 | $ 144,815 | $ 32,574 | $ 22,630 | $ 79,411 | $ 85,792 | $ 68,019 | $ 207,951 | $ 207,951 |

Source: County Auditor-Controller



4837-1074-3226.4

# TABLE III
## County of Riverside Fiscal Year 2019-20
## Actual/Estimated General Fund Cash Flow
## ($ in Thousands)

| | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Projected | Projected | |
| Beginning General Fund Cash Balance | $ 207,951 | $ (159,595) | $ (209,471) | $ (208,026) | $ (267,096) | $ (291,980) | $ (216,336) | $ (44,956) | $ (85,535) | $ (66,784) | $ (80,812) | $ 91,817 | $ 207,951 |
| Receipts | | | | | | | | | | | | | |
| Property Taxes | $ - | $ - | $ - | $ 14,091 | $ - | $ 74,738 | $ 60,448 | $ 831 | $ 6,772 | $ 24,685 | $ 81,978 | $ 9,109 | $ 272,652 |
| Sales and Use Taxes | 3,036 | 2,930 | 2,400 | 2,796 | 2,980 | 2,645 | 2,593 | 4,250 | 2,136 | 1,620 | 1,178 | 497 | 29,061 |
| Other Taxes | 1,669 | 2,383 | 1,926 | 1,479 | 1,875 | 6,608 | 1,527 | 2,168 | 1,801 | 1,247 | 1,845 | 2,019 | 26,547 |
| Licenses & Permits | 1,518 | 1,062 | 1,259 | 1,169 | 1,002 | 796 | 1,760 | 1,590 | 1,026 | 4,865 | 2,334 | 776 | 19,157 |
| Fines, Forfeitures & Penalties | 1,602 | 1,486 | 8,775 | 1,525 | 1,618 | 1,913 | 1,587 | 2,493 | 1,534 | 6,376 | 2,545 | 15,594 | 47,048 |
| Use of Money and Property | 718 | (3,047) | 9,012 | 1,473 | 355 | 4,780 | 1,227 | 3,228 | 6,165 | 2,380 | 2,795 | 6,092 | 35,178 |
| State Aid | 60,526 | 72,214 | 96,379 | 86,984 | 101,861 | 99,235 | 227,281 | 114,856 | 117,063 | 128,153 | 240,827 | 147,867 | 1,493,246 |
| Federal Aid | 40,207 | 25,064 | 69,868 | 48,456 | 42,271 | 26,500 | 55,976 | 29,123 | 82,262 | 54,436 | 49,424 | 79,302 | 602,889 |
| Other Governmental Aid | - | - | 533 | - | - | 59,476 | - | 5,375 | - | - | - | 57,507 | 122,891 |
| Charges for Current Services | 31,777 | 50,062 | 45,313 | 24,542 | 37,851 | 80,927 | 45,677 | 49,810 | 68,115 | 33,068 | 63,180 | 76,485 | 606,807 |
| Miscellaneous Revenue | 257 | 432 | 1,367 | 248 | 835 | 2,654 | 137 | 1,875 | 2,338 | 10,994 | 2,150 | 12,537 | 35,824 |
| Other Financing Sources | 201 | 10 | 10 | 167 | - | 14 | - | - | 1,221 | 180 | - | 10,444 | 12,247 |
| Repayment of Advances to Other Funds | - | - | - | 8,000 | 4,000 | - | - | 9,000 | 3,000 | 24,000 | 4,095 | 4,805 | 56,900 |
| Reimbursement from Departments for CalPERS | 19,573 | 14,369 | 14,801 | 14,482 | 14,615 | 21,748 | 14,840 | 14,671 | 14,692 | 14,582 | 14,319 | 14,319 | 187,011 |
| Interfund Transfers | - | - | - | - | - | - | - | - | 35,000 | - | - | - | 35,000 |
| Total Receipts | $ 161,084 | $ 166,965 | $ 251,643 | $ 205,412 | $ 209,263 | $ 382,034 | $ 413,053 | $ 239,270 | $ 343,125 | $ 306,586 | $ 466,670 | $ 437,353 | $ 3,582,458 |
| Disbursements | | | | | | | | | | | | | |
| Salaries & Benefits | $ 187,382 | $ 131,496 | $ 127,743 | $ 129,747 | $ 130,541 | $ 191,077 | $ 137,724 | $ 134,824 | $ 134,055 | $ 133,480 | $ 137,210 | $ 137,210 | $ 1,712,489 |
| Services & Supplies | 41,312 | 25,717 | 54,079 | 36,643 | 44,855 | 49,196 | 44,747 | 36,236 | 105,819 | 91,740 | 79,624 | 112,746 | 722,714 |
| Other Charges | 52,983 | 55,044 | 55,350 | 71,885 | 58,514 | 60,284 | 57,134 | 108,617 | 78,111 | 76,499 | 71,908 | 85,321 | 831,650 |
| Fixed Assets & Capital Outlay | 590 | 516 | 15 | 2,135 | 167 | 3,696 | 352 | 102 | 1,261 | 226 | 535 | 2,388 | 11,983 |
| Other Financing Uses | 387 | 4,068 | 13,011 | 23,672 | 70 | 2,137 | 1,716 | 70 | 5,128 | 18,669 | 4,764 | 16,736 | 90,428 |
| Advances to Other Funds | 56,500 | - | - | 400 | - | - | - | - | - | - | - | - | 56,900 |
| CalPERs Prepayment | 186,153 | - | - | - | - | - | - | - | - | - | - | - | 186,153 |
| Interfund Transfers | 3,323 | - | - | - | - | - | - | - | - | - | - | 35,000 | 38,323 |
| Total Disbursements | $ 528,630 | $ 216,841 | $ 250,198 | $ 264,482 | $ 234,147 | $ 306,390 | $ 241,673 | $ 279,849 | $ 324,374 | $ 320,614 | $ 294,041 | $ 389,401 | $ 3,650,640 |
| Ending General Fund Cash Balance | $ (159,595) | $ (209,471) | $ (208,026) | $ (267,096) | $ (291,980) | $ (216,336) | $ (44,956) | $ (85,535) | $ (66,784) | $ (80,812) | $ 91,817 | $ 139,769 | $ 139,769 |
| TRANS Borrowing | $ - | $ 352,060 | $ 352,060 | $ 352,060 | $ 352,060 | $ 352,060 | $ 352,060 | $ 137,888 | $ 137,888 | $ 137,888 | $ 137,888 | $ (4,893) | $ - |
| Proceeds of Notes | 340,000 | - | - | - | - | - | - | - | - | - | - | - | 340,000 |
| Principal Payment on Note | 0 | - | - | - | - | - | (204,000) | - | - | - | (136,000) | - | (340,000) |
| Premium | 12,390 | - | - | - | - | - | - | - | - | - | - | - | 12,390 |
| Interest Earnings | 0 | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Expense / Cost of Issuance | (330) | - | - | - | - | - | (10,172) | - | - | - | (6,781) | 4,893 | (12,390) |
| Total TRANs Borrowing | $ 352,060 | $ 352,060 | $ 352,060 | $ 352,060 | $ 352,060 | $ 352,060 | $ 137,888 | $ 137,888 | $ 137,888 | $ 137,888 | $ (4,893) | $ - | $ - |
| Ending Balance WITH TRANs Borrowing | $ 192,465 | $ 142,589 | $ 144,034 | $ 84,964 | $ 60,080 | $ 135,724 | $ 92,932 | $ 52,353 | $ 71,104 | $ 57,076 | $ 86,924 | $ 139,769 | $ 139,769 |

Source: County Auditor-Controller



4837-1074-3226.4

# TABLE IV
## County of Riverside Fiscal Year 2020-21
## Projected General Fund Cash Flow
## ($ in Thousands)

| | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | |
| Beginning General Fund Cash Balance | $ 139,769 | $ (179,993) | $ (224,272) | $ (263,835) | $ (286,553) | $ (288,268) | $ (243,238) | $ (80,384) | $ (85,815) | $ (84,999) | $ (96,116) | $ 68,490 | $ 139,769 |
| Receipts | | | | | | | | | | | | | |
| Property Taxes | $ 96 | $ - | $ 10,459 | $ 5,164 | $ 177 | $ 77,525 | $ 67,852 | $ 300 | $ 1,042 | $ 29,575 | $ 86,030 | $ 11,224 | $ 289,443 |
| Sales and Use Taxes | 2,898 | 2,414 | 2,373 | 2,244 | 2,743 | 2,679 | 2,224 | 3,112 | 2,215 | 1,755 | 2,232 | 2,184 | 29,073 |
| Other Taxes | 2,065 | 2,472 | 1,948 | 1,917 | 2,047 | 4,782 | 3,928 | 2,088 | 2,363 | 2,357 | 2,764 | 7,079 | 35,808 |
| Licenses & Permits | 1,403 | 1,458 | 1,006 | 1,199 | 1,604 | 936 | 1,128 | 1,653 | 1,191 | 5,346 | 2,282 | 827 | 20,033 |
| Fines, Forfeitures & Penalties | 1,425 | 1,828 | 1,772 | 1,757 | 2,118 | 1,650 | 2,510 | 3,403 | 4,076 | 4,500 | 3,453 | 23,186 | 51,677 |
| Use of Money and Property | 250 | 1,159 | 2,295 | 452 | 400 | 889 | 671 | 689 | 2,038 | 1,703 | 701 | 3,541 | 14,787 |
| State Aid | 60,949 | 76,068 | 89,763 | 106,298 | 125,808 | 100,517 | 245,532 | 118,573 | 115,590 | 110,818 | 258,468 | 170,502 | 1,578,886 |
| Federal Aid | 37,884 | 56,015 | 62,144 | 65,272 | 55,390 | 53,243 | 50,695 | 50,539 | 62,836 | 62,935 | 52,440 | 85,956 | 695,347 |
| Other Govenmental Aid | - | - | 542 | - | - | 60,947 | - | 5,503 | - | - | - | 61,887 | 128,879 |
| Charges for Current Services | 44,216 | 50,972 | 41,465 | 35,761 | 33,899 | 68,286 | 56,827 | 48,097 | 67,076 | 43,698 | 52,652 | 78,059 | 621,008 |
| Miscellaneous Revenue | 595 | 1,225 | 869 | 1,682 | 1,537 | 1,421 | 1,381 | 1,741 | 1,332 | 12,116 | 1,771 | 10,323 | 35,994 |
| Other Financing Sources | - | 3,322 | - | 518 | 408 | - | 4 | 2 | 518 | 6 | - | 6,239 | 11,017 |
| Repayment of Advances to Other Funds | - | - | - | - | 8,846 | 3,137 | 5,228 | 1,882 | 8,365 | - | 20,390 | 13,593 | 61,441 |
| Reimbursement from Departments for CalPERS | 12,498 | 8,332 | 8,332 | 8,332 | 8,332 | 12,498 | 8,332 | 8,332 | 8,332 | 8,332 | 8,332 | 12,498 | 112,482 |
| Interfund Transfers | - | - | - | 25,000 | - | - | - | - | 10,000 | - | - | - | 35,000 |
| Total Receipts | $ 164,279 | $ 205,264 | $ 222,968 | $ 255,597 | $ 243,308 | $ 388,509 | $ 446,313 | $ 245,912 | $ 286,972 | $ 283,140 | $ 491,514 | $ 487,098 | $ 3,720,873 |
| Disbursements | | | | | | | | | | | | | |
| Salaries & Benefits | $ 202,341 | $ 134,894 | $ 134,894 | $ 134,894 | $ 134,894 | $ 202,341 | $ 134,894 | $ 134,894 | $ 134,894 | $ 134,894 | $ 134,894 | $ 202,341 | $ 1,821,073 |
| Services & Supplies | 52,460 | 43,252 | 53,971 | 41,538 | 42,058 | 59,320 | 80,591 | 48,869 | 68,419 | 61,259 | 116,502 | 116,015 | 784,254 |
| Other Charges | 56,518 | 69,258 | 70,366 | 72,160 | 66,703 | 77,847 | 66,191 | 66,411 | 80,209 | 76,294 | 68,576 | 87,887 | 858,419 |
| Fixed Assets & Capital Outlay | 392 | 409 | 762 | 501 | 510 | 827 | 242 | 362 | 1,256 | 424 | 638 | 1,735 | 8,058 |
| Other Financing Uses | 531 | 1,530 | 2,137 | 29,221 | 857 | 3,144 | 1,541 | 807 | 1,378 | 21,387 | 6,297 | 17,246 | 86,076 |
| Advances to Other Funds | 59,314 | 200 | 400 | - | - | - | - | - | - | - | - | - | 59,914 |
| CalPERs Prepayment | 112,485 | - | - | - | - | - | - | - | - | - | - | - | 112,485 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - | - | 35,000 | 35,000 |
| Total Disbursements | $ 484,041 | $ 249,543 | $ 262,531 | $ 278,315 | $ 245,023 | $ 343,480 | $ 283,459 | $ 251,343 | $ 286,156 | $ 294,257 | $ 326,908 | $ 460,224 | $ 3,765,279 |
| Ending General Fund Cash Balance | $ (179,993) | $ (224,272) | $ (263,835) | $ (286,553) | $ (288,268) | $ (243,238) | $ (80,384) | $ (85,815) | $ (84,999) | $ (96,116) | $ 68,490 | $ 95,364 | $ 95,364 |
| TRANS Borrowing | $ - | $ 350,761 | $ 350,761 | $ 350,761 | $ 350,761 | $ 350,761 | $ 350,761 | $ 138,624 | $ 138,624 | $ 138,624 | $ 138,624 | $ (2,801) | $ - |
| Proceeds of Notes | 340,000 | - | - | - | - | - | - | - | - | - | - | - | 340,000 |
| Principal Payment on Note | - | - | - | - | - | - | (204,000) | - | - | - | (136,000) | - | (340,000) |
| Premium | 11,111 | - | - | - | - | - | - | - | - | - | - | - | 11,111 |
| Interest Earnings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Expense / Cost of Issuance | (350) | - | - | - | - | - | (8,137) | - | - | - | (5,425) | 2,801 | (11,111) |
| Total TRANs Borrowing | $ 350,761 | $ 350,761 | $ 350,761 | $ 350,761 | $ 350,761 | $ 350,761 | $ 138,624 | $ 138,624 | $ 138,624 | $ 138,624 | $ (2,801) | $ 0 | $ 0 |
| Ending Balance WITH TRANs Borrowing | $ 170,768 | $ 126,489 | $ 86,927 | $ 64,209 | $ 62,494 | $ 107,523 | $ 58,240 | $ 52,810 | $ 53,626 | $ 42,508 | $ 65,690 | $ 95,364 | $ 95,364 |

Source: County Auditor-Controller

**TABLE V**
**County of Riverside Fiscal Year 2019-20**
**Comparison between Original Projected General Fund Cash Flows and Actual/Estimated General Fund Cash Flows**
**($ in Thousands)**

| | FY 19/20 Projections | FY 19/20 Actual / Revised Projections | $ Over (Under) | % Over (Under) | |
|---|---|---|---|---|---|
| Property Taxes | $271,234 | $272,652 | $1,418 | 0.5% | |
| Sales and Use Taxes | 31,549 | 29,061 | (2,488) | -7.9% | A |
| Other Taxes | 30,729 | 26,547 | (4,182) | -13.6% | B |
| Licenses & Permits | 19,825 | 19,157 | (668) | -3.4% | |
| Fines, Forfeitures & Penalties | 49,001 | 47,048 | (1,953) | -4.0% | |
| Rev from Use of Money and Property | 28,236 | 35,178 | 6,942 | 24.6% | C |
| State Aid | 1,481,410 | 1,493,246 | 11,836 | 0.8% | |
| Federal Aid | 606,536 | 602,889 | (3,647) | -0.6% | |
| Other Governmental Aid | 120,765 | 122,891 | 2,126 | 1.8% | |
| Charges for Current Services | 608,716 | 606,807 | (1,909) | -0.3% | |
| Miscellaneous Revenue | 37,889 | 35,824 | (2,065) | -5.5% | |
| Other Financing Sources | 11,379 | 12,247 | 868 | 7.6% | |
| Repayment of Advances to Other Funds | 61,587 | 56,900 | (4,687) | -7.6% | |
| Reimbursement from Depts (CalPERS) | 186,153 | 187,011 | 858 | 0.5% | |
| Interfund Transfers | 35,000 | 35,000 | - | 0.0% | |
| **Total** | **$3,580,010** | **$3,582,458** | **$2,448** | **0.1%** | |
| | | | | | |
| Salaries and Benefits | $1,757,728 | $1,712,489 | $(45,239) | -2.6% | D |
| Services and Supplies | 693,644 | 722,714 | 29,070 | 4.2% | |
| Other Charges | 776,078 | 831,650 | 55,572 | 7.2% | E |
| Fixed Assets and Capital Outlay | 10,101 | 11,983 | 1,882 | 18.6% | |
| Other Financing Uses | 79,792 | 90,428 | 10,636 | 13.3% | F |
| Advances to Other Funds | 56,718 | 56,900 | 182 | 0.3% | |
| CalPERS Prepayment | 186,153 | 186,153 | - | 0.0% | |
| Interfund Transfers | 35,000 | 38,323 | 3,323 | 0.0% | |
| **Total** | **$3,595,214** | **$3,650,640** | **$55,426** | **1.5%** | |

A. The decrease is due to declines in sales taxes on business and industry, autos and transportation, food and drugs, and restaurants and hotels.
B. The decrease is due to reduction in Transient Occupancy tax revenue and decrease in documentary transfer property tax.
C. Interest from invested funds increased as a result of higher fund balances, and higher interest rates applied to those balances.
D. Variance due to hiring freeze imposed due to COVID19.
E. Other charges continues to reflect significant increases in private care providers, client services and categorical assistance. The County continues with its commitment to improve the health and wellbeing of the community therefore providing more services to Medi-Cal beneficiaries. Client services increases are due to IHSS costs shifting to the County. Categorical Assistance charges continue to increase as the State initiatives to implement the Continuum of Care Reform (CCR) continues.
F. Increase in Other Financing Uses is the result of the Executive Office making additional contributions to the County's Federally Qualified Center Clinics.

**TABLE VI**
**County of Riverside**
**Comparison between Fiscal Year 2019-20 Actual/Estimated General Fund Cash Flows and Fiscal Year 2020-21 Projected General Fund Cash Flows**
**($ in Thousands)**

| | FY 19/20 Actual / Revised Projections | FY 20/21 Projections | $ Over (Under) | % Over (Under) | |
|---|---|---|---|---|---|
| Property Taxes | $272,652 | $289,443 | $16,791 | 6.2% | G |
| Sales and Use Taxes | 29,061 | 29,073 | 12 | 0.0% | H |
| Other Taxes | 26,547 | 35,808 | 9,261 | 34.9% | I |
| Licenses & Permits | 19,157 | 20,033 | 876 | 4.6% | |
| Fines, Forfeitures & Penalties | 47,048 | 51,677 | 4,629 | 9.8% | J |
| Rev from Use of Money and Property | 35,178 | 14,787 | (20,391) | -58.0% | K |
| State Aid | 1,493,246 | 1,578,886 | 85,640 | 5.7% | L |
| Federal Aid | 602,889 | 695,347 | 92,458 | 15.3% | M |
| Other Governmental Aid | 122,891 | 128,879 | 5,988 | 4.9% | |
| Charges for Current Services | 606,807 | 621,008 | 14,201 | 2.3% | |
| Miscellaneous Revenue | 35,824 | 35,994 | 170 | 0.5% | |
| Other Financing Sources | 12,247 | 11,017 | (1,230) | -10.0% | |
| Repayment of Advances to Other Funds | 56,900 | 61,441 | 4,541 | 8.0% | |
| Reimbursement from Depts (CalPERS) | 187,011 | 112,482 | (74,529) | -39.9% | N |
| Interfund Transfers | 35,000 | 35,000 | - | 0.0% | |
| **Total** | **$3,582,458** | **$3,720,873** | **$138,415** | **3.9%** | |
| | | | | | |
| Salaries and Benefits | $1,712,489 | $1,821,073 | $108,584 | 6.3% | O |
| Services and Supplies | 722,714 | 784,254 | 61,540 | 8.5% | P |
| Other Charges | 831,650 | 858,419 | 26,768 | 3.2% | Q |
| Fixed Assets and Capital Outlay | 11,983 | 8,058 | (3,925) | -32.8% | R |
| Other Financing Uses | 90,428 | 86,076 | (4,352) | -4.8% | |
| Advances to Other Funds | 56,900 | 59,914 | 3,014 | 5.3% | |
| CalPERS Prepayment | 186,153 | 112,485 | (73,668) | -39.6% | S |
| Interfund Transfers | 38,323 | 35,000 | (3,323) | 0.0% | |
| **Total** | **$3,650,640** | **$3,765,279** | **$114,639** | **3.1%** | |

G. The assessment roll values continue to increase year by year.
H. There will be no growth in sales tax due to the shutdown of both large and small businesses, in an attempt to slow down the spread of COVID-19.
I. Increases in other taxes is mostly attributable to Documentary Transfer Tax as well as Redevelopment Property Tax and Low and Moderate Income Housing Residual Assets..
J. Increases in large part to AB233 Realignment .
K. Decrease is due to Federal Government response to COVID-19. Federal Reserve Bank injected liquidity into the market causing a 150 basis point reduction in rates.
L. There are projected increases in State Grant Revenue and Public Assistance which is offset by Prop 172 Public Safety Sales Tax as a result of the COVID19 Pandemic.
M. Increases are contributable to rises in Federal Public Assistance
N. A payment was made in Fiscal Year 2019-20 to offset the Fiscal year 2020-21 CALPERS prepayment amount. Also, GF reflecting only 70% of the $161 million prepayment .
O. Increase is due to one additional third pay period in Fiscal Year 2020-21. Also, SEIU agreement is giving employees a 2% increase to those employees that are in the top range and RSA has concessions built in their budgets.
P. Increase due to cost of government services and supplies to combat the COVID-19 outbreak.
Q. Other Charges includes the Families First Coronavirus Response Act funding better known as Federal Medical Assistance Percentage (FMAP). The FMAP is used to determine the federal share of cost in Medicaid and other programs including Foster Care, Prevention, and Permanency program, authorized in Title IV-E of the Social Security Act.
R. Decrease due to decrease in the purchase of capital assets.

Source: County Auditor-Controller

**Alternative Cash Resources and Other Restricted Cash Resources Available For Repayment of the Note**

Alternative cash resources and other restricted cash resources may be available to pay principal and interest on the Note in the event of a shortfall in Pledged Revenues such that Pledged Revenues are insufficient to pay principal and interest on the Note.

California Government Code Section 25252 authorizes the Board of Supervisors of the County to establish and abolish funds necessary for the proper transaction of the business of the County and further provides that the Board of Supervisors may authorize the County Auditor to perform this function. In addition, California Government Code Section 25252 authorizes the Board of Supervisors to make transfers from one fund to another as the public interest requires and further provides that the Board of Supervisors may by resolution authorize the County Auditor to make such transfers of money from one fund to another if the Board of Supervisors has authority over each such fund, as the public interest requires. Pursuant to Resolution 2010-205, adopted by the Board of Supervisors on August 10, 2010, the Board of Supervisors has authorized the County Auditor to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require.

Set forth in Table VII below are the actual and projected alternative and other restricted cash resources available to the County from the specified funds as of the dates set forth in such table. Pursuant to the authority granted in Resolution 2010-205, the County Auditor is authorized to transfer such moneys from one fund to another fund as the public interest may require, including transfers to the General Fund for the payment of the Note. There is no prescribed time period for the repayment of temporary transfers from one fund to another. The County Auditor has the authority to determine the timing of such repayments based on the needs of the respective funds.

***The assumptions and projections underlying the projected alternative and other restricted cash resources are uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected alternative and other restricted cash resources.*** Accordingly, there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected alternative and other restricted cash resources. Inclusion of the projected alternative and other restricted cash resources in this Official Statement should not be regarded as a representation by any person that the results contained in the projected alternative and other restricted cash resources will be achieved.

# TABLE VII

## County of Riverside Alternative and Other Restricted Cash Resources
## Actual/Projected
## (in Thousands)

## Available Liquidity - Borrowable Resources

| Fund Type | Fund Purpose | Audited Actual Balance 6/30/19 | Actual Balance 5/13/20 | Actual/Projected Balance 6/30/20 | Projected Balance 6/30/21 |
|---|---|---|---|---|---|
| Special Revenue | Transportation | 147,669 | 158,526 | 157,055 | 164,576 |
| Special Revenue | Flood Control | 261,062 | 260,681 | 247,772 | 259,636 |
| Special Revenue | Community Services | 62,289 | 40,134 | 52,275 | 54,778 |
| Special Revenue | County Service Areas | 25,097 | 25,864 | 24,208 | 25,367 |
| Special Revenue | Other Special Revenue | 19,910 | 21,678 | 18,616 | 19,507 |
| Capital Project | Public Facilities | 177,604 | 156,451 | 164,773 | 172,662 |
| Capital Project | Crest | 3,843 | 3,763 | 2,136 | 2,238 |
| Capital Project | PSEC | - | 0 | 253 | 253 |
| Enterprise | County Service Areas | 555 | 655 | 655 | 686 |
| Enterprise | Flood Control | 4,269 | 6,630 | 8,931 | 9,359 |
| Enterprise | Regional Medical Center | 50,319 | 20,643 | 20,643 | 21,632 |
| Enterprise | Federally Qualified Health Care Clinics | (24,208) | (28,506) | (5,754) | (5,401) |
| Enterprise | Waste Management | 176,808 | 194,557 | 132,295 | 138,629 |
| Internal Service | Records Management and Archives | 66 | (0) | 66 | 69 |
| Internal Service | Fleet Services | 7,514 | 1,202 | 8,201 | 8,594 |
| Internal Service | Information Services | 25,441 | 25,705 | 18,326 | 19,203 |
| Internal Service | Printing Services | 488 | 281 | 363 | 380 |
| Internal Service | Supply Services | 982 | 753 | 127 | 133 |
| Internal Service | Human Resources | - | 0 | 788 | 600 |
| Internal Service | Risk Management | 265,426 | 275,691 | 259,271 | 271,686 |
| Internal Service | Temporary Assistance Pool | 1,318 | 1,419 | 1,419 | 1,487 |
| Internal Service | Flood Control Equipment | 8,133 | 7,341 | 7,341 | 7,693 |
| Internal Service | EDA Facilities Management | 15,010 | 6,897 | 20,226 | 21,194 |
| **Total Alternative Cash Resources** | | **1,229,593** | **1,180,365** | **1,139,986** | **1,194,962** |

| Fund Type | Fund Purpose | Audited Actual Balance 6/30/19 | Actual Balance 5/6/20 | Actual/Projected Balance 6/30/20 | Projected Balance 6/30/21 |
|---|---|---|---|---|---|
| Permanent fund | Perris Valley Cemetery | 872 | 987 | 1,000 | 1,089 |
| Special Revenue | Regional Park and Open Space | 11,508 | 8,133 | 7,105 | 7,737 |
| Special Revenue | Air Quality Improvement | 434 | 745 | 742 | 808 |
| Special Revenue | In-Home Support Services | 308 | (1,255) | (1,155) | (1,258) |
| Special Revenue | Perris Valley Cemetery | 1,031 | 1,184 | 1,017 | 1,107 |
| Capital Project | Regional Park and Open Space | 4,005 | 2,761 | 2,761 | 3,007 |
| Capital Project | Flood Control | 19 | 19 | 18 | 18 |
| Enterprise | Housing | 8,725 | 39 | 8,725 | 9,501 |
| Trust and Agency | Agency funds | 329,196 | 1,947,556 | 270,113 | 294,144 |
| Trust and Agency | Private Purpose Trust | 120,486 | 18,907 | 105,380 | 114,755 |
| Debt Service | Pension obligation | 4,709 | 3,830 | 8,994 | 9,794 |
| Other | Children and Families Commission | 32,160 | 34,589 | 34,589 | 37,667 |
| **Other Cash Resources of Riverside County** | | **513,452** | **2,017,496** | **439,289** | **478,369** |

| Fund Type | Fund Purpose | Audited Actual Balance 6/30/19 | Actual Balance 5/13/20 | Actual/Projected Balance 6/30/20 | Projected Balance 6/30/21 |
|---|---|---|---|---|---|
| Alternative Cash Resources | | 1,229,593 | 1,180,365 | 1,139,986 | 1,194,962 |
| Other Restricted Cash | | 513,452 | 2,017,496 | 439,289 | 478,369 |
| General Fund Unrestricted Cash | | 207,951 | 60,583 | 139,769 | 95,364 |
| **All Riverside County Cash** | | **1,950,996** | **3,258,444** | **1,719,044** | **1,768,695** |

**Projected Borrowable Liquidity - Borrowable Resources**

$ 1,195 Million Alternative Cash Resources    $ 478 Million Other Restricted Cash

$ 95 Million General Fund Unrestricted Cash

* June 30, 2021 $ 1,769 Billion

Source: County Auditor-Controller

The County projects that alternative cash resources, general fund unrestricted cash and other restricted cash resources will total approximately $1.769 billion as of June 30, 2021, the final maturity date of the Note. The Board has pre-authorized draws on alterative cash resources referenced above, if necessary to pay debt service of the Note, without the requirement of further Board action. Other restricted cash resources are also available as resources for repayment of the Note, however, further Board action would be required.

### Additional Note Obligations

Under the Resolution, the County has reserved the right to issue additional notes during Fiscal Year 2020-21 having a lien on the Pledged Revenues that is on parity or subordinate to the lien on the Pledged Revenues securing the then-outstanding Note, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and such additional notes. A parity obligation ("Parity Note") may be issued provided that (i) the issuance of any such Parity Note shall not in and of itself reduce or impair the rating on the then outstanding Note, (ii) the maturity date of any such Parity Note shall be later than the then outstanding Note, and (iii) the then-outstanding Note and the Parity Note shall have the same paying agent. In the event that the County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note. The County may also incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues with respect to the Note. See "APPENDIX F—FORM OF RESOLUTION" attached hereto. The County currently expects that, other than the Note, it will not issue any tax and revenue anticipation notes, bonds or warrants pursuant to the Act with respect to Fiscal Year 2020-21.

### Sources and Uses of Funds

The following table presents the estimated sources and uses of funds in connection with the issuance of the Note.

| | |
|---|---|
| **Sources** | |
| Par Amount of Note | $ |
| Original Issue Premium | |
| Total Sources | $ |
| **Uses** | |
| Deposit to General Fund | $ |
| Costs of Issuance* | |
| Total Uses | $ |

* Includes legal fees, underwriters' discount, printing expenses and other costs of issuance.

### Book-Entry-Only System

DTC will act as securities depository for the Note. The Note will be issued as a fully-registered security 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 Note certificate will be issued in the aggregate principal amount the Note, and will be deposited with DTC. Individual purchases of participation in the Note will be made in book-entry form only. Purchasers of the Note will not receive certificates representing their ownership interest in the Note purchased. Principal and interest payments on the Note are payable directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its participants who are responsible for distributing such payments to the beneficial owners of the Note. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM" attached hereto.

Unless otherwise noted, the information contained in Appendix E hereto has been provided by DTC. The County makes no representations as to the accuracy or completeness of such information. The beneficial owners of the Note should confirm the information contained in Appendix E with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE NOTE; (C) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE OWNER OF THE NOTE; (D) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE NOTE; OR (E) ANY OTHER MATTER REGARDING DTC.

## THE COUNTY

The County was organized in 1893 from territory in San Bernardino and San Diego counties and encompasses 7,177 square miles. The County is bordered on the north by San Bernardino county, on the east by the State of Arizona, on the south by San Diego and Imperial counties and on the west by Orange and Los Angeles counties. The County is the fourth largest county (by area) in the state and stretches 185 miles from the Arizona border to within 20 miles of the Pacific Ocean. There are 28 incorporated cities in the County. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,442,304 as of January 1, 2020, reflecting a 0.8% increase over January 1, 2019.

The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors (the "Board"), elected by district, serving staggered four-year terms. The Chair of the Board is elected by the Board members. The County administration includes appointed and elected officials, boards, commissions and committees which assist the Board.

The County provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services and public assistance programs. Some municipal services are provided by the County on a contract basis to incorporated cities within its boundaries. These services are designed to allow cities to contract for municipal services such as police and fire protection without incurring the cost of creating County departments and facilities. Services are provided to the cities at cost by the County.

Economic, demographic and financial information regarding the County of Riverside is contained herein in "APPENDIX A — INFORMATION REGARDING THE COUNTY OF RIVERSIDE" and "APPENDIX B — THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019" herein. Each contains important information concerning the County and should be read in its entirety. In particular, Appendix A contains certain economic and financial data which could materially adversely be impacted by the COVID-19 outbreak (see below) which is expected to have a material adverse impact on the financial condition of the County in Fiscal Year 2019-20, Fiscal Year 2020-21 and potentially in future fiscal years.

**COVID-19 Outbreak**

The spread of the novel strain of coronavirus called COVID-19 ("COVID-19") is having significant negative impacts throughout the world, including in the County. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State and the County. The purpose behind these declarations is to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. On May 5, 2020, the Board of Supervisors voted to rescind all of the County's stay-at-home orders that go beyond the State's restrictions. On May 15, 2020, the County attested to Governor Newsom that, based on public health data, the County has the ability to meet, exceed or plan to achieve six of the seven criteria described by the governor in order to advance towards reopening economic activity in the County pursuant to the governor's four-stage Resilience Roadmap plan. The State is currently in the second stage of the Resilience Roadmap, which focuses on the gradual reopening, with modifications, of lower-risk workplaces. On May 25, 2020, the governor issued new guidelines that allow the reopening of in-store retail shopping and places of worship, so long such activities are approved by local county public health officials and follow protocols for the prevention of the spread of COVID-19.

As of May 26, 2020, the Riverside University Health System-Public Health reported 7,004 confirmed cases of COVID-19 and 292 COVID-19 related deaths in the County. Health officials are expecting the number of confirmed cases to continue to grow. Updated health information with respect to the County is available at https://www.rivcoph.org. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including within the County) and the implementation of "Safer at Home" orders for citizens to remain at home except for certain essential purposes. The United States is restricting certain non-US citizens and permanent residents from entering the country. In addition, capital markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the County associated with the COVID-19 outbreak include, but are not limited to, disruption of the regional and local economy with corresponding decreases in the County's revenues. The County is projecting that the pandemic will cause major impacts on many of its sources of General Fund discretionary revenue in the current fiscal year and in Fiscal Year 2020-21. The County's Executive Office has estimated that the County's discretionary General Fund revenue could decline by more than $100,000,000 in the aggregate in the aggregate in Fiscal Year 2019-20 and Fiscal Year 2020-21, attributable to decreases in revenues from Prop. 172 public safety sales tax, sales and use taxes, fines and forfeitures, documentary transfer taxes, transient occupancy taxes, penalties and interest on delinquent taxes and interest earnings. Governor Newsom has announced a one-year sales tax reprieve for small business, which the County estimated will have a negative impact of $1.5 million on the County's General Fund. Other initiatives that may be adopted by the federal or State governments in response to the pandemic may have various levels of negative impact on the County's revenues. In addition, there is uncertainty regarding the impacts on the County of the Governor's released of the revised State budget in May 2020, which is expected to be further revised in August 2020 in order to account for the extended personal income tax return filing deadlines. In addition, CalPERS has reportedly lost significant value in its investments as a result of declines in the stock market, which could result in a significant increase in the County's unfunded pension liability and future pension costs, commencing in Fiscal Year 2022-23. See "APPENDIX A — INFORMATION REGARDING THE COUNTY OF RIVERSIDE — FINANCIAL INFORMATION – Retirement Program. According to the U.S. Bureau of Labor Statistics, the unemployment rate in the United States rose by 0.9% in March, to 4.4%. According to the California Economic Development Department, California's unemployment rate rose by 1.4% in March 2020, to 5.2%, and the unemployment rate for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area rose by 1.1% in March 2020, to 5.1%. Further increases are expected as the pandemic continues, which the County expects will have a material adverse effect on its revenues.

In order to minimize the negative impact on the County's revenue losses in the current fiscal year, the County Executive Office has directed all departments to eliminate all non-mission critical, non-essential spending with impacts on net County costs. Hiring of staff is subject to extensive review, as the areas of public safety, social work, hospital and clinic staffing need to continue to meet residents' needs. The Executive Office is currently working with departments to review vacant funded positions that may be reduced or eliminated. Due to the estimated revenue losses, in addition to other obligations, the County anticipates that staff reductions are probable and that non-core functions of the County will be examined. On April 21, 2020, the Board of Supervisors of the County approved the formation of the County of Riverside Economic Recovery Task Force Committee. The Committee is intended to be comprised of public and private sector leaders and to help plan for the recovery of the local economy through a series of slow, safe and sensible solutions to ensure the health and safety of the County.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the ramifications of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the County's operations and finances is unknown. As of March 26, 2020, the County estimated that it had incurred costs in an amount of approximately $3 million related to COVID-19, at a rate of approximately $1 million per week. On April 23, 2020, the County received a grant in the amount of $431,091,225 under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") from the federal government. The funds have been placed in a special restricted fund established within the County treasury and may only be accessed for purposes permitted under the CARES Act, which, under current guidelines from the U.S. Department of the Treasury, is limited to necessary expenditures incurred due to the public health emergency with respect to COVID-19 which were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act), and are incurred between March 1, 2020 and December 30, 2020. In addition, the County was allocated approximately $57 million of the federal funding received by the State under the CARES Act. Funds received by the County under the CARES Act are not available for payment of debt service on the Note, and cannot be used to backfill County revenue losses related to COVID-19. Administration of the funds will be conducted solely through the County's Executive Office with direction from the Board of Supervisors. A portion of the CARES Act funds received by the County may be allocable to other governmental units or other entities within the County. While complete guidance is not yet available, County leadership continues to engage with federal and State partners to interpret eligible uses and allocations of CARES Act funding

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The County is not authorized to levy or collect any specific tax for the repayment of the Note.

### Article XIIIA of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIIIA to the California Constitution. Article XIIIA was subsequently amended in 1986, as discussed below. Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to the County continues as part of its allocation in future years.

### Article XIIIB of the State Constitution

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIIIB. The principal effect of Article XIIIB 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 and population. The initial version of Article XIIIB provided that the "base year" for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIIIB include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIIIB permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIIIB provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIIIB provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

The County's appropriations limit for Fiscal Year 2018-19 was $3,002,755,143 and the amount subject to the limitation was $1,060,189,687. The County's appropriations limit for Fiscal Year 2019-20 is $3,157,696,853 and the amount shown in its budget for that fiscal year as the appropriations subject to limitation is $1,431,031,643.

**Right To Vote on Taxes Initiative-Proposition 218**

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 (Article XIIIC) requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote.

Proposition 218 (Article XIIID) also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

Proposition 218 (Article XIIIC) also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of any county will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. No such initiative is currently pending, or to the knowledge of the County, proposed.

The County is unaware of any assessments imposed by the County which, if challenged, would adversely affect County finances. Implementing legislation respecting Proposition 218 may be introduced in the State legislature from time-to-time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

**Proposition 62**

Proposition 62, a statutory initiative that was adopted by the voters voting in the State at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires a reduction of ad valorem property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan*, 230 Cal.App.3d 1058 (1991) (the "Woodlake Case"), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62. On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* 74 Cal.App.4th 707 (1999) (the "La Habra" case). In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. No such challenge against the County is currently pending, or to the knowledge of the County, proposed.

**Proposition 1A**

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in 2007-08 Fiscal Year, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of

November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate then in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the finances of the County.

**Proposition 22**

Proposition 22, approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties and special districts to schools, temporarily increase a school and community college districts' share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increases in pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

**Proposition 26**

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 provides that the local government bears the burden of proving by a preponderance of evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the government activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not expect the provisions of Proposition 26 to materially and adversely affect its ability to pay debt service on the Note when due.

**Assessment Appeals and Assessor Reductions**

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals and general economic conditions, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated. The County has, in prior years, been affected by a reduction in taxable property assessed values due to successful property owner appeals and unilateral reductions by the County Assessor, and may experience additional reductions in the future.

Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

The County Assessor prepares the tax roll in each spring and summer. Owners are notified of changes in valuation by early fall and have the ability to file an appeal. The deadline for appeals in the County is November 30th. Current year appeals take a number of months to process and typically are not resolved by the end of the fiscal year.

Assessor-initialized reductions generally represent the bulk of adjustments to the tax roll during a time of a market decline. Cumulatively, assessed valuation in the County declined 11% from Fiscal Year 2007-08 through Fiscal Year 2014-15 due to the County Assessor's proactive reviews. Since Fiscal Year 2014-15 there have been no additional Proposition 8 reductions of significance. Assessed valuation has increased in the County in each Fiscal Year since Fiscal Year 2013-14, and is projected to increase by approximately 5.0% in Fiscal Year 2020-21 as compared to the prior year. See "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

**Future Initiatives**

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 62, 1A, 25 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time-to-time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the County.

## STATE OF CALIFORNIA BUDGET INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County neither takes any responsibility for nor guarantees the accuracy or completeness thereof. The County has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the current and past budgets may be found at the Department of Finance website. An impartial analysis of the budget is posted by the Legislative Analyst's Office at its website. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2018-19, approximately 43% of the County's General Fund budget revenues consist of payments from the State and approximately 21% consists of payments from the Federal government. For Fiscal Year 2019-20, the County projects that approximately 44% of its General Fund budget revenues will consist of payments from the State and 20% will consist of payments from the Federal government. A portion of such amounts constitutes Pledged Revenues.

For a description of certain potential impacts of the State budget on the finances and operations of the County, see "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE – Financial Information – Impacts of State Budget" attached hereto.

***State Budget for Fiscal Year 2019-20***. The Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 State Budget") on January 10, 2019. On May 9, 2019, the Governor released the May Revision to the Proposed 2019-20 State Budget (the "2019-20 May Revision"). The Governor signed the 2019-20 State Budget on June 27, 2019 which sets forth a balanced budget for Fiscal Year 2019-2020 (the "2019-20 State Budget"). The 2019-20 State Budget notes several potential risks to California's economy, including the impact of a slowing global economy, projected slower economic and wage growth in the United States, and growing federal deficits constraining the federal government's options to address the economic slowdown.

The 2019-20 State Budget estimates that total resources available in Fiscal Year 2018-19 totaled approximately \$149.46 billion (including a prior year balance of approximately \$11.42 billion) and total expenditures in Fiscal Year 2018-19 totaled approximately \$142.69 billion. The 2019-20 State Budget projects total resources available for Fiscal Year 2019-20 of approximately \$150.58 billion (inclusive of revenues and transfers of approximately \$143.80 billion and prior year balance of approximately \$6.77 billion). The 2019-20 State Budget projects expenditures totaling \$147.78 billion (inclusive of non-Proposition 98 expenditures of approximately \$91.89 billion and Proposition 98 expenditures of approximately \$55.89 billion). The 2019-20 State Budget proposes to allocate approximately \$1.38 billion of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and \$1.41 billion of the General Fund's projected fund balance to the State's Special Fund for Economic Uncertainties. In addition, the 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of \$16.52 billion.

As applicable to counties, the 2019-20 State Budget includes, but is not limited to, the following:

- The 2019-20 State Budget includes \$650 million in one-time funds to support local governments in addressing homelessness in the State, including providing mental health and substance use disorder treatment services, as well as emergency shelters and housing support Proposed 2019-20 State Budget proposal regarding homelessness, emergency shelters and navigations centers. The 2019-20 May Revision increases the total investment from $500 million to $650 million, provides $275 million of that funding directly to counties, and expands eligible uses of funds to include innovative projects such as hotel/motel conversions, rapid rehousing or jobs programs. Combined with other targeted investments, the 2019-20 May Revision includes approximately $1 billion to combat homelessness.

- The 2019-20 State Budget revises the county IHSS MOE and includes an increase of $55 million from the General Fund to reflect revised 1991 Realignment revenue projections and IHSS caseload and cost projections.
- The 2019-20 State Budget temporarily restores the seven-percent across-the-board reduction to IHSS service hours through December 31, 2021, due to lower than expected revenues over the forecast period and ongoing efforts to contain costs.
- The 2019-20 State Budget provides funding to assist local communities in recovering from recent wildfire devastation and becoming more resilient to future disasters. The additional investments include, but are not limited to, updates to the property tax backfills proposed in the 2019-20 State Budget and $75 million from the General Fund to improve resiliency of the State's critical infrastructure and to provide assistance to communities, where appropriate, as specific urgent needs are identified.
- The 2019-20 State Budget includes $87.2 million in one-time General Fund expenditures to make additional investments to upgrade and replace voting systems and technology in all 58 counties in the State. In the 2018-19 State Budget, the State included $134.4 million in General Fund expenditures for these efforts.

The complete Proposed 2019-20 State Budget, the 2019-20 May Revision and the final 2019-20 State Budget are available from the California Department of Finance website at www.dof.ca.gov. Neither the County nor the Underwriters can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

***Proposed State Budget for Fiscal Year 2020-21 and May Revision to Proposed Fiscal Year 2020-21 Budget.*** The Governor released his Proposed 2020-21 State Budget (the "Proposed Fiscal Year 2020-21 Budget") on January 10, 2020. The Proposed Fiscal Year 2020-21 Budget sets forth a budget for Fiscal Year 2020-21. In the Proposed Fiscal Year 2020-21 Budget, the Governor notes the nation's economic expansion marks the longest period of sustained growth since World War II. However, the Governor cautions that the expansion is occurring in the context of slowing global growth and growing uncertainty regarding the political climate and federal policies. The State is prepared for an economic downturn with reserves of $21 billion. Even with these reserves, managing a recession will be challenging, as even a moderate recession could result in revenue declines of nearly $70 billion and a budget deficit of over $40 billion over three years. The Proposed Fiscal Year 2020-21 Budget estimates that total resources available in Fiscal Year 2020-21 total approximately $156.869 billion (including a prior year balance of $5.234 billion) and total expenditures in Fiscal Year 2020-21 total approximately $153.083 billion. The Proposed Fiscal Year 2020-21 Budget projects total resources available for Fiscal Year 2020-21 of $156.869 billion, inclusive of revenues and transfers of $153.083 billion and a prior year balance of $5.234 billion. For Fiscal Year 2020-2021, the Proposed Fiscal Year 2020-21 Budget proposes to allocate $2.144 billion of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $1.640 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed Fiscal Year 2020-21 Budget estimates the Rainy Day

Fund will have a fund balance of $17.977 billion by the end of Fiscal Year 2020-21 (as compared to $16.018 billion in Fiscal Year 2019-20).

The County is currently evaluating the Proposed 2020-21 State Budget. The Proposed 2020-21 State Budget provides for, but is not limited to, the following items applicable to counties:

- A $12.5 billion investment over five years for climate resilience, partially funded by a proposed climate bond, to fund initiatives related to forest health, Community Power Resiliency (formerly PSPS), home hardening, and a climate revolving fund that would provide low- interest loans for waste diversion, low-carbon transportation, and sustainable agriculture;

- A new Access to Housing and Services Fund, with an initial State investment of $750 million, which will pay rent for individuals facing homelessness, support new dwelling units, and help stabilize board and care facilities and homes;

- A reduction in probation term lengths for both felony and misdemeanants to two years, matched with an investment in more intensive supervision and services for misdemeanant probationers; and

- $695 million, growing to $1.4 billion in the out-years, for preventative health care, over a third of which will be aimed at the unsheltered homeless population.

On May 14, 2020, the Governor released the May Revision to the Proposed Fiscal Year 2020-21 Budget (the "2020-21 May Revision") which projects Fiscal Year 2020-2021 general fund revenues and transfers of $137.147, total expenditures of $133.901 billion and a year-end fund balance of approximately $5.135 billion, of which $3.175 billion would be allocated to reserves for liquidation of encumbrances and approximately $1.960 billion would be deposited in a special fund for economic uncertainties. The 2020-21 May Revision projects a balance of $8.350 billion in the Budget Stabilization Account/Rainy Day Fund by the end of Fiscal Year 2020-2021. The 2020-21 May Revision provides that the State started 2020 with a solid fiscal foundation—a strong and diverse economy, historic reserves, and a structurally balanced budget. It had eliminated past budgetary debts and deferrals and was making extraordinary payments to reduce pension liabilities. However, the COVID-19 pandemic and resulting recession has changed the fiscal landscape dramatically. The entrepreneurs who run small businesses throughout California have been severely impacted. Unemployment claims have surged—with increased claims of 4.4 million from mid-March to May 9, and a projected 2020 unemployment rate of 18%. Job losses have occurred in nearly every sector of the economy, but they have been most acute in sectors not fully able to telework such as leisure and hospitality, retail trade, and personal services. Lower-wage workers have disproportionately borne the impact of job losses. Personal income is projected to decline by 9% in 2020; in 2023, personal income is expected to return to the 2019 level of $2.6 trillion—$470 billion or 15% below the level expected in the Proposed Fiscal Year 2020-21 Budget.

The 2020-21 May Revision provides that job losses and business closures are sharply reducing State revenues. Compared to the Proposed Fiscal Year 2020-21 Budget, General Fund revenues are projected to decline over $41 billion. This revenue drop, combined with increased costs in health and human services programs and the added costs to address COVID-19, leads to a projected budget deficit of approximately $54 billion before implementation of the changes proposed in the May Revision.

The County is currently evaluating the Governor's 2020-21 May Revision. The impact of the Governor's 2020-21 May Revision on the County's finances cannot be determined at this time. The most notable components of the 2020-21 May Revision affecting counties in general include, but are not limited to, the following:

- The State is allocating $1.3 billion of its CARES Act funding directly to counties based on population size to address the public health, behavioral health and other health and human services needed that have arisen as a result of the COVID-19 pandemic, resulting in an allocation of approximately $57 million to the County.
- The 2020-21 May Revision proposal regarding homelessness, emergency shelters and navigations centers, proposes $750 million in federal funding and directs the use of these funds to purchase hotels and motels secured through Project Roomkey, to be owned and operated by local governments or non-profit providers.
- The 2020-21 May Revision includes $14.7 billion ($4.3 billion General Fund) for the IHSS program in 2020-21. To reduce costs the May Revision includes proposed efficiencies such as the following:
  - Conform IHSS Residual Program to Timing of Medi-Cal Coverage—The May Revision assumes the IHSS Residual Program conforms to timing of Medi-Cal coverage. This proposal would result in a savings of $72.6 million General Fund in 2020-21.
  - IHSS Payroll savings—The May Revision assumes the Department will enter into a contract with the state Case Management, Information, and Payroll System vendor to perform IHSS payroll functions. This proposal would result in a savings of $9.2 million General Fund in 2020-21.
- The 2020-21 May Revision assumes a 7-percent reduction in the number of hours provided to IHSS beneficiaries, effective January 1, 2021. This proposal would result in a savings of $205 million General Fund in 2020-21.
- The 2020-21 May Revision notes that small businesses have suffered massive losses as a result of COVID-19. They will face increased costs to modify their operations to reduce the risk of COVID-19 transmission and spread. Given the critical role of small business in California's economy, the May Revision proposes to:
  - Augment the small business guarantee program by $50 million for a total increase of $100 million to fill gaps in available federal assistance. This increase will be leveraged to access existing private lending capacity and philanthropy to provide necessary capital to restart California small businesses.
  - Retain Governor's Budget's proposals to support new business creation and innovation by waiving the $800 minimum franchise tax for new businesses.

The complete Proposed Fiscal Year 2020-21 Budget and the 2020-21 May Revision are available from the California Department of Finance website at www.dof.ca.gov. Neither the County nor the Underwriters can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

***Proposition 25.*** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the Legislature for passage. However, on November 2, 2010, the voters approved Proposition 25, which amends the State Constitution to lower the vote requirement necessary for each house of the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two–thirds vote of the Legislature is still required to override any veto by the Governor.

***Future State Budgets***. No prediction can be made by the County as to whether the State will encounter budgetary problems in future fiscal years, and if this occurs, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on County finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the County has no control.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Note 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. The amount treated as interest on the Note and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Note 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 C—PROPOSED FORM OF OPINION OF BOND COUNSEL."

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Note that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Note and the aggregate amount to be paid at maturity of the Note (the "original issue discount"). For this purpose, the issue price of the Note is the first price at which a substantial amount of the Note is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Note original issue discount treatment is elected.

A Note purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity (a "Premium Note") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Note, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder of the Note's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such holder of the Note. Holders of a Premium Note 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 Note. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Note 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 Note being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Note. 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 Note may adversely affect the value of, or the tax status of interest on, the Note. 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.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Note is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Note within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Note to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2020-21. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Note proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Note 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 Note may otherwise affect a holder of the Note's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the holder(s) of the Note or the holder(s) of the Note'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 Note 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 holders 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 Note. Prospective purchasers of the Note 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 Note for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Note ends with the issuance of the Note, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the holders of the Note regarding the tax-exempt status of the Note in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the holders of the Note, 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 the IRS's positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Note 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 Note, and may cause the County or the holders of the Note to incur significant expense.

## LITIGATION

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Note or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Note, or materially impacting Pledged Revenues, and an opinion of the Office of County Counsel to that effect will be furnished to the Underwriters at the time of the execution and delivery of the Note. See "APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE—Financial Information—Litigation" for a discussion of the County's pending general litigation.

## LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Note is a legal investment for commercial banks in California to the extent that the Note, in the informed opinion of the bank, is prudent for the investment of funds of its depositors, and is eligible to secure deposits of public moneys in California under provisions of the California Government Code.

## UNDERWRITING

The Note is being purchased initially by Wells Fargo Bank, National Association, as representative of itself and UBS Financial Services Inc. (the "Underwriters"), at a price of $__________ (being the par amount of the Note, plus an original issue premium in the amount of $__________, less the Underwriters' discount of $__________). The Contract of Purchase provides that the Underwriters will purchase the entire Note, if it is purchased. Furthermore, the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase and certain other conditions.

The Underwriters may offer and sell the Note to certain dealers and others at a price lower than the initial public offering price. The offering price may be changed from time to time by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the senior underwriter of the Note, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Note. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Note with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Note. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

UBS Financial Services Inc. ("UBS FSI") has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the County and its affiliates in connection with such activities. In the various course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the owners and beneficial owners of the Note to comply with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended (the "Rule"), and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide information regarding the occurrence of certain enumerated events, and certain financial information on a quarterly basis, to the owners of the Note and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, or any successor thereto, during the term of the Note. In addition, the County has covenanted to provide updated quarterly cash flow information within 60 days of the end of each fiscal quarter, beginning with the fiscal quarter ending September 30, 2020. See "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

Within the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide timely significant event notices, most often with respect to changes in the ratings of outstanding indebtedness, and primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; and (ii) missing, incomplete or late filing of annual or quarterly reports, budgets or operating information with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County, though not directly incorporated by reference across all prior issues filed with the Municipal Securities Rulemaking Board; and in all of the cases where a notice of failure to file was required to be filed, no notice of failure to file such information was provided. The County and its related entities have reviewed their previous filings and have made corrective filings where material, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County's General Fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted new procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County continues to review its procedures to ensure continued compliance with the Rule.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC and Fitch Ratings, Inc. have assigned ratings of "[SP-1+]" and "[F1+]", respectively, to the Note. Such ratings reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from each rating agency. Further, there is no assurance that any of the ratings will be retained for any given period of time or that any of the ratings will not be revised or withdrawn entirely by such rating agencies if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the trading value and the market price of the Note.

## CERTAIN LEGAL MATTERS

At the time of the delivery of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, will deliver its final approving opinion. A proposed form of such approving opinion is contained in APPENDIX C hereto and will be delivered to DTC with the Note. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the County by County Counsel and by Best Best & Krieger LLP, Riverside, California, and for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel, is contingent upon the issuance of the Note. Underwriters' Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

## MUNICIPAL ADVISOR

The County has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as Municipal Advisor (the "Municipal Advisor") in connection with the authorization and delivery of the Note. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Municipal Advisor are contingent upon the sale, issuance and delivery of the Note.

Fieldman, Rolapp & Associates, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## FINANCIAL STATEMENTS

The general purpose financial statements of the County, which are included in APPENDIX B to this Official Statement, have been audited by Brown Armstrong Accountancy Corporation, independent certified public accountants, as stated in their report appearing in APPENDIX B. Brown Armstrong Accountancy Corporation, has not consented to the inclusion of its report as APPENDIX B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Brown Armstrong Accountancy Corporation, with respect to any event subsequent to its report dated December 12, 2019. See "APPENDIX B—THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019" attached hereto.

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## MISCELLANEOUS

References made herein to certain documents and reports are brief summaries thereof, which do not purport to be complete or definite, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the County of Riverside, County Executive Office, 4th Floor, 4080 Lemon Street, Riverside, California 92501, Attention: County Finance Director.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of the Note.

The execution and delivery of this Official Statement have been duly authorized by the County.

COUNTY OF RIVERSIDE

By:____________________

County Executive Officer

# APPENDIX A

# INFORMATION REGARDING THE COUNTY OF RIVERSIDE

[Attached]

## APPENDIX B

## THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2019

## APPENDIX C

## PROPOSED FORM OF OPINION OF BOND COUNSEL

*Upon issuance of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final approving opinion with respect to the Note in substantially the following form:*

[Date of Delivery]

County of Riverside
Riverside, California

County of Riverside
2020 Tax and Revenue Anticipation Note
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Riverside, California (the "County") in connection with the issuance of $_________ aggregate principal amount of notes, designated the "County of Riverside 2020 Tax and Revenue Anticipation Note" (the "Note"), issued under and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on May 2, 2020 (the "Resolution"), under and by authority of Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code.

In such connection, we have reviewed the Resolution, the Tax Certificate of the County, dated the date hereof (the "Tax Certificate"), an opinion of counsel to the County, certificates of the County 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 Note 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 Note 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 Note 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 County. 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 Resolution 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 Note to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Note, the Resolution 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 counties 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 documents mentioned in the preceding sentence. 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 Note, 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 Note constitutes the valid and binding obligation of the County. The principal of and interest on the Note are payable from Pledged Revenues (as that term is defined in the Resolution), and to the extent not so paid, are payable from any other moneys of the County lawfully available therefor.

2. Interest on the Note 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. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Note 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 Note.

Faithfully yours,

## APPENDIX D

## PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the County of Riverside (the "County") in connection with the issuance by the County of Riverside of its $__________ aggregate principal amount of County of Riverside 2020 Tax and Revenue Anticipation Note (the "Note"). The Note is being issued pursuant to a Resolution adopted by the Board of Supervisors of the County on May 2, 2020 (the "Resolution"). The County covenants and agrees as follows:

**Section 1. Purpose of Certificate**. This Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners (as defined below) of the Note and in order to assist the Participating Underwriters (as defined below), in complying with the Rule (as defined below).

**Section 2. Definitions**. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Beneficial Owner*" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Note (including persons holding a Note through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Note for federal income tax purposes.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule, which person has accepted such appointment. As of the date of this Certificate, the County has not appointed a Dissemination Agent.

"*Financial Obligations*" means (i) debt obligations, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, existing or planned debt obligations, or (iii) guarantee of (i) or (ii) above; but excluding municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

"*Listed Event*" means any of the events listed in Section 4(a) of this Certificate.

*"MSRB"* means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Participating Underwriters*" means any of the original purchasers of the Note required to comply with the Rule in connection with the offering of the Note.

"*Quarterly Report*" means any Quarterly Report of the County provided by the County pursuant to and as described in Section 3 of this Certificate.

"*Repository*" means, until otherwise designated by the Commission, the Electronic Municipal Market Access website of the MSRB located at http://emma.msrb.org.

"*Rule*" means paragraph (b)(5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Section 3. Provision of Reports.**

(a) The County shall, or shall cause the Dissemination Agent to, not later than 60 days after the end of the fiscal quarters ending September 30, 2020, December 31, 2020 and March 31, 2021, provide to the Repository, in such format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information, copies of the Quarterly Report of the County, which is consistent with the requirements of subsection (b) below. Each Quarterly Report may include by reference other information as required by this Certificate. The County shall provide a written certification with each Quarterly Report filed with the Dissemination Agent to the effect that such Quarterly Report constitutes the Quarterly Report required to be submitted by the County hereunder. The Dissemination Agent may conclusively rely upon such certification of the County.

(b) The County's Quarterly Report shall contain or include by reference information regarding the County's cash flow in the fiscal quarter most recently ended, including comparative information to the projected cash flow included in the Official Statement.

(c) The Dissemination Agent (if one has been appointed) shall:

(i) determine prior to the date for providing the Quarterly Report the name and address of the Repository; and

(ii) if the Quarterly Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Quarterly Report has been provided pursuant to this Certificate, stating the date it was provided.

(d) If the County is unable to provide to the MSRB or the Dissemination Agent (if other than the County), a Quarterly Report by the date required in subsection (a), the County shall send a notice in a timely manner to the MSRB through the Electronic Municipal Market Access System in substantially the form attached hereto as Exhibit A.

**Section 4. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 4, the County shall give, or cause to be given, notice to the Repository of the occurrence of any of the following events (the "Listed Events") with respect to the Note in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note;

(vii) modifications to the rights of Owners of the Note, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Note, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the County, if material, or amendment to covenants, events of defaults, remedies, priority rights, or other terms of a Financial Obligation of the County, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(b) Notwithstanding the foregoing, notice of Listed Events described in Subsection (a)(viii) above need not be given under this subsection any earlier than when the notice, if any, of the underlying event is given to Owners of affected Note pursuant to the Resolution.

**Section 5. Termination of Reporting Obligation**. The County's obligations under this Certificate shall terminate upon the legal defeasance or payment in full of all of the Note or upon delivery to the County and to the Dissemination Agent (if any) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Note, the County shall give notice of such termination in the same manner as for a Listed Event under Subsection 4(a).

**Section 6. Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 60 days' written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Certificate.

**Section 7. Amendment Waiver**. Notwithstanding any other provision of this Certificate, the County may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3 or Subsection 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Note, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Note, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Note in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners of the Note, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Note.

In the event of any amendment or waiver of a provision of this Certificate, the County shall describe such amendment in its next Quarterly 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 County.

**Section 8. Additional Information**. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in the County's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the County chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

**Section 9. Default**. In the event of a failure of the County to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Note may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution with respect to the Note, and the sole remedy under this Certificate in the event of any failure of the County to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

**Section 10. Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Note.

**Section 11. Beneficiaries**. This Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Note, and shall create no rights in any other person or entity.

**Section 12. Governing Law**. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: July __, 2020

COUNTY OF RIVERSIDE

By ________________________________
Authorized Officer

## EXHIBIT A

## FORM OF NOTICE TO REPOSITORIES
## OF FAILURE TO FILE REPORT

| | |
|---|---|
| Name of Issuer: | County of Riverside, California |
| Name of Bond Issue: | \$340,000,000* County of Riverside 2020 Tax and Revenue Anticipation Note |
| Issuance Date: | July __, 2020 |

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Quarterly Report with respect to the above-named Note as required by Section 3 of the Continuing Disclosure Certificate, dated as of July __, 2020, executed and delivered by the County. The County anticipates that such report will be filed by ___________.

Dated: _____________

COUNTY OF RIVERSIDE

By ____________________________________
Authorized Officer

* Preliminary, subject to change.



4837-1074-3226.4

## APPENDIX E

## BOOK-ENTRY-ONLY SYSTEM

*The information in this APPENDIX E concerning DTC and its book-entry system has been obtained from DTC and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Note, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX E. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

### General

DTC will act as securities depository for the Note. The Note will be issued as a fully-registered security 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 Note certificate will be issued for each maturity of the Note, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Paying Agent.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. 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 Bonds 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 Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The County has not undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

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

To facilitate subsequent transfers, all Note 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 Note with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note 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.

While the Note is in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Note is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Note is credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note 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 County, the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, 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 Note at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Note are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF THE NOTE AND WILL NOT BE RECOGNIZED BY THE PAYING AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

**APPENDIX F**

**FORM OF RESOLUTION**

[Attached]

# APPENDIX A

# INFORMATION REGARDING THE COUNTY OF RIVERSIDE

## GENERAL INFORMATION

Set forth below is certain information with respect to the County. Such information was prepared by the County except as otherwise indicated.

**THE SPREAD OF THE NOVEL STRAIN OF CORONAVIRUS CALLED COVID-19 ("COVID-19") IS HAVING SIGNIFICANT NEGATIVE IMPACTS THROUGHOUT THE WORLD, INCLUDING IN THE COUNTY. THE COVID-19 OUTBREAK IS ONGOING, AND THE ULTIMATE GEOGRAPHIC SPREAD OF THE VIRUS, THE DURATION AND SEVERITY OF THE OUTBREAK, AND THE ECONOMIC AND OTHER RAMIFICATIONS OF ACTIONS THAT MAY BE TAKEN BY GOVERNMENTAL AUTHORITIES TO CONTAIN THE OUTBREAK OR TO TREAT ITS IMPACT ARE UNCERTAIN. PLEASE SEE "THE COUNTY–COVID-19 OUTBREAK" IN THE FOREPART OF THIS OFFICIAL STATEMENT.**

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,442,304 as of January 1, 2020, representing an approximately 0.8% increase over the County's population as estimated for the prior year, and a rate higher than the statewide population increase of 0.2% for the same period. For the period of April 1, 2010 to January 1, 2020, the County's population grew by approximately 11.54%.

*[Remainder of Page Intentionally Left Blank.]*

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

**TABLE 1**

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

| *City* | *2016* | *2017* | *2018* | *2019* | *2020* |
|---|---|---|---|---|---|
| Banning | 30,967 | 31,170 | 30,950 | 31,044 | 31,125 |
| Beaumont | 45,617 | 46,730 | 46,545 | 48,401 | 51,475 |
| Blythe | 19,008 | 19,027 | 19,651 | 19,428 | 19,255 |
| Calimesa | 8,212 | 8,567 | 9,080 | 9,159 | 9,329 |
| Canyon Lake | 10,728 | 10,882 | 11,213 | 11,285 | 11,000 |
| Cathedral City | 53,842 | 54,296 | 54,466 | 54,907 | 53,580 |
| Coachella | 44,940 | 45,273 | 45,777 | 46,351 | 47,186 |
| Corona | 163,341 | 166,819 | 167,013 | 168,101 | 168,248 |
| Desert Hot Springs | 29,252 | 29,347 | 29,102 | 29,251 | 29,660 |
| Eastvale | 62,147 | 63,720 | 65,725 | 66,078 | 66,413 |
| Hemet | 80,997 | 82,417 | 84,423 | 84,754 | 85,175 |
| Indian Wells | 5,512 | 5,549 | 5,389 | 5,445 | 5,403 |
| Indio | 85,233 | 86,632 | 88,194 | 89,406 | 90,751 |
| Jurupa Valley | 101,412 | 103,661 | 104,661 | 106,318 | 107,083 |
| Lake Elsinore | 61,422 | 62,487 | 62,241 | 62,949 | 63,453 |
| La Quinta | 39,899 | 40,605 | 41,753 | 42,098 | 40,660 |
| Menifee | 87,608 | 89,552 | 90,775 | 93,452 | 97,093 |
| Moreno Valley | 202,621 | 204,285 | 206,046 | 208,297 | 208,838 |
| Murrieta | 110,166 | 111,793 | 116,970 | 118,125 | 115,561 |
| Norco | 26,727 | 26,799 | 26,464 | 26,386 | 27,564 |
| Palm Desert | 51,250 | 52,058 | 53,298 | 53,625 | 52,986 |
| Palm Springs | 46,534 | 47,157 | 48,390 | 48,733 | 47,427 |
| Perris | 76,070 | 77,311 | 76,260 | 76,971 | 80,201 |
| Rancho Mirage | 18,369 | 18,579 | 18,297 | 18,489 | 19,114 |
| Riverside | 320,226 | 323,190 | 326,270 | 328,101 | 328,155 |
| San Jacinto | 47,085 | 47,560 | 47,607 | 48,878 | 51,028 |
| Temecula | 110,536 | 112,040 | 113,248 | 113,826 | 111,970 |
| Wildomar | 35,270 | 35,882 | 35,635 | 36,066 | 37,183 |
| TOTALS | | | | | |
| Incorporated | 1,974,991 | 2,003,388 | 2,025,443 | 2,045,924 | 2,056,916 |
| Unincorporated | 371,726 | 379,252 | 387,093 | 394,200 | 385,388 |
| County-Wide | 2,346,717 | 2,382,640 | 2,412,536 | 2,440,124 | 2,442,304 |
| California | 39,179,627 | 39,500,973 | 39,740,508 | 39,927,315 | 39,782,870 |

Source: State Department of Finance, Demographic Research Unit.

**Effective Buying Income**

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments, fines, fees, penalties, etc.) and personal contributions to social security insurance and federal retirement payroll deductions. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County and the State for the period 2016 through 2020:

**TABLE 2**

**RIVERSIDE COUNTY AND CALIFORNIA**
**TOTAL EFFECTIVE BUYING INCOME,**
**MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND**
**PERCENT OF HOUSEHOLDS WITH INCOMES OVER $50,000[(1)]**

| | *Total Effective Buying Income[(2)]* | *Median Household Effective Buying Income* | *Percent of Households with Income over $50,000* |
|---|---|---|---|
| **2016** | | | |
| Riverside County | $ 45,407,058 | $48,674 | 48.50% |
| California | 981,231,666 | 53,589 | 52.74 |
| **2017** | | | |
| Riverside County | $ 47,509,909 | $50,287 | 50.23% |
| California | 1,036,142,723 | 55,681 | 54.27 |
| **2018** | | | |
| Riverside County | $ 51,784,973 | $53,505 | 53.29% |
| California | 1,113,648,181 | 58,858 | 57.15 |
| **2019** | | | |
| Riverside County | $ 54,118,453 | $54,920 | 54.41% |
| California | 1,183,264,399 | 61,895 | 59.16 |
| **2020** | | | |
| Riverside County | $ 59,340,416 | $59,167 | 57.60% |
| California | 1,243,564,816 | 65,285 | 61.45 |

(1) Estimated, as of January 1 of each year.
(2) Dollars in thousands.
Source: The Nielsen Company, Site Reports, 2016-2018; Environics Analytics, Spotlight Claritas Reports 2019-2020.

## Industry and Employment

The County is a part of the Riverside-San Bernardino-Ontario 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. The number of employed persons in the PMSA by industry is set forth in the following table.

**TABLE 3**

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

| *Industry* | *2015* | *2016* | *2017* | *2018* | *2019* |
|---|---|---|---|---|---|
| Agriculture | 14.8 | 14.6 | 14.4 | 14.5 | 14.6 |
| Construction | 85.7 | 92.0 | 97.0 | 104.8 | 101.1 |
| Finance Activities | 43.9 | 44.6 | 44.5 | 43.7 | 44.2 |
| Government | 233.3 | 242.3 | 250.0 | 257.5 | 268.8 |
| Manufacturing: | 96.1 | 98.6 | 98.7 | 101.3 | 102.6 |
| Nondurables | 33.0 | 34.2 | 34.8 | 36.2 | 15.4 |
| Durables | 63.1 | 64.4 | 63.9 | 65.1 | 65.7 |
| Mining & Logging | 1.3 | 0.9 | 0.9 | 1.0 | 1.2 |
| Retail Trade | 174.3 | 178.0 | 182.1 | 180.8 | 191.1 |
| Professional and Business Services | 147.4 | 145.0 | 147.2 | 150.6 | 160.7 |
| Education and Health Services | 205.1 | 214.3 | 224.8 | 240.0 | 260.5 |
| Leisure & Hospitality | 151.7 | 160.2 | 165.7 | 170.0 | 174.5 |
| Other Services | 44.0 | 44.6 | 45.6 | 45.6 | 43.1 |
| Transportation, Warehousing and Utilities | 97.4 | 107.3 | 120.2 | 132.6 | 146.3 |
| Wholesale Trade | 61.6 | 62.8 | 63.7 | 64.9 | 65.0 |
| Information | 11.4 | 11.5 | 11.3 | 11.2 | 11.3 |
| Total, All Industries | 1,367.9 | 1,416.6 | 1,466.0 | 1,518.7 | 1,585.0 |

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

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

The following table sets forth the major employers in the County as of June 30, 2019 and their respective product or service and number of employees as of June 30, 2019.

**TABLE 4**

**COUNTY OF RIVERSIDE**
**CERTAIN MAJOR EMPLOYERS[(1)]**
**(AS OF JUNE 30, 2019)**

| *Company Name* | *Product/Service* | *No. of Local Employees* |
|---|---|---|
| County of Riverside | County Government | 21,672 |
| Amazon | E-Commerce | 10,500 |
| University of California, Riverside | University | 9,770 |
| March Air Reserve Base | Military Reserve Base | 9,600 |
| Stater Bros | Retail Grocery | 8,304 |
| Hemet Unified School District | School District | 7,046 |
| Kaiser Permanente Riverside Medical Center | Hospital | 5,700 |
| Pechanga Resort & Casino | Resort Casino | 5,078 |
| Walmart | Department Stores | 4,931 |
| Corona-Norco Unified School District | School District | 4,903 |
| Ross Dress For Less | Department Stores | 4,321 |
| Riverside Unified School District | School District | 4,000 |
| Eisenhower Medical Center | Hospital | 3,900 |
| Moreno Valley Unified School District | School District | 3,755 |
| Lake Elsinore Unified School District | School District | 3,717 |
| Desert Sands Unified School District | School District | 3,437 |
| Jurupa Unified School District | School District | 3,250 |
| Temecula Valley Unified School District | School District | 3,057 |
| Palm Springs Unified School District | School District | 2,737 |
| Murrieta Valley Unified School District | School District | 2,500 |
| City of Riverside | City Government | 2,470 |
| Riverside Community College District | Community College District | 2,342 |
| JW Marriott Desert Springs Resort & Spa | Resort & Spa | 2,304 |
| Agua Caliente Band of Cahuilla Indians | Tribal Government/Casinos | 2,300 |
| Morongo Casino, Resort, & Spa | Resort Casino | 2,300 |
| Cal Baptist University | University | 2,285 |
| Riverside Community Hospital | Hospital | 2,200 |
| Desert Regional Medical Center | Hospital | 1,962 |
| Alvord Unified School District | School District | 1,868 |
| Coachella Valley Unified School District | School District | 1,805 |
| Riverside County Office of Education | Education | 1,653 |
| Mt San Jacinto College | Community College District | 1,479 |
| Corona Regional Medical Center | Hospital | 1,250 |
| Medline Professional Hospital Supply | Medical and Hospital Equipment and Supplies | 1,204 |
| Fantasy Springs Resort and Casino and Tribe | Tribal Government/Casinos | 1,202 |
| UTC Aerospace Systems | Aerospace Product and Parts Manufacturing | 1,200 |
| California Rehabilitation Center | Level II Prison | 1,200 |
| Fantasy Springs Resort Casino | Resort Casino | 1,153 |
| Parkview Community Hospital Medical Center | Hospital | 1,149 |
| Ironwood State Prison | Level I & III Prison | 1,081 |

(1) Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development Agency.

Source: County Economic Development Agency.

Unemployment data for the County, the State and the United States for the years 2016 through 2019 and preliminary data for 2020 (as indicated) are set forth in the following table.

**TABLE 5**

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

| | *2016* | *2017* | *2018* | *2019* | *2020*(2) |
|---|---|---|---|---|---|
| County(1) | 6.1% | 5.2% | 4.4% | 3.7% | 15.3% |
| California(1) | 5.5 | 4.8 | 4.2 | 4.2 | 15.5 |
| United States(3) | 4.9 | 4.4 | 3.9 | 3.7 | 14.7 |

(1) Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.
(2) Unemployment rate information is preliminary for April 2020.
(3) 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 three factory outlet malls (Desert Hills Factory Stores, Cabazon Outlets and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The following tables sets forth taxable sales transactions in the County for the years 2015 through 2019, the last year being the most recent full year of which annual data is currently available.

*[Remainder of Page Intentionally Left Blank.]*

**TABLE 6**

**COUNTY OF RIVERSIDE**
**TAXABLE SALES TRANSACTIONS**

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Motor Vehicle and Parts Dealers | $ 4,841,614,664 | $ 5,047,533,639 | $ 5,348,811,902 | $ 5,407,138,856 | $ 5,551,535,521 |
| Home Furnishings and Appliance Stores | 1,135,234,765 | 1,386,985,312 | 1,730,565,510 | 1,962,649,727 | 2,092,520,010 |
| Building Material and Garden Equipment and Supplies Dealers | 1,826,293,832 | 1,965,100,962 | 2,161,592,712 | 2,346,507,775 | 2,487,360,007 |
| Food and Beverage Stores | 1,553,789,314 | 1,574,029,504 | 1,666,856,136 | 1,790,507,202 | 1,821,669,581 |
| Gasoline Stations | 3,025,286,707 | 2,704,278,307 | 2,933,668,373 | 3,381,768,451 | 3,383,592,749 |
| Clothing and Clothing Accessories Stores | 2,136,727,815 | 2,190,227,577 | 2,199,516,627 | 2,315,432,567 | 2,361,182,097 |
| General Merchandise Stores | 3,295,994,042 | 3,304,959,106 | 3,375,622,686 | 3,560,754,579 | 3,966,881,856 |
| Other Retail Group | 2,338,039,126 | 2,452,590,954 | 2,586,953,725 | 3,273,275,986 | 3,079,536,332 |
| Food Services and Drinking Places | 3,384,494,327 | 3,648,980,299 | 3,852,753,167 | 4,004,656,656 | 4,276,122,483 |
| Total Retail and Food Services | $ 23,537,474,592 | $ 24,274,685,660 | $ 25,856,340,838 | $ 28,042,691,799 | $ 29,020,400,636 |
| All Other Outlets | $ 9,629,185,529 | $ 10,209,007,883 | $ 10,551,119,262 | $ 10,876,805,756 | $ 11,537,443,970 |
| Total All Outlets | $ 33,166,660,121 | $ 34,483,693,543 | $ 36,407,460,100 | $ 38,919,497,555 | $ 40,557,844,606 |

Source: California Department of Tax and Fee Administration.

**Building and Real Estate Activity**

The two tables below set forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2014 through 2018. **[TABLES TO BE UPDATED WITH 2019 DATA WHEN AVAILABLE]**

**TABLE 7**

**COUNTY OF RIVERSIDE**
**BUILDING PERMIT VALUATIONS**
**(IN THOUSANDS)**

| | *2014* | *2015* | *2016* | *2017* | *2018* |
|---|---|---|---|---|---|
| RESIDENTIAL | | | | | |
| New Single-Family | $ 1,296,553 | $ 1,313,084 | $ 1,526,768 | $ 1,670,542 | $ 2,200,021 |
| New Multi-Family | 178,117 | 110,458 | 106,292 | 109,309 | 232,707 |
| Alterations and Adjustments | 147,081 | 113,200 | 126,475 | 123,567 | 125,353 |
| Total Residential | $ 1,621,751 | $ 1,536,742 | $ 1,759,535 | $ 1,903,418 | $ 2,558,081 |
| NON-RESIDENTIAL | | | | | |
| New Commercial[1] | $ 184,138 | $ 189,994 | $ 540,447 | $ 522,769 | $ 703,977 |
| New Industrial | 161,321 | 180,521 | 59,439 | 410,275 | 529,326 |
| Other Buildings[2] | 142,204 | 226,346 | 374,917 | 136,935 | 410,606 |
| Alterations & Additions | 327,327 | 314,604 | 371,216 | 363,711 | 315,771 |
| Total Nonresidential | $ 814,990 | $ 911,465 | $ 1,346,020 | $ 1,433,690 | $ 1,959,680 |
| TOTAL ALL BUILDING | $ 2,436,741 | $ 2,448,207 | $ 3,105,554 | $ 3,337,108 | $ 4,517,761 |

(1) Includes office buildings, stores & other mercantile, hotels & motels, amusement & recreation, parking garages and service stations & repair.
(2) Includes churches and religious buildings, medical and institutional buildings, agricultural and storage buildings, hospitals and institutional buildings, public works and utility buildings, schools and educational buildings, structures other than buildings, and residential garages.
Source: California Homebuilding Foundation.

**TABLE 8**

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

| | *2014* | *2015* | *2016* | *2017* | *2018* |
|---|---|---|---|---|---|
| Single Family | 5,007 | 5,007 | 5,662 | 6,265 | 7,540 |
| Multi-Family | 1,931 | 1,189 | 897 | 1,070 | 1,628 |
| TOTAL | 6,938 | 6,196 | 6,559 | 7,335 | 9,168 |

Source: California Homebuilding Foundation.

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2015 through 2019.

**TABLE 9**

**COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO AND SOUTHERN CALIFORNIA MEDIAN HOUSING PRICES**

| *Year* | *Los Angeles* | *Riverside* | *San Bernardino* | *Southern California*[(1)] |
|---|---|---|---|---|
| 2015 | $487,500 | $310,000 | $262,000 | $431,000 |
| 2016 | 520,000 | 332,000 | 284,000 | 457,500 |
| 2017 | 560,000 | 356,000 | 310,000 | 491,000 |
| 2018 | 596,000 | 380,000 | 330,000 | 524,000 |
| 2019 | 615,000 | 392,000 | 343,750 | 530,000 |

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: CoreLogic; DQNews.

The following table sets forth the home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2015 through 2019.

**TABLE 10**

**COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO AND SOUTHERN CALIFORNIA COMPARISON OF HOME FORECLOSURES**

| *Year* | *Los Angeles* | *Riverside* | *San Bernardino* | *Southern California*[(1)] |
|---|---|---|---|---|
| 2015 | 3,970 | 2,463 | 2,616 | 11,959 |
| 2016 | 3,191 | 2,045 | 1,954 | 9,354 |
| 2017 | 2,316 | 1,453 | 1,641 | 6,968 |
| 2018 | 1,552 | 1,233 | 1,183 | 5,182 |
| 2019 | 1,516 | 872 | 977 | 4,391 |

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: CoreLogic; DQNews.

### Agriculture

In 2018, principal agricultural products were nursery stock, milk, table grapes, lemons, bell peppers, dates, eggs, hay, grapefruits and avocados.

Four areas in the County account for a major portion of the 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 County, and all of Southern California, experienced a severe drought between 2011 and 2015. See "—Environmental Control Services" below. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2014 through 2018.

**TABLE 11**

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

| | *2014* | *2015* | *2016* | *2017* | *2018* |
|---|---|---|---|---|---|
| Citrus Fruits | $ 170,891,000 | $ 199,772,000 | $ 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, Misc. | 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 | 96,063,000 | 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 | 5,078,000 | 5,397,000 | 4,624,000 | 4,764,000 | 4,732,000 |
| Livestock and Poultry | 290,746,000 | 260,015,000 | 225,758,000 | 221,175,000 | 238,468,000 |
| Grand Total | $ 1,362,016,000 | $ 1,313,650,000 | $ 1,275,776,000 | $ 1,218,522,000 | $ 1,299,208,000 |

Source: Riverside County Agricultural Commissioner.

### Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest from Riverside through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County. Riverside 91 Express Lanes that connect with the OCTA SR-91 Express Lanes at the Orange County/Riverside County line and continue to the Interstate 15/State Route 91 interchange opened in March 2017. When travelling along State Route 91 through Corona, vehicles are able to use either the tolled express lanes or the free general purpose lanes; vehicles soon will have a similar choice when travelling along the northern part of Interstate 15 in Riverside County. Riverside 15 Express Lanes from State Route 60 in Eastvale and Jurupa Valley to Cajalco Road in Corona are currently under construction and are expected to open later in 2020.

Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from nine stations in western Riverside County, including the Perris Valley area. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Palm Springs. Freight service to major west coast and national markets is provided by two transcontinental railroads – Union Pacific Railroad and the BNSF Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the

Coachella Valley, servicing the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority and was transferred by the City of Los Angeles to the joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe, Chiriaco-Summit, and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

**Education**

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

There are nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside – the University of California, Riverside ("UCR"), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

**Environmental Control Services**

***Assessing Environmental and Social Risk.*** The County's 2018 Multi-Jurisdictional Local Hazard Mitigation Plan ("LHMP") provides a County-wide risk assessment of natural, technological and man-made hazards. The top five identified hazards in order of priority risk were identified as earthquakes, influenzas pandemic, wildland fires, electrical failures and emergent diseases. Additionally, CalFire has identified 22 cities and eight operational area jurisdictions within the County as Very High Fire Hazard Severity Zones. The LHMP indicates that climate change and drought conditions are likely to become more frequent and persistent, contributing to increasing wildfire risk. The County incorporates these environmental risks into its budget and capital planning by providing funds for those departments tasked with the response. The Fiscal Year 2019-20 budget includes $3.2 million for such uses, which the County anticipates will increase in Fiscal Year 2020-21. In the event of a disaster or emergency, the Board of Supervisors can provide additional funds through a mid-year budget adjustment that may be recovered through state or federal resources (such as increased reimbursements from CalFire, the State's office of emergency services, the Department of Homeland Security and FEMA).

The County has been focused on addressing the homeless situation for several years. The Department of Social Services conducts an annual survey to support data-based policy responses. The 2019 homeless count found 2,811 people experiencing homelessness, of which 75% were unsheltered, representing an 8% increase over the prior year. Preliminary results of the 2020 homeless count indicate a continuing trend of a growing number of people experiencing homelessness in the County. The County incorporates these challenges into its budget planning process. The County seeks to maximize outside funding sources, including actively pursuing available State funding. The County created an integrated approach to organizing County agencies and federal, state, city and nonprofit partners to control costs associated with homeless services and clearing encampments.

In addition, the Board of Supervisors has created an ad hoc committee on homelessness which has prioritized grant-seeking as a key strategy to accelerate the County's response to homelessness.

***Water Supply***. The County obtains a large part of its water supply from groundwater sources, with certain areas of the County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand, and the County's water supply is supplemented by imported water. At the present time, the County does not provide wholesale or retail water service and imported water is provided by the Metropolitan Water District of Southern California from the Colorado River via the Colorado River Aqueduct and from the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, approximately 80% of the water supply is imported.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Gorgonio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District, Elsinore Valley Municipal Water District, and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The governor and the State Legislature have developed strategies to help mitigate the effects of the State's susceptibility to periodic, potentially prolonged and/or severe drought conditions. On April 1, 2015, California's governor issued the fourth in a series of executive orders extending the measures necessary to address California's severe drought conditions which occurred between 2011 and 2015. On May 9, 2016, as a result of persistent severe drought conditions in many areas of California, the governor issued an additional executive order that, among other things, made permanent many of the conservation measures set in the governor's previous executive orders. On April 7, 2017, as a result of the record rainfall and snowfall that occurred in the State between November 2016 and March 2017, the governor declared an end to the drought emergency in California (except with respect to four counties mostly located in California's agricultural Central Valley). However, this same executive order directed the State Water Resources Control Board to initiate the rulemaking process to ensure that many key conservation measures established by the governor's 2016 executive order will remain in place. Such conservation measures prohibit wasteful practices such as: (i) hosing off sidewalks, driveways and other hardscapes, (ii) washing automobiles with hoses not equipped with a shut-off nozzle, (iii) using non-recirculated water in a fountain or other decorative water feature, (iv) watering lawns in a manner that causes runoff, or within forty-eight hours of measurable precipitation, and (v) irrigating ornamental turf on public street medians.

During a workshop in May of 2015 to discuss the drought, the Board of Supervisors directed staff to revise County Ordinance 859.3 *Water Efficient Landscape Requirements*. On July 21, 2015 the Board of Supervisors adopted, via an urgency ordinance, updated water efficient landscape requirements Ordinance 859. A key highlight of this revised ordinance is that it "*prohibits the use of natural turf grass lawns within the front yards of new homes and promoting low water use plants and inert materials for a sustainable and marketable landscape design*."

***Flood Control***. Primary responsibility for planning and construction of flood control and drainage systems within the County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District.

***Sewage***. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. The County does not own or operate a Publicly Owned Treatment Works (POTW), or sewage plant. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal only if a POTW does not service the area with sewer infrastructure.

## Cybersecurity

The County, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the County is subject to cyber threats including, but not limited to: hacking, malware, social engineering, and other attacks on its computer systems and sensitive digital networks. The County Board of Supervisors adopted Policy A-58 - Enterprise Information Security Policy, which aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework regarding information security and privacy, and cyber risk management. In accordance with the adopted policy, all County employees are required to complete mandatory Policy A-58 Information Security Training on an annual basis. The County's Information Security Office operates a security operations center (SOC) that provides 24x7x365 monitoring of the County's enterprise network, and conducts monthly simulated phishing attacks and phishing awareness campaigns, and distributes monthly security awareness newsletters to all County employees. Additionally, the County's Information Security Office has developed and implemented a formal Security Incident Response and Breach Notification Process for County-wide responses to information security incidents. The County currently carries a cyber liability insurance policy to cover the financial losses that may result from data breaches and cyber attacks.

No assurances can be given that the County's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems, and the costs of remedying any such damage could be substantial.

# FINANCIAL INFORMATION

## Budgetary Process and Budget

Under the California Government Code, the County must approve a recommended budget by June 30 of each year as the legal authorization to spend until the approval of the adopted budget. An adopted budget reflecting any revisions to the recommended budget must be approved by the Board of Supervisors no later than October 2. The recommended and adopted budgets must be balanced.

Subsequent to the approval of the adopted budget, the County may make adjustments to reflect revenue, as realized, and to record changes in expenditure requirements. For example, in recent years, the County, like many other counties, has adopted a budget in advance of the adoption of the State budget and has been required to make adjustments in certain circumstances upon the passage of the State budget. The County conducts quarterly reviews, with major adjustments generally addressed at the end of the first, second and third quarters.

***Five-Year Forecast.*** To ensure prudent financial management, the County maintains a five-year budget forecast (the "County Budget Forecast") based on conservative revenue assumptions derived internally and from information provided by external consultants, including projections in the out years for labor and pension increases. The current County Budget Forecast reflects a continuing trend of cost increases outpacing revenue growth, such that the 25% reserve target implemented by the Board of Supervisors is unlikely to be met for the next several years. Consistent with the County Budget Forecast projections, the County is budgeting to use reserves and fund transfers to balance the Fiscal Year 2019-20 budget, adopted by the Board of Supervisors on June 25, 2019 (the "Adopted Budget"). Factors driving cost increases include labor concessions, increasing pension costs and inmate health care expenses. See "– Retirement Program" and "– Labor Relations." The County has a number of strategies to address these challenges, such as targeted reductions to the net County cost, keeping new requests to a minimum, identifying one-time revenues and reducing vacant full-time positions. The County's practice has been to apply one-time revenues towards the rebuilding of reserves or mission critical one-time costs and assumes that budgetary shortfalls will not be backfilled with discretionary revenues. In addition, the hiring freezes that the County Executive Office instituted in January 2018 are ongoing, and the County is committed to limited cost-of-living adjustments after the expiration of the current labor contracts.

**Fiscal Year 2019-20 Budget**

On June 25, 2019, the Board of Supervisors approved the Adopted Budget. The Adopted Budget includes total General Fund appropriations of approximately $3.5 billion. For Fiscal Year 2019-20, the County estimates that approximately 64% of its General Fund budget revenues in the Adopted Budget will consist of payments from the State and Federal government. Discretionary revenue is budgeted at approximately $837 million for Fiscal Year 2019-20, an increase of approximately 4.7% from the Fiscal Year 2018-19 adopted budget estimates. The increase is due primarily to modestly rising property-related tax revenues and interest income. The Adopted Budget includes discretionary spending of approximately $857.5 million. The $20.5 million gap between discretionary revenue and discretionary spending is covered by the use of reserves. Property tax revenue is budgeted at approximately $390.6 million (including $116.5 million in redevelopment tax increment pass-through funds) for Fiscal Year 2019-20, and represents approximately 47% of the County's discretionary revenue. Property tax estimates assumed an increase in assessed valuation in Fiscal Year 2019-20 of 5% from Fiscal Year 2018-19. The County's reserve balance at the beginning of Fiscal Year 2019-20 is projected at approximately $212 million, approximately $3 million above the County's reserve policy. As part of the County Executive Office's corrective action plan to bring their overall performance in line with the Adopted Budget, the County Executive Office continues to engage in analyses and discussions with the various County departments to maximize the use of available resources and identify and implement steps necessary to align their spending with their allocated net County cost. For example, the County Executive Office engages in monthly revenue and expenditure monitoring and formal quarterly Board of Supervisors updates and actions. Additionally, the County has implemented and regularly reviews and updates its investment policies and policies related to debt and pension management. Furthermore, the County Executive Office has specifically instructed departments expecting budget shortfalls to provide monthly departmental updates and action plans. To keep discretionary spending within the reserve limits and continue to meet the priorities established by the Board of Supervisors, the Adopted Budget implements targeted reductions of approximately 2.2%.

**Third-Quarter Budget Report.**

The County Executive Officer released the Fiscal Year 2019-20 Third Quarter Budget Report dated May 19, 2020 (the "Third Quarter Budget Report"). The County's projected discretionary revenue estimates will be reduced from the Adopted Budget by approximately $10 million (from $857 million to $847 million), primarily due to loss of revenue related to COVID-19. The reduced General Fund discretionary revenue projection is largely attributable to a shortfall in sales tax revenue, fines and penalties, and documentary transfer tax. In the Third Quarter Budget Report, the County is projecting that it will incur a shortfall of $50 million in Fiscal Year 2020-21. When combined with the negative impacts from of the State budget expected in the coming months, the County's projected shortfall is expected to increase to $100 million or more. The County was a direct recipient of approximately $431 million in federal funding under the CARES Act to cover expenses necessary to respond to the COVID-19 pandemic. In addition, the County was allocated approximately $57 million of the federal funding received by the State under the CARES Act. Unfortunately, short of a legislative update, CARES Act funding cannot be used to backfill County revenue losses resulting from the economic damage related to the pandemic. The County expects to end Fiscal Year 2019-20 with a draw on reserves of approximately $45 million, resulting in a reserve projection of $219 million. While the County's reserve requirement is projected to be met in Fiscal Year 2019-20, future obligations are projected to require reserves to be drawn down substantially below the Board policy requirement of 25% of discretionary revenues. The Executive Office is working with departments to reduce deficit spending in the coming year.

In March 2020, all departments were directed to eliminate all non-mission critical, non-essential spending with impacts on net County cost. The Third Quarter Budget Report provides that the cost associated with County-funded general assistance programs continues to rise and departments are seeking additional funds in the amount of $1 million based on the current caseload trends. As reported in the Third Quarter Budget Report, Riverside University Health System ("RUHS") Medical Center was projecting to end the year within budget targets. RUHS is assessing the impact the COVID-19 emergency will have on projected financial results and will keep the Executive Office updated on this key issue. On a positive note, the Medical and Surgical Center opened in March and its opening is providing valuable options in the COVID-19 response planning efforts. The Medical Center is requesting a budget adjustment related to possible COVID-19 expenditures. The RUHS Federally Qualified Health Center projects to end Fiscal Year 2019-20 with an approximate shortfall of approximately $7.3 million, due to decade-old reimbursement rates (which are reset under limited circumstances) and rising labor, pension and operating costs that threaten financial viability. The County reports that actions are underway to reset rates in order to increase revenues. As reported by the Third Quarter Budget Report, the County Sherriff's Department is projecting to end Fiscal Year 2019-20 with a balanced budget if the necessary budget adjustments and reimbursements are made for the COVID-19 pandemic and barring any further unforeseen emergencies, uptick in violent crime, unanticipated law enforcement operations or major expenditures. Detention Behavioral Health is expected to finish the fiscal year under their allocated net county cost by as much as $4.5 million combined as RUHS continues to implement opportunities for efficiencies allowing the departments to meet inmate health care service level requirements with lower than anticipated expenditures.

**Financial Policies**

*General.* The County has adopted a comprehensive set of financial policies to serve as a guideline for financial matters as further described below.

*Governmental Fund Balance and Reserve Policy.* Fund balance is the difference between assets and liabilities on a governmental fund balance sheet, and represents the net remainder of resources less expense at year-end. It is a widely used component in government financial statements analysis. In September 2011, the County adopted Board Policy B-30, *Government Fund Balance and Reserve Policy* (the "Government Fund Balance and Reserve Policy"), which establishes guidelines for use of fund balance with restricted purpose versus unrestricted purpose. This policy applies to governmental funds, which includes the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. The Government Fund Balance and Reserve Policy intends to ensure that when both restricted and unrestricted fund balances are available, restricted amounts are used first, and that unrestricted funds are used in the following order: committed, assigned, and unassigned.

The overall objective of the Government Fund Balance and Reserve Policy is to maintain a General Fund unassigned fund balance of at least 25 percent of the fiscal year's estimated discretionary revenue. The County considers property tax, local sales tax (not Prop. 172), documentary transfer tax, tobacco tax, motor vehicle in lieu fees, fines and penalties, franchise fees, mitigation fees and interest earnings as discretionary revenue. A portion of this fund balance may be separately identified for one-time or short-term coverage of budgetary crises. If unassigned fund balance is drawn below 25 percent, the County Executive Office is required to develop a plan to restore it to the minimum level within three years. Special revenue fund balances are to be kept at or above the minimum level dictated by the funding source and should not fall below zero. If the fund balance drops below minimum levels, the department responsible for the fund will develop a plan to restore the balance to established minimum levels within two years.

*Pension Management Policy.* In January 2005, the County adopted Board Policy B-25, *Pension Management Policy* (the "Pension Management Policy"), which was last revised in January 2000, to ensure proper pension plan management. This policy applies to all County-defined benefit pension plans (the "Plans"), administered by the California Public Employees Retirement System ("CalPERS"). The County's pension assets constitute a trust independently administered by CalPERS to satisfy the County's retirement obligations. The County bears the ultimate responsibility to meet its pension obligations. The County sets contribution rates sufficient to pay any amounts due to CalPERS, capture full cost of annual debt service on pension obligation bonds outstanding, collect designated annual contributions if the County has established a liability management fund in connection with the issuance of such bonds, and pay consultants hired to assist the Pension Advisory Review Committee ("PARC"). Withdrawal of a group of employees from participation in the plans does not necessarily trigger a distribution of assets. If any employee group or department separates from the County, the associated actuarial liability and pension are subject to independent actuarially determined "true value." All contracts or grants include full estimated pension cost in the contract or grant. Upon the termination of such contracts or grants, a termination payment may be negotiated.

The County established PARC in September 2003. The purpose of PARC is to develop a better institutional understanding of the County's Plans and to advise the Board of Supervisors on important matters concerning the Plans. PARC reports annually to the Board of Supervisors on the performance of the Plans and evaluates strategies to address appropriate funding of the Plans. As part of such activities, PARC annually receives an independent, third party report on the County's pension cost projections in order to ensure that the County has adequate information concerning its long-term pension obligations. In addition to PARC's advisory role with respect to the Plans, PARC has been formally tasked with reviewing the County's other post-employment benefit ("OPEB") plans and advising the Board of Supervisors with respect thereto.

PARC is comprised of the County Finance Officer (Chair), Treasurer, Human Resources Director, Auditor Controller, and a local safety member department representative. PARC meets at least annually or as necessary upon the call of the Chairperson to address County pension plan topics. Each year, PARC prepares a public report of the status of the Plans and analysis of CalPERS's most recently available actuarial report. PARC reviews proposed changes to pension benefits or liability amortization schedules, and provides the Board of Supervisors with an analysis of the long-term costs and benefits.

Issuance of pension-related debt is reviewed first by PARC. The County may establish a liability management fund in connection with the initial debt issuance, and any future issuance. Such liability management funds are funded by projected savings from issuance and only used to retire pension bond debt or transferred to CalPERS to reduce unfunded liability. PARC makes annual recommendations regarding prepayment of pension obligation financings or annual CalPERS contributions, and potential savings from such early payment.

*Debt Management Policy*. Board Policy B-24, *Debt Management Policy* (the "Debt Management Policy"), adopted in October 2003 and last revised in November 2017, protects the County's credit quality through proper debt management, thereby reducing the County's cost of borrowing. The Debt Management Policy applies to all direct County debt, conduit financing, and land secured financing. Long-term debt is not used to finance ongoing operational costs. When possible, the County pursues alternative sources of funding, such as grants, to minimize the level of direct debt. The County uses special assessment revenue, or other self-supporting debt instead of General Fund debt whenever possible. Debt issued may not have a maturity date beyond the useful life of the asset acquired or constructed. Long-term, General Fund obligated debt is incurred, when necessary, to acquire land or fixed assets based upon project priority and ability of the county to pay or to refund/pay unfunded liability, of the Plans. The project should be integrated with the County's long-term financial plan and capital improvement program.

The County establishes an affordable debt level to preserve credit quality and ensure sufficient revenue is available to pay annual debt service. The debt level is calculated by comparing seven percent of discretionary revenue to aggregate debt service, excluding self-supporting debt.

The County tries to maintain a variable rate debt an amount not greater than 20 percent of the total outstanding debt, excluding variable rate debt hedged with cash, cash equivalents, or a fixed-rate swap.

When it benefits the County's financial or operating position, the County reviews outstanding debt and initiates fixed-rate refunding. The term of such refunding does not extend the maturity beyond the original debt without compelling justification.

Each County department, agency, district or authority managing debt observes applicable state and federal regulations and laws regarding disclosure in all financings, files annual reports and material event notices with appropriate state and/or federal agencies in a timely manner, and provides an annual certificate to the Debt Advisory Committee of its compliance or noncompliance with state and/or federal disclosure laws.

The County established the Debt Advisory Committee ("DAC") in 2003. DAC reviews all proposed County-related financings at least once prior to approval by the Board of Supervisors. DAC has seven members, including the County Executive Office, as chair, the County Treasurer, the County Auditor-Controller, County Counsel, Economic Development Agency Executive Director, Community Facilities District/Assessment District

Administrator, and the General Manager and Chief Engineer of the Flood Control and Water Conservation District. DAC meetings are held monthly or as called upon by the chair. Each proposed financing brought before DAC is required to include a detailed description of the type and structure of the financing, full disclosure of the specific use of the proceeds, a description of the public benefit to be provided by the proposed debt, the principal parties involved in the financing, anticipated sources of repayment, an estimated statement of sources and uses, any proposed credit enhancement, the anticipated debt rating, if any, and an estimated debt service schedule. DAC acts on actions brought before it with either a "Review and File" or "Review and Recommend" action to the full Board of Supervisors.

*Investment Policy.* Board Policy B-21, *County Investment Policy Statement (the "Investment Policy"),* adopted in April 1999 and last revised in September 2008, safeguards public funds by assuring the County follows prudent investment practices and provides proper oversight of these investments. The Treasurer annually presents its statement of investment policy to the County Investment Oversight Committee for review and to the Board of Supervisors for approval. The Treasurer's authority to make investments is reviewed annually, pursuant to state law. All investments are governed by restrictions defining the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards, and applicable purchase restrictions. The Treasurer actively manages the investment portfolio in a manner responsive to the public trust and consistent with state law with the objectives to safeguard investment principal, maintain sufficient liquidity to meet daily cash flow requirements, and achieve a reasonable yield on the portfolio consistent with these objectives.

*Capital Improvement Program.* The Capital Improvement Program ("CIP") is the capital planning mechanism for new facilities, major facility expansions, and purchases of large capital assets. In August 2002, the Board of Supervisors adopted Policy B-22, which was last revised in December 2015 and is used as a guiding strategy to establish funding methods, administration and control, and allowable uses of the CIP funds. The CIP team, led by the Executive Office, evaluates immediate and long-term capital needs, as well as financing and budget requirements, in order to best use the County's limited capital funds.

Capital facilities approved under the CIP are funded through the following sources:

(a) The Capital Improvement Program fund accounts for capital expenditures associated with various projects. The CIP fund receives bond proceeds, project-specific resources, and contributions from the General Fund, as required. In 2007, the Board of Supervisors approved the securitization of future cash flows of tobacco settlement revenue. The action resulted in a one-time payment of cash to be used for qualifying General Fund capital projects;

(b) Development Impact Fees ("DIF") required by local governments of new development for the purpose of providing new or expanded public capital facilities required to serve that development. The fees typically require cash payments in advance of the completion of development, are based on a methodology and calculation derived from the cost of the facility and the nature and size of the development, and are used to finance improvements offsite of, but to the benefit of, the development. In the County, DIF pay for Board-authorized projects. Projects and eligible funding amounts are published within the public facilities needs list, which is updated every ten years. The list is the official public document that identifies facilities eligible for financing in whole or in part, through DIF funds levied on new development within the unincorporated Riverside County. The County is in the process of developing the public facilities needs list as part of its DIF 2030 Nexus Study. There is no General Fund cost associated with this fund;

(c) The Cabazon Community Revitalization Act Infrastructure Fund was established pursuant to Board action taken on December 10, 2013, directing that 25% of the growth in sales and use tax from the expansion of the factory outlets in Cabazon be set aside in a separate fund for infrastructure improvements and public safety in that area; and

(d) The Wine Country Community Revitalization Act Infrastructure fund was similarly approved to allocate 25% of the sales and use tax in the wine country area to assist with development of the wineries.

The CIP process allows the County to fully account and plan for capital projects that will have a major impact to the County's annual budget, future staffing levels and service to the public. The CIP allows the County to anticipate and plan for future capital needs, as well as prioritize multiple projects to maximize the use of county's limited capital funds. CIP projects include professional facilities services and associated capital improvements with a combined project value over $100,000, including but not limited to: master planning for public facilities, acquisition of land for a county facility, acquisition of buildings, construction or expansion of county facilities, fixed assets, enhancements to county facilities that will be used, occupied or owned by a County entity; major leases over $1 million and changes/revisions to current projects on the CIP list; or any County facilities project requiring new net county cost.

During Fiscal Year 2018-19, the Executive Office overhauled the CIP process to reflect the County's current organizational structure and financial status. The CIP team has solicited project lists from departments through the Assistant County Executive Officers (ACEOs) of each portfolio. Each ACED provided their prioritized list to the County Executive Officer and Cabinet to develop a County-wide ranked priority list for capital projects. The table below shows the current CIP priority list, describes the projects, and shows the estimated project budget. The various CIP projects are included in the adopted budget based on current Board-approved project commitments. Adjustments are made as needed, if funding is available. Any appropriations remaining in the fund at the end of the fiscal year will automatically carry forward into the next fiscal year.

**CIP Priority List**

| Rank | Project Name | Portfolio | Project Description | Project Budget Estimate (in millions) | Funding Source | Approved Minute Order |
|---|---|---|---|---|---|---|
| 1 | Robert Presley Detention Center (RPDC) elevators – repair/replace | Public Safety | RPDC started operations in 1989 and has housed inmates for 28 years. The facility has six elevators used by staff, inmates, and visitors. This project will replace and modernize all six elevators. | $3.9 | CIP Fund 30700, GF Sub-Fund 11183 | 3/7/17, 3.40<br>4/16/19, 3.7 |
| 2 | Riverside Downtown Law building security system replacement project | Public Safety | This building is occupied by the Offices of the District Attorney, County Counsel, and the Probation Department. Upgrade of the building's systems will maintain the appropriate levels of security for these departments. | $1.2 | CIP Fund 30700 | 3/26/19, 3.4 |
| 3 | Purchase of certified voting equipment | Economic and Community Development | On February 27, 2019, California Secretary of State Alex Padilla initiated the process for withdrawing certification or conditional approval of voting systems that were not tested or certified under the most recent state security standards, and mandated that county elections officials implement a voting system that meets California's newest testing and certification standards. All certified voting systems are to be operational for the March 3, 2020 Presidential Primary Election. | $6 - $8 | General Fund | TBD |
| 4 | Smith Correctional Facility housing units 15-17 healthcare enhancement project | Correctional Health | Provision and enhancement of additional medical and behavioral health service space. | $0.8 | CIP Fund 30700 | 5/9/17, 3.13<br>4/9/19, 3.8 |

| Rank | Project Name | Portfolio | Project Description | Project Budget Estimate (in millions) | Funding Source | Approved Minute Order |
|---|---|---|---|---|---|---|
| 5 | Cois Byrd healthcare enhancement project | Correctional Health | Provision and enhancement of additional medical and behavioral health service space. | $2.9 | CIP Fund 30700 | 4/16/19, 3.6 |
| 6 | West County Emergency Operations Center (EOC) project | Public Safety | On March 20, 2018, the Board approved the acquisition of the property located at 450 E. Alessandro Boulevard, Riverside, California for use by the Emergency Management Department as an emergency operations center to serve the western region of Riverside County. The property purchase was approximately $3 million. The building is currently being assessed to determine the scope of work and budget required for a fully operational EOC. | $8-$14 | TBD | |
| 7 | Riverside Juvenile Hall project (reallocation of SB81, round 2 funds) | Public Safety | The Probation department was awarded funds for development of a Youth Treatment and Education Center (YTEC) in Indio, under SB 81. After evaluating regional needs, the department determined that these grant funds can be reallocated to the Riverside Juvenile Hall Campus renovation. The project is in the scoping phase to determine the total budget. | TBD | TBD | |
| 8 | County Administrative Center (CAC) utilization | Various | EDA is evaluating the space needs of various departments to maximize utilization of the CAC. Space will be available on the 2nd, 9th, and 10th floors, and the county would like to locate general fund departments in these spaces to reduce departments' costs. | TBD | TBD | |
| 9 | RMAP digitization project | Finance and Government Services | The County Archives Program must meet industry preservation standards in order to protect County records of historical value. This requires modernizing the Archive's HVAC system, expanding the facility to house the program's collection, and beginning the process of restoring, preserving and digitizing archived volumes and maps. | $4 | TBD | |

## Budget Comparison

The following table sets forth the General Fund budgets for the last five fiscal years as initially adopted by the Board of Supervisors. During the course of each fiscal year, a budget may be amended to reflect adjustments to receipts and expenditures that have been approved by the Board of Supervisors.

**TABLE 12**

**COUNTY OF RIVERSIDE**
**ADOPTED GENERAL FUND BUDGETS[(1)]**
**FISCAL YEARS 2015-16 THROUGH 2019-20**
**(IN MILLIONS)**

| | *2015-16 Budget* | *2016-17 Budget* | *2017-18 Budget* | *2018-19 Budget* | *2019-20 Budget* |
|---|---|---|---|---|---|
| REQUIREMENTS | | | | | |
| General Government | $216.1 | $209.1 | $ 220.4 | $171.9 | $156.4 |
| Public Protection | 1,276.2 | 1,345.7 | 1,379.1 | 1,445.6 | 1,513.8 |
| Health and Sanitation | 562.3 | 534.9 | 601.1 | 678.8 | 737.2 |
| Public Assistance | 1,004.8 | 1,003.8 | 996.0 | 1,002.5 | 1,049.4 |
| Education | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Recreation and Cultural | 0.3 | 0.5 | 0.5 | 0.5 | 2.2 |
| Debt Retirement-Capital Leases | 4.7 | 5.1 | 10.6 | 10.5 | 14.5 |
| Contingencies | 36.5 | 20.0 | 20.0 | 14.9 | 17.6 |
| Increase to Reserves | 2.0 | 0.0 | 0.0 | 0.0 | 19.6 |
| Total Requirements[(2)] | $3,100.8 | $3,119.8 | $3,228.4 | $3,325.4 | $3,511.4 |
| AVAILABLE FUNDS | | | | | |
| Use of Fund Balance and Reserves | $76.8 | $67.7 | $84.9 | $0.0 | $0.0 |
| Estimated Revenues: | | | | | |
| Property Taxes | 280.2 | 300.9 | 303.0 | 313.4 | 333.9 |
| Other Taxes | 25.0 | 24.0 | 21.0 | 3.4 | 4.6 |
| Licenses, Permits and Franchises | 17.5 | 18.3 | 18.1 | 19.1 | 20.8 |
| Fines, Forfeitures and Penalties | 44.4 | 39.5 | 38.4 | 60.1 | 62.5 |
| Use of Money and Properties | 16.6 | 10.5 | 11.4 | 26.5 | 28.2 |
| Aid from Other Governmental Agencies: | | | | | |
| State | 1,356.1 | 1,357.4 | 1,407.1 | 1,462.5 | 1,547.9 |
| Federal | 615.3 | 634.1 | 627.5 | 681.6 | 718.6 |
| Charges for Current Services | 528.9 | 523.4 | 562.7 | 596.1 | 627.3 |
| Other Revenues | 139.9 | 144.0 | 154.3 | 152.7 | 167.6 |
| Total Available Funds[(2)] | $3,100.8 | $3,119.8 | $3,228.4 | $3,325.4[(3)] | $3,511.4[(3)] |

(1) Data source is the official budget documents submitted to the State Controller's Office. Figures do not reflect quarterly amendments or adjustments.
(2) Column numbers may not add up to totals due to rounding.
(3) Includes use of reserves of $18.5 million in Fiscal Year 2018-19 and $20.5 million in Fiscal Year 2019-20 to balance discretionary revenue that are reflected as a portion of budgeted General Fund revenue.
Source: County Auditor-Controller.

## Riverside County Treasurer's Pooled Investment Fund

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of April 30, 2020, the portfolio assets comprising the PIF had a market value of $8,707,241,840.70.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2019, the Auditor-Controller performed an analysis on the County Treasury, which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 81.91% of the funds on deposit in the County Treasury, while approximately 18.09% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County's PIF, the desire of the County Treasurer is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2020 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the PIF as of April 30, 2020 were as follows (numbers may not add up due to rounding of individual components):

| | ***Balance*** | ***% of Pool*** |
|---|---|---|
| U.S. Treasury Securities | 1,050,312,062.15 | 12.12% |
| Federal Agency Securities | 4,915,734,761.16 | 56.71% |
| Cash Equivalent & Money Market Funds | 1,178,023,976.03 | 13.59% |
| Commercial Paper | 921,180,019.43 | 10.63% |
| Negotiable Certificates of Deposits | 390,000,000.00 | 4.50% |
| Medium Term Notes | 82,836, 631.79 | 0.96% |
| Municipal Notes | 130,588,958.50 | 1.51% |
| Certificates of Deposit | - | - |
| Repurchase Agreements | - | - |
| Local Agency Obligations (1) | 40,000.00 | 0.001% |
| Total Book Value | $8,668,716,409.06 | 100.00% |
| Book Yield: | | 1.15% |
| Weighted Average Maturity: | | 1.007 Years |

(1) Represents County obligations issued by Riverside District Court Financing Corporation.
Source: County Treasurer-Tax Collector.

As of April 30, 2020, the market value of the PIF was 100.44% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "Aaa-bf" from Moody's Investors Service and "AAAf/S1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

### *Ad Valorem* Property Taxes

***General.*** Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The "secured roll" is that assessment roll containing locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county wide or less than city wide special districts and school districts. In addition, the County levies and collects additional taxes for voter approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, a $38.63 administrative cost, a $36.77 per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the "Redemption Amount"). If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer-Tax Collector.

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

The following tables set forth the secured property tax roll and the unsecured property tax roll of the County for Fiscal Year 2009-10 through Fiscal Year 2019-20.

## TABLE 13

### COUNTY OF RIVERSIDE
### *AD VALOREM* PROPERTY TAXES - LEVIES AND COLLECTIONS
### FISCAL YEARS 2009-10 THROUGH 2019-2020
### SECURED PROPERTY TAX ROLL(1)

| *Fiscal Year* | *Secured Property Tax Levy* | *Current Levy Delinquent June 30* | *Percentage of Current Taxes Delinquent June 30*(2) | *Total Collections*(3) | *Percentage of Total Collections to Current Levy*(3) |
|---|---|---|---|---|---|
| 2009-10 | $2,791,941,475 | $139,427,699 | 4.99% | $2,957,072,395 | 105.91% |
| 2010-11 | 2,698,915,858 | 95,454,538 | 3.54 | 2,826,336,496 | 104.72 |
| 2011-12 | 2,676,613,483 | 70,921,563 | 2.65 | 2,809,408,918 | 104.96 |
| 2012-13 | 2,677,034,057 | 58,215,544 | 2.17 | 2,800,820,511 | 104.62 |
| 2013-14 | 2,813,381,750 | 49,716,695 | 1.76 | 2,943,824,187 | 104.64 |
| 2014-15 | 3,014,259,026 | 46,145,916 | 1.53 | 3,152,661,477 | 104.59 |
| 2015-16 | 3,205,453,157 | 45,956,538 | 1.43 | 3,328,995,827 | 103.85 |
| 2016-17 | 3,368,109,165 | 45,522,477 | 1.35 | 3,496,857,648 | 103.82 |
| 2017-18 | 3,565,210,050 | 42,580,125 | 1.19 | 3,679,787,833 | 103.21 |
| 2018-19 | 3,762,000,301 | 71,213,196 | 1.89 | 3,768,906,901 | 100.18 |
| 2019-20 | 3,964,853,341 | N/A | N/A | 3,867,244,769(4) | N/A |

(1) The Levy and Collection data reflect the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, school districts, special districts and redevelopment agencies are included in the totals.

(2) Under the Teeter Plan, participating agencies receive their full levy of current secured taxes regardless of delinquency rate, subject to roll corrections during the year. Prior year taxes are deposited to the Teeter Plan fund. See the caption "Teeter Plan" herein.

(3) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.

(4) As of April 30, 2020.

Source: County Auditor-Controller.

## TABLE 14

### UNSECURED PROPERTY TAX ROLL[1]

| *Fiscal Year* | *Unsecured Property Tax Levy* | *Total Collections*[2] | *Percentage of Total Collections to Original Levy*[2] |
|---|---|---|---|
| 2009-10 | $88,118,784 | $88,409,527 | 100.33% |
| 2010-11 | 86,326,418 | 82,483,361 | 95.55 |
| 2011-12 | 83,904,478 | 84,157,603 | 100.30 |
| 2012-13 | 83,848,832 | 78,686,704 | 93.84 |
| 2013-14 | 83,522,992 | 86,835,311 | 103.97 |
| 2014-15 | 84,869,586 | 89,749,581 | 105.75 |
| 2015-16 | 84,381,854 | 88,526,356 | 104.91 |
| 2016-17 | 91,527,259 | 97,904,720 | 106.97 |
| 2017-18 | 92,470,967 | 97,787,334 | 105.75 |
| 2018-19 | 97,064,852 | 104,905,609 | 108.08 |
| 2019-20 | 103,243,149 | 103,229,579[3] | 99.99[3] |

(1) The Levy and Collection data reflect the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, school districts, special districts and redevelopment agencies are included in the totals.

(2) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.

(3) From July 1, 2019 to April 30, 2020

Source: County Auditor-Controller.

State legislation enacted in 1984 established the "supplemental roll," which directs the County Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of new construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the new assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of new construction and the date of the next regular tax roll upon which the assessment is entered.

Supplemental roll billings are made on a monthly basis and are due on the date mailed. If mailed within the months of July through October, the first installment becomes delinquent on December 10 and the second on April 10. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent. These assessments are subject to the same penalties and default procedures as the secured and unsecured rolls.

The following table sets forth the supplemental tax roll of the County for Fiscal Year 2008-09 through Fiscal Year 2019-20:

**TABLE 15**

**COUNTY OF RIVERSIDE**
**SUMMARY OF SUPPLEMENTAL ROLL**
***AD VALOREM* PROPERTY TAXATION**
**FISCAL YEARS 2008-09 THROUGH 2019-20**

| *Fiscal Year* | *Tax Levy for Increased Assessments*(1),(2),(3) | *Refunds for Decreased Assessments*(1),(3) | *Net Supplemental Tax Levy*(2) | *Collections*(1),(2) |
|---|---|---|---|---|
| 2008-09 | $60,817,712(4) | $46,478,150 | $14,339,562 | $74,316,444 |
| 2009-10 | 27,019,730 | 35,212,651 | (8,192,922)(5) | 19,632,809 |
| 2010-11 | 34,612,092 | 27,686,887 | 6,925,205 | 16,813,302 |
| 2011-12 | 26,497,836 | 18,807,091 | 7,690,745 | 17,105,096 |
| 2012-13 | 35,389,177 | 16,720,188 | 18,668,989 | 23,487,988 |
| 2013-14 | 52,907,916 | 8,982,077 | 43,925,839 | 41,498,433 |
| 2014-15 | 68,579,326 | 7,954,074 | 60,625,253 | 56,319,752 |
| 2015-16 | 70,084,954 | 6,399,454 | 63,685,501 | 60,101,066 |
| 2016-17 | 85,097,029 | 7,733,087 | 77,363,942 | 70,527,505 |
| 2017-18 | 95,818,550 | 6,329,416 | 89,489,134 | 87,764,555 |
| 2018-19 | 52,402,356 | 3,236,791 | 49,165,564 | 62,884,988(6) |
| 2019-20(8) | 60,227,118 | 4,631,654 | 55,595,464 | 30,652,839 |

(1) These figures include tax levy, refunds and collections for all districts, including the County, cities, school districts, special districts and redevelopment agencies. Amounts are net of minimum tax less than $10.
(2) Includes current and prior years' taxes, redemption penalties and interest collected.
(3) Tax levy amounts are shown net of minimum tax less than $10 and refunds are shown net of refund or negative supplemental taxes less than $10.
(4) Changes from prior years due to decrease in housing values and lower transaction volume. See discussion below, following the table of Assessed Valuation History by Category and Property Type.
(5) The negative tax levy is a result of refunds exceeding the billed amounts.
(6) Collections are higher than the supplemental levy due to as collections came from current year and prior year billings.
(7) Tax levy is lower as compared to last year due to system stabilization phase for the Assessor, Tax Collector and Auditor which unabled to process all supplemental transactions in a timely manner.
(8) From July 1, 2019 to April 30, 2020.
Source: County Auditor-Controller/County Treasurer and Tax Collector.

The following table sets forth the assessed valuation by category and property type for Fiscal Year 2015-16 through Fiscal Year 2019-20:

**TABLE 16**

**COUNTY OF RIVERSIDE**
**ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE(1)**
**FISCAL YEARS 2015-16 THROUGH 2019-20**
**(IN MILLIONS)**

| *Category* | *2015-16* | *2016-17* | *2017-18* | *2018-19* | *2019-20* |
|---|---|---|---|---|---|
| **SECURED PROPERTY:** | | | | | |
| Land | $ 73,305 | $ 76,443 | $ 79,694 | $ 83,726 | $ 87,392 |
| Structures | 160,030 | 169,096 | 179,648 | 192,023 | 204,416 |
| Personal Property | 875 | 829 | 789 | 898 | 889 |
| Utilities | 4,768 | 5,350 | 5,327 | 5,461 | 5,591 |
| Total Secured | $ 238,978 | $ 251,718 | $ 265,458 | $ 282,108 | $ 298,288 |
| **UNSECURED PROPERTY:** | | | | | |
| Land | $ 9 | $ 3 | $ 4 | $ 35 | $ 2 |
| Structures | 193 | 133 | 115 | 109 | 82 |
| Fixtures | 3,543 | 3,738 | 3,791 | 4,108 | 4,225 |
| Personal Property | 3,736 | 4,082 | 4,166 | 4,612 | 4,921 |
| Total Unsecured(2) | $ 7,481 | $ 7,956 | $ 8,076 | $ 8,864 | $ 9,230 |
| **GRAND TOTAL** | $ 246,459 | $ 259,674 | $ 273,534 | $ 290,972 | $ 307,518 |

(1) Assessed valuation is reported as of July 1 of each year at 100% of full taxable value. Pursuant to Article XIIIA of the State Constitution (Proposition 13), property is valued for tax purposes at the 1975-76 fair market value, adjusted annually for inflation (not to exceed 2%). Generally, property is reassessed at fair market value upon change of ownership and for new construction.

(2) Represents total of categories set forth above; does not represent total tax roll values.

Source: County Auditor-Controller/County Assessor.

Assessed valuations can be reduced as a result of an assessment appeal or an assessor-initialized reduction. Property owners can appeal their initial valuation at the time of acquisition to establish their Proposition 13 basis. Subsequently, they may appeal the valuation under Proposition 8 to achieve a temporary reduction below the Proposition 13 value, as adjusted. The County Assessor is required under Proposition 8 to make reductions, should declines in market values call for such reductions. Following the decline in housing prices in the County during the 2008 recession, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, in each year from Fiscal Year 2010-11 to Fiscal Year 2013-14, which resulted in a net decline in assessed valuation in each of those years. In Fiscal Years 2014-15, 2015-16 and 2016-17, there were no additional proactive Proposition 8 reductions. Housing prices in the County have been showing increases in recent years. Assessed valuation in the County increased from Fiscal Year 2015-16 to 2016-17 by approximately 5.08%, from Fiscal Year 2016-17 to 2017-18 by approximately 5.52%, from Fiscal Year 2017-18 to 2018-19 by approximately 6.3% and from Fiscal Year 2018-19 to 2019-20 by approximately 5.86%. Assessed valuation in the County is expected to increase by approximately 5.00% in Fiscal Year 2020-21 as compared to Fiscal Year 2019-20.

***Property Tax Appeals.*** The County estimates that it has received assessment appeals applicable to Fiscal Year 2019-20 totaling approximately $11.9 billion of assessed value, although the County is still processing the case filings for Fiscal Year 2019-20 so the actual total assessed value subject to appeal may differ. Successful appeals result in either a refund of taxes paid or a reduction to an unpaid tax bill. A total of $345 million of assessed value was reduced from the County tax roll in Fiscal Year 2017-18 and Fiscal Year 2018-19 due to appeals, representing $3,450,000 in general purpose taxes over the two-fiscal year period. Approximately

2% of the Fiscal Year 2019-20 assessment appeals have been completed. The majority of the remaining Fiscal Year 2019-20 assessment appeals are expected to be completed by June 2021.

**Teeter Plan**

With respect to collection of property taxes, the County adopted in 1993 the Teeter Plan, which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan" for distribution of certain property tax and assessment levies on the secured roll.

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan (the "Revenue Districts") on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes and 100% of the then-current year's secured roll levy. Supplemental taxes are currently excluded from the Teeter Plan.

As part of the COVID-19 related response from the State, on May 6, 2020, Governor Newson signed Executive Order N-61-20 granting county tax collectors the ability to cancel penalties, costs, and interest for taxes not timely paid on certain properties that were not delinquent prior to March 4, 2020. The Order expires May 6, 2021. The County is collecting more information with respect to late collections as part of the projections being prepared in connection with the Fiscal Year 2020-21 budget.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the county. An electing county may, however, determine to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Taxing entities that are required to maintain funds in the County Treasury are all included in the Teeter Plan. These include all K-12 school districts, community college districts and certain special districts. Other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. In Fiscal Year 2017-18, taxing agencies representing approximately 56.34% of the secured roll participated in the Teeter Plan. In Fiscal Year 2018-19, taxing agencies representing approximately 56.37% of the secured roll participated in the Teeter Plan.

Pursuant to the Law, the County is required to establish a tax losses reserve fund to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property (i.e., if the sale price of the property is less than the amount owed). The appropriate amount in the fund is determined by one of two methods: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. Any amount in excess of the 1% or 25% level determined pursuant to either method of calculation may be credited to the County's General Fund. The County is currently governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses.

Since 1997, the County has issued taxable and tax exempt notes from time to time to finance the County's obligations to make distributions to the Revenue Districts pursuant to the Teeter Plan, and to refund certain obligations of the County related to such obligations. The County manages the program on a continuous basis by paying down the amount outstanding with collections of prior years' taxes, funding the current year's advance and rolling over any unpaid amounts.

From Fiscal Year 1997-98 through Fiscal Year 2006-07, the size of the Teeter Plan obligations fluctuated between approximately $24 million and $90 million, producing annual net revenue to the County's General Fund of approximately $14 million to $25 million. The Teeter Plan obligations grew to approximately $168.4 million in Fiscal Year 2007-08 and peaked at approximately $266.6 million in Fiscal Year 2008-09. For the last five fiscal years the annual Teeter revenues averaged approximately $25.6 million. As the amount of delinquent taxes receivable has declined, the annual revenue available to the General Fund has been reduced. For Fiscal Year 2018-19, the net Teeter revenue to the County's General Fund was approximately $35.9 million. The Teeter Plan obligations are approximately $84 million in Fiscal Year 2019-20. The following table sets forth the aggregate principal amount of the Teeter Plan obligations issued in Fiscal Years 2009-10 through 2019-20.

**TABLE 17**

**COUNTY OF RIVERSIDE**
**TEETER PLAN OBLIGATIONS ISSUED**
**FISCAL YEARS 2009-10 THROUGH 2019-20**

| *Fiscal Year* | *Principal Amount* |
|---|---|
| 2009-10 | $257,300,000 |
| 2010-11 | 206,805,000 |
| 2011-12 | 171,325,000 |
| 2012-13 | 142,840,000 |
| 2013-14 | 119,770,000 |
| 2014-15 | 100,175,000 |
| 2015-16 | 87,040,000 |
| 2016-17 | 81,765,000 |
| 2017-18 | 78,735,000 |
| 2018-19 | 74,190,000 |
| 2019-20 | 84,115,000 |

Source: County of Riverside.

The County accounts for the Teeter Plan in its audited financial statements by listing the amount of its liabilities; including unpaid taxes with its other receivables; and including apportioned prior years' taxes on deposit with other restricted cash. The taxes receivable are listed in their principal amount without any penalties or accrued interest. See APPENDIX B – "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 6 Receivables."

Since the Teeter Program is ongoing, the County must have annual access to cash, either through the issuance of Teeter notes or other alternative sources of cash. Should market access for Teeter notes be limited and no private or direct bank placements options be available, the County has two voluntary options to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts.

The first option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts is to have the PIF purchase the Teeter notes. Such Teeter notes have been purchased by the PIF in the past, beginning in 2001. Formal Board of

Supervisors and County Treasurer approval would be required in order for the PIF to purchase Teeter notes if the notes are not rated or otherwise not qualified for purchase under the County's investment policy. See "– Riverside County Treasurer's Pooled Investment Fund."

The second option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts would be for the County to advance funds from the General Fund. Lawfully available moneys in the County's General Fund are available for the repayment of Teeter notes, and the continuation of the Teeter Program is beneficial to the County's over-all financial condition. Should additional cash be needed, the County may borrow lawfully available moneys in the County's General Fund to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts. Such General Fund borrowings to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts have been authorized by the Board of Supervisors, most recently in April 2007.

Additionally, the County Treasurer and the County Auditor-Controller have an operating agreement to facilitate such General Fund borrowings by allowing the General Fund account in which the County Pool is deposited to run a negative balance. The amount by which the balance in the General Fund account in which the County Pool is deposited may be negative is capped by the amount the County may borrow. Such operating agreement allows for a seamless mechanism. It also spreads the loan across all County funds, minimizing the impact on any single fund and the need to manage individual fund balances. The Government Code section allows such borrowings on an indefinite basis, stipulating repayment prior to such date that funds are needed in the originating funds. The County has utilized this approach for many years including during the 1990s when the County carried a substantial year-end negative cash balance in the General Fund.

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**Largest Taxpayers**

The following table shows the 25 largest property taxpayers by individual tax levied in the County for Fiscal Year 2018-19:

**TABLE 18**

**COUNTY OF RIVERSIDE**
**TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2018-19**
**BY TAX LEVIED[(1)]**

| *Taxpayer* | *Total Taxes Levied* | *Percentage of Total Tax Charge* |
|---|---|---|
| LENNAR HOMES OF CALIF INC | $3,723,895.46 | 0.10% |
| COSTCO WHOLESALE CORP | 3,568,178.20 | 0.09 |
| RIVERSIDE HEALTHCARE SYSTEM | 3,543,195.62 | 0.09 |
| TYLER MALL LTD PARTNERSHIP | 3,521,625.50 | 0.09 |
| CHELSEA GCA REALTY PARTNERSHIP | 3,443,780.12 | 0.09 |
| GARDEN OF CHAMPIONS | 3,174,037.70 | 0.08 |
| WALGREEN CO | 3,131,965.92 | 0.08 |
| RORIPAUGH VALLEY RESTORATION | 2,913,620.02 | 0.08 |
| TARPON PROP OWNERSHIP 2 | 2,882,416.56 | 0.08 |
| TARGET CORP | 2,756,363.76 | 0.07 |
| CASTLE & COOKE CORONA CROSSINGS | 2,726,228.56 | 0.07 |
| LOWES HIW INC | 2,681,896.00 | 0.07 |
| WAL MART REAL ESTATE BUSINESS TRUST | 2,677,227.80 | 0.07 |
| KAISER FOUNDATION HEALTH PLAN INC | 2,523,803.14 | 0.07 |
| ROSS DRESS FOR LESS INC | 2,515,037.60 | 0.07 |
| DUKE REALTY LTD PARTNERSHIP | 2,461,110.36 | 0.07 |
| WESTERN PACIFIC HOUSING INC | 2,380,796.72 | 0.06 |
| UNIVERSITY PARK INV | 2,246,314.54 | 0.06 |
| PARDEE HOMES | 2,168,726.84 | 0.06 |
| TEMECULA TOWNE CENTER ASSOC | 2,053,514.70 | 0.05 |
| FIRST INDUSTRIAL | 2,034,090.60 | 0.05 |
| CALATLANTIC GROUP INC | 1,971,132.96 | 0.05 |
| ROHR INC | 1,909,555.74 | 0.05 |
| WESTERN A WEST CA | 1,889,108.06 | 0.05 |
| NEWAGE DESERT SPRINGS | 1,887,414.90 | 0.05 |
| **Total** | **$66,785,037.38** | **1.78%** |
| **Total Secured Tax Charge for 2018-2019** | **$3,761,995,618.38** | |

(1) Includes secured property.
Source: County Treasurer and Tax Collector.

The 10 largest property owners in the County by assessed value for all properties, for Fiscal Year 2018-19 are shown below:

**TABLE 19**

**COUNTY OF RIVERSIDE**
**TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2018-19**
**BY ASSESSED VALUE**

| ***Assessee*** | ***Assessed Value*** |
|---|---|
| EISENHOWER MEDICAL CENTER | $548,217,650 |
| KAISER FOUNDATION HOSPITALS | 413,233,468 |
| COSTCO WHOLESALE CORP | 402,124,889 |
| CALIFORNIA BAPTIST UNIVERSITY | 369,636,700 |
| DUKE REALTY LTD PARTNERSHIP | 322,701,883 |
| RIVERSIDE HEALTHCARE SYSTEM | 320,627,868 |
| FIRST INDUSTRIAL | 315,766,205 |
| ROSS DRESS FOR LESS INC | 300,793,211 |
| KAISER FOUNDATION HEALTH PLAN INC | 299,053,424 |
| WALGREENS CO | 281,542,289 |
| Subtotal | $3,573,697,587 |
| All Others | $299,201,674,536 |
| Total | $302,775,372,123 (1) |

(1) Excludes State-assessed property. Does not reflect any applicable exemptions.
Source: County Assessor.

**Other Taxing Entities**

The County does not retain all of the property taxes it collects for its own purposes. The majority of property taxes collected by the County are disbursed to other agencies. For Fiscal Year 2018-19, the County retained approximately 18% of the total amount collected (and is budgeted to retain 18% in Fiscal Year 2019-20 and projected to retain 18% in Fiscal Year 2020-21). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law (See "—Redevelopment Agencies" below). Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are applied to pay such obligations, less any allowable collection charges.

**Redevelopment Agencies**

The California Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) authorized the redevelopment agency of any city or county to issue bonds payable from the allocation of tax revenues resulting from increases in assessed valuation of properties within the designated project areas. In effect, local taxing authorities other than the redevelopment agency realize tax revenues on a portion of the taxes generated in a project area including: 1) on the "frozen" tax base; 2) for project areas adopted prior to January 1, 1994, local taxing authorities may receive an additional amount based on any negotiated agreements with redevelopment agencies to receive a share of tax increment proceeds; and, 3) for project areas adopted after January 1, 1994, local taxing authorities receive a pass-through payment based on statutory rules pursuant to section 33607.5 of the California Health and Safety Code. The net effect of the formation of a redevelopment area is to redistribute tax revenues away from the AB 8 formula. Redevelopment agencies generally receive the majority of the taxes to be allocated. Other taxing entities may receive a portion of the tax revenue pursuant to agreements negotiated with the redevelopment agency.

The following table summarizes the community redevelopment agencies' frozen base value, full cash value increments, and total tax allocations for Fiscal Years 2009-10 through 2019-20.

**TABLE 20**

**COUNTY OF RIVERSIDE**
**COMMUNITY REDEVELOPMENT AGENCIES'**
**FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS**
**AND TOTAL TAX ALLOCATIONS**
**FISCAL YEARS 2009-10 THROUGH 2019-20**

| *Fiscal Year* | *Frozen Base Value* | *Full Cash Value Increments*(1) | *Total Tax Allocations*(2)(3) |
|---|---|---|---|
| 2009-10 | $15,256,883,605 | $62,342,584,603 | $630,001,609 |
| 2010-11 | 15,980,487,099 | 58,188,212,570 | 586,318,387 |
| 2011-12 | 16,272,503,279 | 56,687,373,841 | 598,655,064 |
| 2012-13 | 16,352,697,201 | 56,178,718,338 | 594,476,134 |
| 2013-14 | 16,352,697,201 | 58,479,843,303 | 688,683,052 |
| 2014-15 | 16,352,691,201 | 62,266,158,988 | 729,793,564 |
| 2015-16 | 16,352,657,201 | 65,770,021,482 | 772,866,457 |
| 2016-17 | 16,352,657,201 | 69,510,642,793 | 816,260,103 |
| 2017-18 | 16,352,657,201 | 73,397,406,955 | 866,983,038 |
| 2018-19 | 16,352,657,201 | 78,931,108,121 | 791,516,576 |
| 2019-20 | 16,352,657,201 | 83,774,752,955 | 838,352,528 |

(1) Full cash value for all redevelopment projects (including County projects) above the "frozen" base year valuations. This data represents growth in full cash values generating tax revenues for use by the community redevelopment agencies and includes State assessed properties; has not been adjusted for negative project area increment.
(2) Actual cash revenues collected by the County and available to community redevelopment agencies, subject to certain negotiated agreements with taxing entities for a share of the property tax increment.
(3) Includes estimated general purpose and debt; excludes negative treatment redevelopment projects where assessed value is less than frozen base value.
Source: County Auditor-Controller.

Legislation enacted as part of the State's 2011 Budget Act ("ABx1 26") eliminated redevelopment agencies, with formal dissolution effective February 1, 2012. The County had previously formed a redevelopment agency with project areas in 45 unincorporated communities. In accordance with ABx1 26, the County redevelopment agency dissolved on February 1, 2012 and the County's Board of Supervisors is acting as the successor agency to the County's redevelopment agency. At the time of its dissolution, the County redevelopment agency had a total land area of 82,334 acres, a base year assessed value, including State-owned land, of $3,971,824,734, and a Fiscal Year 2011-12 assessed value of $8,266,787,927. In Fiscal Year 2011-12, the pass-through payment to the County's General Fund from the County's redevelopment agency totaled $1,600,443, and was offset in its entirety pursuant to Health and Safety Code Section 33607.5. As a consequence of the dissolution of redevelopment agencies, the County receives only a fraction of the pass-through payments from the County redevelopment agency it previously received, but these amounts were relatively modest and are largely offset by the County's receipt of its tax allocation under the AB 8 formula. As the result of the dissolution, the County is receiving a share of residual, unencumbered low and moderate housing and other asset funding. The County received $11,119,776 in residual funds for Fiscal Year 2018-19, and is budgeting to receive approximately $10,439,917 in residual funds for Fiscal Year 2019-20.

In Fiscal Years 2017-18 and 2018-19, the County received approximately $107 million and $116 million, respectively, in pass-through payments pursuant to agreements with various city redevelopment agencies. The County is projected to receive approximately $118 million in Fiscal Year 2019-20. Pursuant to ABx1 26 and its following clarifying legislation, the County's negotiated pass-through agreements with these redevelopment agencies remain in full force and effect as enforceable obligations of the successor entity to each such redevelopment agency.

**Financial Statements and Related Issues**

The County's accounting policies used in preparation of its audited financial statements conform to generally accepted accounting principles applicable to counties. The County's governmental funds and fiduciary funds use the modified accrual basis of accounting. This system recognizes revenues in the accounting period in which they become available and measurable. Expenditures, with the exception of unmatured interest on general long-term debt, are recognized in the accounting period in which the fund liability is incurred. Proprietary funds use the accrual basis of accounting, and revenues are recognized in the accounting period in which they are earned and become measurable, while expenses are recognized in the period during which they are incurred.

As part of the County's county-wide financial assessment and efficiency analysis, the County has undertaken a review of the operation of sub-funds within its accounting system. The County establishes sub-funds to track revenues and expenditures for certain designated programs administered by the County. Revenues held in sub-funds are generally restricted for the related programs. As part of such review, the County is evaluating the timing of the revenue recognition associated with programs for which sub-funds have been established. Currently, the County classifies restricted revenues as deferred inflows and recognizes the revenues when the associated expenditures are incurred, which may not be in the year in which the restricted revenues are received. A change in the recognition of the restricted revenues to the year in which the revenues are received rather than in the year in which the related expenditures are incurred would result in the acceleration of certain revenues currently held in the sub-funds. Revenues are reported in accordance with Generally Accepted Accounting Principles, and therefore there is no need to alter the current accounting practice related to the recognition of revenue held in sub-funds.

The State Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the "Annual Financial Report of the County of Riverside." Under the U.S. Single Audit Act of 1984 and State law, independent audits are required on all operating funds under the control of the Board of Supervisors and must be conducted annually. The County's financial statements for Fiscal Year 2018-19 were audited by Brown Armstrong Accountancy Corporation. See APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for Fiscal Year 2014-15 through 2018-19.

## TABLE 21

### COUNTY OF RIVERSIDE
### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES – GENERAL FUND
### FISCAL YEARS 2014-15 THROUGH 2018-19
### (In Thousands)

| | *2014-15* | *2015-16* | *2016-17* | *2017-18* | *2018-19* |
|---|---|---|---|---|---|
| BEGINNING FUND BALANCE | $ 364,676[1] | $ 395,389 | $ 371,510 | $ 348,231 | $ 369,582 |
| REVENUES | | | | | |
| Taxes | 267,708 | 279,945 | 292,674 | 303,836 | 326,991 |
| Licenses, permits and franchises | 17,829 | 19,100 | 18,400 | 19,142 | 19,989 |
| Fines, forfeiture sand penalties | 77,770 | 73,198 | 67,689 | 64,525 | 64,521 |
| Use of money and property–Interest | 4,372 | 6,728 | 7,893 | 16,727 | 23,197 |
| Use of money and property–Rents and concessions | 7,758 | 10,491 | 13,391 | 13,552 | 12,244 |
| Government Aid–State | 1,224,095 | 1,238,292 | 1,280,127 | 1,328,912 | 1,404,112 |
| Government Aid–Federal | 542,934 | 572,267 | 589,905 | 596,949 | 567,753 |
| Governmental Aid-Other | 94,217 | 97,888 | 104,043 | 110,656 | 117,264 |
| Charges for current services | 431,323 | 465,333 | 460,539 | 481,245 | 499,566 |
| Other revenues | 34,851 | 20,069 | 46,355 | 44,273 | 49,682 |
| TOTAL REVENUES | $2,702,857 | $2,783,311 | $2,881,016 | $2,979,817 | $3,103,437 |
| EXPENDITURES | | | | | |
| General government | $ 109,900 | $ 113,779 | $ 133,217 | $ 130,989 | $ 118,662 |
| Public protection | 1,189,466 | 1,256,765 | 1,317,038 | 1,328,734 | 1,382,395 |
| Public ways and facilities | 8 | - | - | - | - |
| Health and sanitation | 478,047 | 468,272 | 494,771 | 543,976 | 558,905 |
| Public assistance | 865,309 | 918,963 | 920,185 | 916,191 | 934,641 |
| Education | 590 | 669 | 643 | 628 | 678 |
| Recreation and cultural | 317 | 325 | 354 | 483 | 1,959 |
| Capital Outlay | 54,529 | 11,829 | 64,289 | 6,486 | 6,287 |
| Debt service | 12,877 | 20,755 | 12,558 | 17,357 | 23,422 |
| TOTAL EXPENDITURES | $2,711,043 | $2,791,357 | $2,943,055 | $2,944,844 | $3,026,949 |
| Excess (deficit) of revenues over (under) expenditures | (8,186) | (8,046) | (62,039) | 34,973 | 76,488 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from other reserves | $ 87,924 | $ 114,185 | $ 113,509 | $ 108,979 | $114,208 |
| Transfer to other funds | (103,554) | (141,847) | (139,043) | (129,087) | (154,164) |
| Capital Leases | 54,529[2] | 11,829 | 64,289[3] | 6,486 | 6,287 |
| Total other Financing Sources (Uses) | $ 38,899 | $ (15,833) | $ 38,760 | $ (13,622) | $ (33,669) |
| NET CHANGE IN FUND BALANCES | $ 30,713 | $ (23,879) | $ (23,279) | $ 21,351 | $ 42,819 |
| FUND BALANCE, END OF YEAR[1] | $ 395,389 | $ 371,510 | $ 348,231 | $ 369,582 | $ 412,401 |

(1) Restated.

(2) Increases in capital outlay and capital leases expenditures in Fiscal Year 2014-15 primarily reflect costs related to a capital lease for the County Sheriff and the construction of the Riverside County Law Building for the Riverside Economic Development Agency.

(3) Increases in capital outlay and capital lease expenditures in Fiscal Year 2016-17 primarily reflect costs related to a capital lease for a solar panel project.

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balance sheets for Fiscal Years 2014-15 through 2018-19.

## TABLE 22

### COUNTY OF RIVERSIDE
### GENERAL FUND BALANCE SHEETS
### AT JUNE 30, 2015 THROUGH JUNE 30, 2019
### (In Thousands)

| | *2014-15* | *2015-16* | *2016-17* | *2017-18* | *2018-19* |
|---|---|---|---|---|---|
| ASSETS: | | | | | |
| Cash & Marketable Securities | $133,487 | $135,255 | $ 94,866 | $123,884 | $207,950 |
| Taxes Receivable | 9,243 | 9,772 | 9,182 | 9,025 | 10,499 |
| Accounts Receivable | 10,846 | 14,674 | 13,865 | 12,484 | 15,111 |
| Interest Receivable | 785 | 2,002 | 2,295 | 6,560 | 9,624 |
| Advances to Other Funds | 7,442 | 7,369 | 7,369 | 4,869 | 4,869 |
| Due from Other Funds | 11,854 | 9,355 | 9,489 | 11,242 | 9,961 |
| Due from Other Governments | 317,901 | 345,183 | 363,548 | 380,479 | 343,679 |
| Inventories | 1,638 | 2,006 | 1,981 | 2,360 | 2,087 |
| Prepaid items | -- | -- | -- | 781 | - |
| Restricted Assets | 358,985 | 332,543 | 365,394 | 395,407 | 411,861 |
| Total Assets | $852,181 | $858,159 | $ 867,989 | $947,091 | $1,015,641 |
| LIABILITIES: | | | | | |
| Accounts Payable | $ 24,756 | $ 28,234 | $ 29,801 | $ 38,969 | $39,870 |
| Salaries & Benefits Payable | 79,116 | 99,724 | 104,327 | 103,293 | 107,031 |
| Due To Other Funds | 2,172 | 3,247 | 865 | 1,551 | 107,031 |
| Due to Other Governments | 32,894 | 51,497 | 65,120 | 76,507 | 64,974 |
| Deferred Revenue | 48,535 | 50,155 | -- | – | |
| Deposits Payable | 43 | 52 | 76 | 35 | 28 |
| Advances from other funds | -- | -- | -- | – | – |
| Advances from grantors and third parties | 269,276 | 253,740 | 268,007 | 305,318 | 318,534 |
| Total Liabilities | $456,792 | $486,649 | $468,196 | $525,673 | $543,783 |
| FUND BALANCE: | | | | | |
| Nonspendable | $ 2,001 | $ 2,369 | $ 2,314 | $ 3,470 | $ 2,416 |
| Restricted | 122,967 | 99,639 | 95,130 | 95,881 | 102,288 |
| Committed | 39,422 | 40,310 | 21,907 | 23,290 | 18,320 |
| Assigned | 5,144 | 11,870 | 10,989 | 12,464 | 14,196 |
| Unassigned | 225,855 | 217,322 | 217,891 | 234,477 | 275,181 |
| Fund Balance | $395,389 | $ 371,510 | $ 348,231 | $369,582 | $412,401 |
| Total Liabilities and Fund Balance | $852,181 | $ 858,159 | $ 867,989 | $947,091 | $1,015,641 |

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balances as of June 30 for Fiscal Years 2009-10 through 2018-19 based on classification.

**TABLE 23**

**COUNTY OF RIVERSIDE**
**GENERAL FUND BALANCES**
**AT JUNE 30, 2010 THROUGH JUNE 30, 2019**
**(In Thousands)**

| | *Reserved* | *Unreserved* | | | | *Total* |
|---|---|---|---|---|---|---|
| 2010 | $90,374 | $296,112 | | | | $386,486 |
| | *Nonspendable* | *Restricted* | *Committed* | *Assigned* | *Unassigned* | *Total* |
| 2011[(1)] | $ 2,214 | $ 98,552 | $ 50,097 | $ 3,463 | $189,236 | $343,562 |
| 2012 | 1,834 | 101,651 | 52,439 | 8,764 | 171,910 | 336,598 |
| 2013 | 3,247 | 101,440 | 42,183 | 10,460 | 199,919 | 357,249 |
| 2014 | 2,045 | 117,595 | 32,820 | 7,772 | 203,444 | 363,676 |
| 2015 | 2,001 | 122,967 | 39,422 | 5,144 | 225,855 | 395,389 |
| 2016 | 2,369 | 99,639 | 40,310 | 11,870 | 217,322 | 371,510 |
| 2017 | 2,314 | 95,130 | 21,907 | 10,989 | 217,891 | 348,231 |
| 2018 | 3,470 | 95,881 | 23,290 | 12,464 | 234,477 | 369,582 |
| 2019 | 2,416 | 102,288 | 18,320 | 14,196 | 275,181 | 412,401 |

(1) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.
Source: County Auditor-Controller.

**Short-Term Obligations of County**

On July 1, 2019, the County issued its 2019 Tax and Revenue Anticipation Note (the "2019 TRAN") in the principal amount of $340,000,000 to provide funds to meet the County's Fiscal Year 2019-20 General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2019 TRAN is due on June 30, 2020. The 2019 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2019-20 Fiscal Year which are legally available for the payment thereof. Delinquent property taxes attributable to prior Fiscal Years are included in the taxes pledged to the payment of the 2019 Teeter Notes (defined below) and are not available to pay debt service on the 2019 TRAN. The County has set-aside sufficient money to pay the principal and interest on the 2019 TRAN on June 30, 2020. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

The County expects to issue its 2020 Tax and Revenue Anticipation Note (the "2020 TRAN") in July 2020 in an amount not to exceed $400,000,000 to provide funds to meet the County's Fiscal Year 2020-21 General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions, consistent with past practice. The 2020 TRAN will be payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2020-21 Fiscal Year which are legally available for the payment thereof. See "THE NOTE—Purpose of Issue" in the front part of the Official Statement for additional information.

On October 23, 2019, the County issued its $84,113,000 2019 Series A Teeter Obligation Notes (Tax-Exempt) (the "2019 Teeter Notes") to refund the County's 2018 Series A Teeter Obligation Notes and to fund an advance of unpaid property taxes for Revenue Districts participating in the County's Teeter Plan. See "—Teeter Plan" above. The 2019 Teeter Notes are due on October 22, 2020. The 2019 Teeter Notes are payable from "Pledged Taxes," generally consisting of (i) the right to collect any uncollected property taxes due to the County and other Revenue Districts for the fiscal years ended June 30, 1994 through and including June 30, 2019 and such other fiscal years approved by the County under certain circumstances, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled under applicable law, and in each case following an allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County that are not participating in the Teeter Plan.

**Long-Term Obligations of County**

Since its formation in 1893, to the best knowledge of County officials, the County has never failed to pay the principal of or interest on any of its bonded indebtedness. As of May 1, 2020, the County had $766,003,584 in direct General Fund obligations and $938,825,000 in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt.

*[Remainder of Page Intentionally Left Blank.]*

The statement of direct and overlapping debt (the "Debt Report") set forth below was prepared by California Municipal Statistics, Inc., and is dated as of May 1, 2020. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The County has not independently verified its completeness or accuracy and makes no representations in connection therewith.

## TABLE 24

## COUNTY OF RIVERSIDE
## ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
## (AS OF MAY 1, 2020)

RIVERSIDE COUNTY

2019-20 Assessed Valuation: $301,528,883,809 (includes unitary utility valuation)

| OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 5/1/20 | |
|---|---|---|---|
| Metropolitan Water District | 6.351% | $ 2,368,923 | |
| Community College Districts | 1.212-100. | 866,213,562 | |
| Unified School Districts | 1.220-100. | 3,204,434,292 | |
| Perris Union High School District | 100. | 246,840,871 | |
| Elementary School Districts | 100. | 139,589,028 | |
| City of Riverside | 100. | 7,795,000 | |
| Eastern Municipal Water District Improvement Districts | 100. | 30,285,000 | |
| Riverside County Flood Control, Zone 4 Benefit Assessment District | 100. | 12,530,000 | |
| San Gorgonio Memorial Hospital District | 100. | 106,565,000 | |
| Community Facilities Districts | 50.225-100. | 3,042,397,728 | |
| Riverside County 1915 Act Bonds | 100. | 1,010,000 | |
| City and Special District 1915 Act Bonds (Estimated) | 100. | 167,073,850 | |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | $7,827,103,254 | |
| | | | |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | | |
| **Riverside County General Fund Obligations** | **100. %** | **$ 766,003,584** | |
| **Riverside County Pension Obligations** | **100.** | **938,825,000** | (1) |
| School Districts General Fund and Lease Tax Obligations | 1.220-100. | 514,111,889 | |
| City of Corona General Fund Obligations | 100. | 34,084,756 | |
| City of Moreno Valley General Fund Obligations | 100. | 77,609,000 | |
| City of Indio General Fund and Judgment Obligation Bonds | 100. | 50,440,000 | |
| City of Palm Springs Certificates of Participation and Pension Obligation Bonds | 100. | 119,005,685 | |
| City of Riverside Certificates of Participation | 100. | 206,509,966 | |
| City of Riverside Pension Obligation Bonds | 100. | 66,120,000 | |
| Other City General Fund Obligations | 100. | 81,030,136 | |
| Other Special District Certificates of Participation | 100. | 8,346,661 | |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $2,862,086,677 | |
| **Less: Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)** | | **884,473** | |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $2,861,202,204 | |
| | | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): | | $2,231,954,120 | |
| | | | |
| GROSS COMBINED TOTAL DEBT | | $12,921,144,051 | (2) |
| NET COMBINED TOTAL DEBT | | $12,920,259,578 | |

(1) Includes $719,995,000 2020 Pension Obligation Bonds sold 5/6/20.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

| | |
|---|---|
| Overlapping Tax and Assessment Debt | 2.60% |
| **Combined Gross Direct Debt ($1,704,828,584)** | **0.57%** |
| **Combined Net Direct Debt ($1,703,944,111)** | **0.57%** |
| Gross Combined Total Debt | 4.29% |

| | |
|---|---|
| Net Combined Total Debt | 4.28% |

Ratios to Successor Agency Redevelopment Incremental Valuation ($83,897,507,384):

| | |
|---|---|
| Total Overlapping Tax Increment Debt | 2.66% |

**Lease Obligations**

The County has used nonprofit corporations and joint powers authorities to finance certain public facilities through the issuance of lease obligations. Pursuant to these arrangements, a nonprofit corporation or joint powers authority constructs or acquires facilities with the proceeds of lease revenue obligations, which are then leased to the County; the lease obligations are payable from the General Fund. Upon expiration of the lease, title to the facilities vests in the County.

The table on the following page sets forth the County's outstanding publicly offered lease obligations and the respective annual lease requirements as of May 1, 2020. In addition, as discussed below under "—Facilities Lease Agreements," the County has other substantial lease obligations payable from the General Fund.

*[Remainder of Page Intentionally Left Blank.]*

**TABLE 25**

**COUNTY OF RIVERSIDE**
**SUMMARY OF PUBLICY OFFERED LEASE RENTAL OBLIGATIONS**
**(PAYABLE FROM THE COUNTY'S GENERAL FUND — (AS OF MAY 1, 2020))**

| | *Final Maturity Year* | *Original Lease Amount* | *Outstanding Obligations* | *Annual Base Rental* |
|---|---|---|---|---|
| Riverside County Hospital Project, Leasehold Revenue Bonds: | | | | |
| 1997 Series A | 2026 | $41,170,073 | $29,123,111 | |
| 2012 Series A and B[(1)] | 2029 | 90,530,000 | 31,135,000 | $ 20,750,400 [(1)] |
| County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue) | 2020 | 8,800,000 | 800,000 | 836,000 [(2)] |
| County of Riverside Certificates of Participation (2009 Larson Justice Center Refunding)[(3)] | 2021 | 24,680,000 | 7,130,000 | 2,602,200 |
| Riverside District Court Financing Corporation (United States District Court Project): | | | | |
| Series 1999 | 2020 | 24,835,000 | 844,473 | |
| Series 2002 | 2020 | 925,000 | 40,000 | 917,521 [(4)] |
| County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project) 2008 Series A[(5)] | 2032 | 78,895,000 | 62,040,000 | 6,520,269 |
| County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects)[(6)] | 2039 | 45,685,000 | 19,955,000 | 13,765,481 |
| County of Riverside Monroe Park Building 2011 Lease Financing | 2020 | 5,535,000 | 660,000 | 677,523 |
| County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project)[(7)] | 2031 | 33,360,000 | 23,065,000 | 2,497,056 |
| County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds)[(8)] | 2033 | 17,640,000 | 11,470,000 | 1,390,225 |
| County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg. and Riverside County Technology Solution Center Projects) | 2043 | 66,015,000 | 48,055,000[(9)] | 3,464,163 |
| County of Riverside Lease Revenue Bonds (Courts Facilities Project), Series 2014 A & 2014 B (Taxable)[(10)] | 2033 | 18,495,000 | 7,405,000 | 706,925 |
| County of Riverside Public Financing Authority (2015 A Lease Revenue Bonds) | 2045 | 325,000,000 | 308,225,000 | 20,856,800 |
| County of Riverside Infrastructure Financing Authority (2015 A Lease Revenue Refunding Bonds)[(11)] | 2037 | 72,825,000 | 61,330,000 | 5,929,131 |
| County of Riverside Infrastructure Financing Authority (2016 A & 2016 A-T Lease Revenue Refunding Bonds)[(12)] | 2031 | 39,985,000 | 33,700,000 | 3,486,625 |
| County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) [(13)] | 2044 | 46,970,000 | 44,655,000 | 2,763,963 |
| County of Riverside Infrastructure Financing Authority (2017 B & 2017 C Lease Revenue Bonds) [(14)] | 2047 | 22,205,000 | 20,580,000 | 1,418,450 |
| County of Riverside Asset Leasing Corporation (2019 A Technology Refunding Projects)[(15)] | 2043 | 12,875,000 | 12,875,000 | 763,281 |
| TOTAL | | $976,425,073 | $723,087,584 | $89,346,013 |

(1) Total annual base rental for Riverside County Hospital Project, Leasehold Revenue Bonds. The 2012 Series A and B Bonds refunded the 1997 B Bonds. A portion of the proceeds of the 2012 Bonds was used to redeem the 1997 B Bonds and the remaining proceeds were used to pay for improvements of the Medical Center Campus.

(2) Annual base rental estimated at assumed interest rate of 9.00%. The average interest rate for the twelve-month period ending February 1, 2020 was approximately 2.14%.

(3) The 2009 Larson Justice Center Refunding Project Refunded the 1998 Larson Center Refunding Project.

(4) Total annual base rental for Riverside District Court Financing Corporation (United States District Court Project).

(5) The 2008 Series A refunded the 2000 Series B SWJC Project.

(6) The 2009 Public Safety Communication and Woodcrest Library Refunding Project refunded the 2007B Public Safety Communication Refunding Project and the 2006 Capital Appreciation Notes.

(7) The 2012 County Administrative Refunding Project refunded the 2001 County Administrative Annex Project.

(8) The 2012 Public Financing Authority Lease Revenue Refunding Bonds refunded the 2003A Palm Desert Financing Authority Lease Revenue Bonds.

(9) Approximately $11,160,000 was refunded with proceeds of the County of Riverside Asset Leasing Corporation (Technology Refunding Projects) Series 2019A Bonds.

(10) The 2014 Series A & B (Taxable) County of Riverside Lease Revenue Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2003 Series B, County of Riverside Certificates of Participation (Historic Courthouse Project) 2003 Series A and the County of Riverside Court Financing Corporation Certificates of Participation (Bankruptcy Courthouse Acquisition Property).

(11) The 2015 Series A Infrastructure Financing Authority Lease Revenue Refunding Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2005 Series A, County of Riverside Certificates of Participation (Historic Courthouse Refunding Project) 2005 Series B and the County of Riverside Certificates of Participation (Capital Facilities Projects) 2006 A.

(12) The 2016 A & A-T Infrastructure Financing Authority Lease Revenue Refunding Bonds refunded the Riverside County Palm Desert Financing Authority Lease Revenue Bonds 2008 Series A.

(13) The County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) refunded the Riverside Community Properties Development, Inc. Lease Revenue Bonds (2013 Riverside County Law Building Project).
(14) The County of Riverside Infrastructure Financing Authority (2017 B Lease Revenue Bonds) refunded the County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A.
(15) The County of Riverside Asset Leasing Corporation (2019 A Technology Refunding Projects) refunded a portion of the County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg. and Riverside County Technology Solution Center Projects).
Source: County Executive Office.

### Facilities Lease Agreements

The following table sets forth the County's outstanding non-publicly offered lease obligations payable from the County's General Fund and the respective annual lease requirements as of May 1, 2020. More information is provided below.

**TABLE 26**

**COUNTY OF RIVERSIDE**
**SUMMARY OF NON-PUBLICY OFFERED LEASE RENTAL OBLIGATIONS**
**(PAYABLE FROM THE COUNTY'S GENERAL FUND — (AS OF MAY 1, 2020))**

| | *Year Incurred* | *Final Maturity Year* | *Original Obligations** | *Annual Rent* |
|---|---|---|---|---|
| County and Corona Medical Arts Plaza, LLC (Corona Care Clinic)(1) | 2017 | 2032 | $42,573,904 | $2,418,642 |
| Jurupa Valley Medical Partners, LLC (Jurupa Valley Care Clinic)(2) | 2017 | 2039 | 47,575,096 | 2,030,868 |
| TC Riverside MOB, LLC (RUHS Medical and Surgical Outpatient Office Building)(3) | 2017 | 2044 | 438,469,834 | 13,300,000 |
| CFP Riverside, LLC (Libraries)(4) | 2019 | 2051 | 116,661,024 | 2,808,000 |

(1) Annual payments escalate by 2.75% annually.
(2) Annual payments escalate by 2.00% annually.
(3) Annual payments escalate by 4.00% annually.
(4) Base rent is scheduled to commence in Fiscal Year 2021-22 at $2,036 million per year, escalating to $3.261 million in Fiscal Year 2050-51.
* As discussed below, the Leases for the Corona Care Clinic, Jurupa Valley Care Clinic, and the Libraries projects are comprised of an initial principal component and future interest and ongoing management/administrative expenses. The Lease for the RUHS Medical and Surgical Outpatient Office Building does not distinguish between principal and interest components. The $438,469,834 figure cited above represents the total expected Lease payments for which the County is obligated during the term of the Lease.
Source: County Executive Office.

The County and Corona Medical Arts Plaza, LLC entered into a Lease dated as of September 13, 2016, as supplemented by the First Amendment to Lease (as supplemented, the "Corona Clinic Lease"), dated as of June 20, 2017, in order to fund the construction, operation and maintenance of a 45,204 square-foot medical clinic (the "Corona Care Clinic") for RUHS located in the City of Corona. The principal component of the lease obligation is estimated at $42,573,904. Pursuant to the terms of the Corona Clinic Lease, rental payments commenced upon substantial completion of construction and occupancy of the Corona Care Clinic (in the first quarter of 2018), and the County will continue to pay rental payments for 15 years thereafter, subject to certain early prepayment and purchase option provisions. The initial year's lease payment (Fiscal Year 2018-19) was approximately $2.6 million, escalating at 2.75% annually thereafter. Annual lease payments include utilities, one-time technology fees, an allowance for tenant improvements and FF&E, and an ongoing management fee of 4.92% to the Riverside County Economic Development Agency. While RUHS management presently expects to receive federal funding that will cover the Corona Clinic Lease payments, the County may be required to advance monies from its General Fund. Ultimately, as the Lessee and obligor under the Corona Clinic Lease, the County is responsible for lease payments thereunder.

On July 11, 2017, the County and Jurupa Valley Medical Partners, LLC entered into a Lease (the "Jurupa Valley Clinic Lease") in order to fund the proposed construction, operation and maintenance of an approximately 40,000 square-foot medical clinic for RUHS located in the City of Jurupa Valley (the "Jurupa Valley Care Clinic"). Presently, the principal component of the lease obligation is estimated at $47,575,096. Pursuant to the terms of the Jurupa Valley Clinic Lease, it was anticipated that the County would commence rental payments upon substantial completion of construction and occupancy of the Jurupa Valley Care Clinic, and the County achieved substantial completion of construction on January 10, 2019. The County has commenced rental payments for the lease term and will continue to pay rental payments for approximately 20 years thereafter, subject to certain early prepayment and purchase option provisions. The initial year's lease payment (Fiscal Year 2019-20) is approximately $2.4 million, escalating at 2% annually thereafter. Annual lease payments include utilities, one-time technology fees, an allowance for tenant improvements and FF&E, and an ongoing management fee of 4.92% to the Riverside County Economic Development Agency. While RUHS management presently expects to receive federal funding that will cover the Jurupa Valley Clinic Lease payments, the County may be required to advance monies from its General Fund. Ultimately, as the Lessee and obligor under the Jurupa Valley Clinic Lease, the County is responsible for lease payments thereunder.

On April 18, 2017, the County entered into a Facilities Lease Agreement with TC Riverside MOB, LLC to fund the proposed construction, operation, and maintenance of an approximately 200,000 square foot surgery center and medical office building complex (the "RUHS Medical and Surgical Outpatient Office Building") next to the RUHS Medical Center. The total cost, over the term of the lease, including base rent and additional rent, related to the lease obligation is estimated at $438,469,834. The final project budget and final rent schedule were approved by the County on November 14, 2017. Rental payments commenced upon the substantial completion of construction of the project on December 13, 2019, and the County will continue to pay rental payments for approximately 25 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment (Fiscal Year 2020-21) is projected to be approximately $13.3 million, escalating at 3% annually thereafter. Annual lease payments include utilities, operating costs, one-time technology fees and an ongoing management fee of 4.92% to the Riverside County Economic Development Agency. While RUHS management presently expects that the RUHS Medical and Surgical Outpatient Office Building will attract a more favorable payor mix that will enable RUHS to make Facilities Lease Agreement payments from its operating revenues, the County may be required to advance monies from its General Fund. Ultimately, as the Tenant and obligor under the Facilities Lease Agreement, the County is responsible for Facilities Lease Agreement payments.

On August 28, 2019, the County entered into a Facilities Lease Agreement with CFP Riverside, LLC, a Minnesota non-profit limited liability company, for the design, construction, installation, equipping, furnishing, operation and maintenance of three separate public library facilities and related amenities in the cities of Desert Hot Springs and Menifee and in the unincorporated area of French Valley (the "Libraries"). The principal component of the lease obligation is $42,115,000. It is anticipated that construction of the Libraries will commence in April of 2020 with completion estimated to be in February 2021. Upon completion and delivery of the Libraries to the County, the County will commence making rental payments which is estimated to be on or about May 1, 2021. The County's lease obligations with respect to the Libraries will continue for 30 years thereafter, subject to certain early prepayment and purchase option provisions. The initial year's base rent payment in Fiscal Year 2021-22 is approximately $2.036 million, escalating to $3.261 million in Fiscal Year 2050-51.

**Lease Lines of Credit**

On December 15, 2015, the County entered into a $40 million multi-year lease line of credit with Banc of America Public Capital Corporation, to finance various capital equipment needs of County departments. The County started using the initial line of credit on April 8, 2016, and exhausted the funds by September 26, 2017. The County then entered into an additional $20 million line of credit with Banc of America Public Capital Corp. with an option for an additional $20 million after the initial funds were exhausted. The County started using the additional line of credit on September 26, 2017 and exhausted the funds as of December 31, 2018. As of February 18, 2020, an aggregate of approximately $75,266,137 in capital costs remains outstanding for repayment for the two lease lines of credit with Banc of America Public Capital Corporation. The County may utilize the lines of credit to finance capital assets for a period of 36 to 120 months. No specific amortization is required by the lease lines of credit, and the County budgets to repay the outstanding amounts over the lifecycle of the financed assets.

On July 31, 2018, the County entered into a multi-year lease line of credit with Banc of America Public Capital Corporation, in the total amount of $50 million for capital purchases. On April 30, 2019, the Board of Supervisors approved the addition of $25 million to the line of credit as a result of needed medical equipment for the new county medical building. This provided a total of $75 million on the current lease line of credit. As of February 18, 2020, the County has drawn down $60,180,300 of the $75 million.

On April 9, 2020, the County's Debt Advisory Committee recommended the approval of a multi-year lease line of credit with Banc of America Public Capital Corporation, in the total amount of $40 million, for capital purchases. The Board of Supervisors is expected to consider entering into the line of credit on June 2, 2020. **[TO BE UPDATED AFTER BOARD APPROVAL]**

### Capital Lease Purchase Agreements

On January 29, 2013, the County entered into a Master Equipment Lease Purchase Agreement with Banc of America Capital Corporation in the amount of $16,000,000 to finance the purchase and installation of Cisco voice, video, wireless and data converged network equipment to replace all of the County's phones, auto attendants, Interactive Voice Response System, call centers, voicemail and wireless networks. On June 25, 2013, the County entered into an amendment to the Master Equipment Lease Purchase Agreement to provide for an additional $3,000,000 in lease financing for additional equipment. As of May 1, 2020, no principal amount remained outstanding under the original lease and $500,000 principal amount remained outstanding under the first amendment to the lease, which are scheduled to be repaid in full by fiscal year 2021. On September 22, 2015, the County entered into a subsequent Master Equipment Lease Purchase Agreement to finance the last of the required equipment in an additional amount of $6,368,130 and which is scheduled to be repaid in full by fiscal year 2022. As of May 1, 2020, approximately $1,843,885 principal amount of this Master Equipment Lease Purchase Agreement remained outstanding.

On October 30, 2014, the County entered into a Lease Purchase Agreement with Banc of America Public Capital Corporation in the amount of $54,573,300 to finance the purchase and installation of certain solar equipment for the purpose of reducing County energy costs. As of March 31, 2017, the financing was restructured to a principal balance of $57,977,325. As of May 1, 2020, approximately $52,401,612 principal amount remained outstanding, which is scheduled to be repaid in full by August 30, 2035.

The following chart summarizes the County's outstanding equipment lease obligations:

**TABLE 27**

**COUNTY OF RIVERSIDE**
**SUMMARY OF EQUIPMENT LEASE OBLIGATIONS**
**AS OF MAY 1, 2020**

| | *Final Maturity Year* | *Original Lease Amount* | *Outstanding Obligations* | *Annual Base Rental* |
|---|---|---|---|---|
| Master Equipment Lease Purchase Agreement (6/25/13) | 2021 | $3,000,000 | $500,000 | $500,000 |
| Master Equipment Lease Purchase Agreement (9/22/15) | 2022 | $6,368,130 | $1,866,804 | $960,667 |
| Lease Purchase Agreement – Solar Equipment | 2035 | $57,977,325[1] | $52,401,612 | $3,527,127 |

[1] Original lease amount of $54,573,300 was restructured to a principal balance of $57,977,325.

### Interest Rate Swap Agreements

The County adopted a written interest rate swap policy (the "Swap Policy") establishing the guidelines for the use and management of interest rate swaps as a method of lowering financing costs and reducing the risks associated with fluctuations in interest rates. The Swap Policy is reviewed annually to provide the appropriate internal framework to ensure that consistent objectives, practices, controls and authorizations are maintained to minimize the County's risk related to its debt portfolio.

Simultaneously with the issuance of the County's Leasehold Obligation Bonds (Southwest Justice Center Refunding) 2008 Series A, the County entered into an amended and restated interest rate swap agreement with a notional amount of $76,300,000. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty (the "Counterparty"). Under the swap agreement, the County has an obligation to pay the Counterparty a fixed rate of 5.155 percent and the County receives 64 percent of one month LIBOR from the Counterparty. The bonds and the related swap agreement mature on November 1, 2032. The Counterparty was rated "Aa2" by Moody's, "A+" by Standard & Poor's and "AA-" by Fitch as of January 2020. Downgrade provisions specify that if the long-term senior unsecured debt rating of the Counterparty is withdrawn, suspended or falls below "BBB" (in the case of S&P) or "Baa2" (in the case of Moody's), the County or the party so downgraded is required to post collateral in the amount of its exposure. If the swap agreement is terminated and, at the time of such termination, the fair market value of the swap agreement is negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of January 1, 2020, the swap agreement had a negative fair market value of $19,037,767.55 (based on the quoted market price from the Counterparty at such date).

The County's regularly scheduled swap payments are insured by Assured Guaranty Corp. The swap agreement provides that if an "Insurer Event" occurs, whereby the insurer fails at any time to have one out of two of the following ratings: (i) a claims-paying ability rating of "A-" or higher from S&P, or (ii) a financial strength rating of "A3" or higher from Moody's, and only in the event that the County's ratings have also been downgraded to below the threshold level of "Baa2" from Moody's and "BBB" from S&P, the County would be required, within one business day of receiving a notice from the Counterparty, to either (A) provide an alternate credit support document acceptable to the Counterparty from a credit support provider with a claims paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from Moody's or an unenhanced rating on its unsecured unsubordinated long-term debt of at least "AA-" from S&P and at least "Aa3" from Moody's, or (B) give notice to the Counterparty that it will thereafter be subject to the ISDA Credit Support Annex as both a Secured Party and a pledgor in accordance with the terms of such ISDA Credit Support Annex. As of February 1, 2020, Assured Guaranty Municipal Corp. had a rating of "AA" by S&P, "A2" from Moody's and "AA+" from Kroll (KBRA). An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

In July 2017, the United Kingdom's Financial Conduct Authority (the "LIBOR Regulator") announced that it may discontinue the use of LIBOR by 2021. The County is unable to predict what benchmark rate will replace LIBOR for purposes of the swap agreement or the effect such replacement will have on the value of the swap agreement. The Counterparty has informed the County (a) that banking regulators across the globe have directed the market to prepare for LIBOR no longer existing by the end of 2021, (b) that date is based on an agreement that the LIBOR Regulator has with the panel banks to continue submitting LIBOR estimates through the end of 2021, (c) even before LIBOR stops being published, regulators may announce that it is no longer representative of the relevant underlying markets, which could affect the market's ability to continue using an "unrepresentative" benchmark, and (d) the timing of any of these developments is uncertain and may vary across different currencies and tenors in which LIBOR is currently produced and may differ from other interest rate benchmarks.

**Employees**

The following table sets forth the number of County employees for calendar years 2010 through 2020.

**TABLE 28**

**COUNTY OF RIVERSIDE**
**REGULAR EMPLOYEES**
**2010 THROUGH 2020**

| *Year* | *Regular Employees[(1)]* |
|---|---|
| 2010 | 17,671 |
| 2011 | 17,764 |
| 2012 | 17,815 |
| 2013 | 18,728 |
| 2014 | 18,620 |
| 2015 | 19,244 |
| 2016 | 19,404 |
| 2017 | 19,409 |
| 2018 | 19,102 |
| 2019 | 19,569 |
| 2020 | 19,746 |

(1) As of December 31st of each year for years 2009 through 2019; as of February 1, 2020 for year 2020. Excludes temporary and per diem employees.
Source: County Human Resources Department.

**Labor Relations**

County employees comprise 19 bargaining units, plus another 9 unrepresented employee groups. The bargaining units are represented by six labor organizations. The two largest of these organizations are Service Employees International Union, Local 721 ("SEIU") and the Laborers International Union of North America ("LIUNA"), which collectively represent approximately 67% of all County employees in a variety of job classifications[1]. Salary, benefits and personnel items for management, confidential and other unrepresented employees which are exempt from collective bargaining, are governed by a County Resolution and Ordinance which contain provisions for these personnel related matters.

The County's non-management law enforcement employees, are represented by the Riverside Sheriffs' Association ("RSA"). The RSA represents three separate units: Law Enforcement Unit "RSA LEU," Corrections Unit "RSA Corrections," and Public Safety Unit "RSA PSU." Management employees of the law enforcement group are represented by the Riverside County Law Enforcement Management Unit ("LEMU"). The Public Defenders, County Counsel and Prosecuting Attorneys of the District Attorney's Office are represented by the Riverside County Deputy District Attorneys Association ("RCDDAA"). SEIU also represents the Per Diem Unit which are classifications that are the equivalent to the regular SEIU classifications however, in a Per Diem capacity.

The following table presents information regarding the County's bargaining units and status of its collective bargaining agreements.

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[1] This percentage is calculated based off of regular, temporary, and per diem employees for all groups.

## TABLE 29

## COUNTY OF RIVERSIDE
## LABOR ORGANIZATIONS[1]

| *Bargaining Units or Employee Group* | *Number of Employees[2]* | *Expiration Date of Contract* |
|---|---|---|
| Management, Confidential, and Other Unrepresented | 1,680 | N/A |
| Law Enforcement Management Unit (LEMU) | 438 | December 31, 2020 |
| Riverside County Deputy District Attorneys' Association (RCDDAA) | 389 | June 30, 2017[3] |
| Riverside Sheriffs' Association (RSA) LEU/Corrections | 2,446 | December 9, 2024 |
| Riverside Sheriffs' Association Public Safety Unit (RSA) | 565 | June 30, 2016[3] |
| Service Employees International Union (SEIU) | 7,272 | January 27, 2024 |
| Service Employees International Union (SEIU) Per Diem Unit | 387 | November 30, 2019[3] |
| Laborers' International Union of North America (LIUNA) | 7,246 | March 28, 2021 |
| In-Home Supportive Services (IHSS) | N/A[4] | October 7, 2022 |
| Total | 20,423 | |

(1) Includes all County districts.
(2) As of January 1, 2020. Excludes temporary, unrepresented per diem, and seasonal employees. Includes (SEIU) Per Diem Unit.
(3) The County is currently in negotiations with such labor organization for a new labor contract and will continue operating under the terms of the expired contract until a new contract is in place or the terms of the County's last, best and final offer are imposed.
(4) The IHSS Public Authority is only the employer of record within the meaning of Government Code Section 3500 et seq. (Meyers-Milias-Brown Act) which allows the home care workers to organize and engage in collective bargaining in an effort to improve wages and obtain benefits. The consumer of the services has the right to hire, train, supervise and terminate the home care workers who assist them.

Source: County Human Resources Department.

In recent years, the bargaining units and employee groups received cost of living adjustments equivalent to 2.71% per year. In the most recent contracts, increases of 2% to 10% were offered over a period of years to increase the salary range maximum. Additionally, the County moved units/employee groups from salary steps to broad banding. Anniversary increases will occur in 4% increments. In order to make the County more competitive in the market, the County eliminated a range of bottom steps from each classification. The County believes that its compensation packages are competitive in the region.

### Retirement Program

***General.*** The County provides retirement benefits to all regular County employees through its contract with California Public Employees' Retirement System ("CalPERS"), a multiple-employer public sector employee defined benefit pension plan. The retirement plan, as amended, provides pension benefits for eligible employees in the Miscellaneous and Safety Plans (herein defined), with CalPERS. CalPERS provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to CalPERS members and beneficiaries. The retirement benefits are based on years of service, benefit factor (determined by age at retirement), and final compensation which is the highest average pay rate and special compensation during any consecutive one-year period of employment (for Tier 1 employees) or three-year period of employment (for Tier 2 and Tier 3 employees). The benefit calculation for members is the product of the benefit factor (based on age), years of service, and final compensation. Due to recent pension reform, the County's retirement plan currently includes three tier levels of benefits.

## TABLE 30

### COUNTY OF RIVERSIDE
### EMPLOYEES PER RETIREMENT TIER(1)
### (As of January 1, 2020)

| *Tier Level* | *Number of Employees in Tier Level* |
|---|---|
| Tier 1 | 10,813 |
| Tier 2 | 767 |
| Tier 3 | 8,074 |
| Total | 19,564 |

(1) Excludes districts, temporary, per diem, and seasonal employees.
Source: County Human Resources Department.

Miscellaneous members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 60), Tier II (2% at 60), or Tier III (2% at 62). Safety members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 50), Tier II (2% at 50), or Tier III (2.7% at 57). The three tiers of retirement benefits all provide for cost-of-living adjustments of up to 2% per year after retirement. For further information on the County's pension obligations, see Note 20 of the Notes to Basic Financial Statements, June 30, 2019, which are included in APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

The Board of Supervisors approved a second tier ("Tier II") level of retirement benefits for new Miscellaneous and Safety employees and on August 23, 2012, the County implemented a Tier II retirement benefit applicable to employees first employed by the County after August 23, 2012. The Tier II retirement benefit calculation is based on years of service, age, and the average monthly eligible wages earned during the highest three consecutive years of employment. The Tier II retirement benefit factor for Miscellaneous Plan members ranges from 1.092% at age 50 to 2.418% at age 63 and beyond. For Safety Plan members, the Tier II retirement benefit factor ranges from 2% at age 50 to 2.7% at 55 and beyond. The plans also provide for cost-of-living adjustments of up to 2% per year after retirement.

On September 12, 2012, Governor Brown signed Assembly Bill 340, creating the Public Employees' Pension Reform Act ("PEPRA") and amending certain sections of the County Employees Retirement Law of 1937 (the "1937 Act"). The majority of the PEPRA changes first impacted the rates and benefit provisions on the June 30, 2013 valuation for Fiscal Year 2015-16 rates. Among other things, PEPRA created a new retirement benefit tier ("Tier III") for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013.

The new Tier III formulas for both Miscellaneous and Safety provide for a reduced benefit and was required to be implemented by all public agency employers unless the retirement formula in existence on December 31, 2012 had both a lower normal cost and lower benefit factor at normal retirement age. PEPRA requires that all new employees hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. Tier III benefits are set 2% at 62 for Miscellaneous members and 2.7% at 57 for Safety members. PEPRA mandated all new members be subject to a pensionable compensation cap, which limits the annual salary that can be used to calculate final compensation for all new members. Adjustments to the limits are permitted annually based on changes to the Consumer Price Index (CPI) for all urban consumers.

***The County's CalPERS Contract.*** The following information concerning CalPERS is excerpted from publicly available sources that the County believes to be reliable; however, the County takes no responsibility as to the accuracy of such information and has not independently verified such information. CalPERS acts as a common investment and administrative agent for participating public entities within the State. CalPERS is a contributory plan deriving funds from employee and employer contributions and earnings from investments. CalPERS maintains two pension plans for the County, a Miscellaneous Plan (the "Miscellaneous Plan") and a Safety Plan (the "Safety Plan" and, together with the Miscellaneous Plan, the "CalPERS Plans"). The County contributes to CalPERS based on the annual actuarial valuation rates recommended by CalPERS.

The staff actuaries at CalPERS prepare an annual actuarial valuation which covers a fiscal year ending approximately 12 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the County in July 2019 that dictates the County contributes for Fiscal Year 2020-21 covered CalPERS' Fiscal Year 2017-18). Beginning with Fiscal Year 2017-18, CalPERS collects employer contributions toward the CalPERS Plans' unfunded liability as dollar amounts instead of the prior method of a contribution rate (expressed as a % of covered payroll). This change addresses potential funding issues that could arise from a declining payroll or reduction in the number of active members in a CalPERS Plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the CalPERS Plans. The County is invoiced by CalPERS at the beginning of each fiscal year for its unfunded liability payments. The CalPERS Plans' normal cost contribution continues to be collected as a percentage of payroll. The County's contribution rates derived from the actuarial valuation as of June 30, 2018, which was prepared in July 2019, is effective for the County's Fiscal Year 2020-21. CalPERS rules require the County to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the CalPERS actuary calculates on the basis of certain assumptions regarding the actuarial present value of the benefits that CalPERS will pay under the CalPERS Plans, which includes two components, the Normal Cost and the Unfunded Accrued Actuarial Liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS Plans to retirees and active employees upon their retirement. The determination of both components is based on a set of actuarial assumptions which can be divided into two categories: demographic assumptions (which includes mortality rates, retirement rates, employment termination rates and disability rates) and economic assumptions (which includes future investment earnings, inflation and salary growth rates). In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years.

CalPERS staff actuaries prepare annual actuarial valuations calculating the plan's funded status at the valuation date, most recently June 30, 2018, based on census data and asset information as of that date. That valuation sets the County's required contribution for the 2nd following fiscal year (the 2018 valuation sets the FY2020/21 required contribution). The cost of retirement benefits earned in each year, the Normal Cost, is paid to CalPERS each payroll period as a percentage of actual covered payroll. Active employees pay a portion of the normal cost, either a fixed percentage of covered pay as specified by law or for newer employees, ½ of the Normal Cost. The County pays the remainder of the Normal Cost. The actuarial valuation also calculates the County's unfunded actuarial accrued liability (UAAL), which is the difference between the value of employees' and retiree's past service-related retirement benefits and plan assets. New UAAL created each year, positive or negative, is amortized and repaid to CalPERS by the County as an escalating annual payment. As of June 30, 2018, the County's UAAL has approximately 20 layers with between 11 and 30 years remaining in their repayment schedules. New UAAL arising June 30, 2019 and later will be amortized and repaid over a period of 20 years with the dollar amounts of each schedule level after an initial 5-year phase in period.

In calculating the plan costs, CalPERS uses many actuarial assumptions. Most significantly, future investment return is assumed to be 7.00% per year, net of both investment and administrative expenses. (Note that for financial reporting purposes under GASB Statement 68, the assumed rate of return is 7.15% which is net of only investment expenses.) The underlying inflation rate is 2.5%. Demographic assumptions are based on studies of actual member experience, and include 15 years of projected mortality improvement.

Copies of the County's actuarial valuations are available on CalPERS website, https://www.calpers.ca.gov/.

On November 18, 2015, the CalPERS Board adopted a Funding Risk Mitigation Policy. The Policy seeks to reduce CalPERS funding risk over time. A mechanism will be established to reduce the discount rate, or assumed rate of return, by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate by at least two percentage points. At the same time, CalPERS strategic asset allocation targets will be adjusted to reduce risk. The policy will incrementally lower the discount rate in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers.

***Contribution Rates***. In addition to required County contributions, members are also obligated to make certain payments. For the Miscellaneous Plan, Tier I members' contribution rates are fixed at 8% of salaries. The Tier II and Tier III member contribution rates for the Miscellaneous Plan are 7% and 6.5%, respectively. For the Safety Plan, the Tier I and Tier II member contribution rate is 9%, and the Tier III member contribution rate is 11.75%. Member contribution rates vary based on the terms of the collective bargaining agreements in effect. In addition to making annual contributions to CalPERS in accordance with the applicable actuarial valuation, the County has historically been obligated pursuant to collective bargaining arrangements to pay a portion of the employees' required contribution to CalPERS (these payments by the County are referred to herein as the "County Offsets of Employee Contributions"). Effective July 1, 2020, the required Safety Plan PEPRA member contribution rate will be 12.50% and the Miscellaneous Plan will be 7.25%.

***Funding Status***. The actuarial value of assets, the actuarial accrued liability and the funding status with respect to the Safety Plan and the Miscellaneous Plan are set forth under "— Historical Funding Status." In the actuarial valuation for the Miscellaneous Plan as of June 30, 2018, the CalPERS actuary recommended an employer normal cost contribution rate of 11.673% (projected to be $141.7 million) be implemented as the required rate for Fiscal Year 2020-21, and an employer unfunded liability payment of $155.4 million, which the County anticipates will result in a contribution to CalPERS of approximately $297.0 million for that fiscal year. In addition, the County will pay CalPERS for the Miscellaneous Plan approximately $279.8 thousand in County Offsets of Employee Contributions for Fiscal Year 2020-21, which will result in a total contribution by the County to CalPERS for the Miscellaneous Plan for Fiscal Year 2020-21 of approximately $297.3 million. In the actuarial valuation for the Safety Plan as of June 30, 2018, the CalPERS actuary recommended an employer normal cost contribution rate of 21.095% (projected to be $70.9 million) be implemented as the required rate for Fiscal Year 2020-21, and an employer unfunded liability payment of $73.7 million, which the County anticipates will result in a contribution to CalPERS of approximately $144.5 million for that fiscal year. As of August 2016, the County no longer pays County Offsets of Employee Contributions to CalPERS for the Safety Plans. The County's total CalPERS contribution (Miscellaneous Plan and Safety Plan) for Fiscal Year 2020-21 is projected to be approximately $441.8 million. The County generally pays the unfunded liability payments early, at the beginning of each fiscal year, and receives a discount of ½ years' interest.

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the "2005 Pension Obligation Bonds") in the original principal amount of $400,000,000, the proceeds of which were used to fund approximately 90% of the County's estimated actuarial accrued liability as of February 17, 2005. The 2005 Pension Obligations Bonds remain outstanding in the principal amount of $218,000,000 as of February 1, 2020, with annual debt service payments of approximately $31,639,000. The payment to CalPERS resulted in a net pension asset of $396.9 million, $311.2 million of which was applied to the County's UAAL for the Miscellaneous Plan and $85.7 million of which was applied to the County's UAAL for the Safety Plan. According to Bartel Associates, LLC, the 2005 Pension Obligation Bonds have resulted in a net gain to the County of approximately $138.1 million as of February 15, 2020. A liability management fund was established in connection with the 2005 Pension Obligation Bonds. By Board policy, each year in its annual report, PARC recommends to the Board whether the funds in the liability management fund should be applied to purchase 2005 Pension Obligations Bonds or to transfer the funds to CalPERS to reduce the County's CalPERS unfunded liability. In 2016, PARC recommended to transfer the excess liability management funds to the Section 115 Supplemental Pension Trust in each future year. On May 6, 2020, the County issued its Taxable Pension Obligation Bonds, Series 2020 (the "2020 Pension Obligation Bonds") in the original principal amount of $719,995,000, the proceeds of which were used to refund up to approximately 25% of the County's total UAAL, split approximately evenly between the Miscellaneous Plan and the Safety Plan. The County prepaid \$371,563,461.00 to CalPERS for deposit to the Miscellaneous Plan and \$344,292,469.00 for deposit to the to the Safety Plan with proceeds of the 2020 Pension Obligation Bonds, which reflected a discount for prepayment of the selected bases.

The County established the Section 115 Pension Trust (the "Trust") in November 2016 with Public Agency Retirement Services (PARS) serving as the administrator, HighMark Capital Management as the investment manager, and, U.S. Bank National Association, as trustee. The goal of the Trust is to help the County independently mitigate CalPERS' contribution rate volatility and act as a buffer for budgeting purposes. Assets in the Trust cannot be used for any other purposes except for making payments directly to CalPERS to pay down a portion of the unfunded liability or for reimbursing the County for CalPERS contributions. Excess funds from the Liability Management Fund and OPEB disbursements were placed in the Trust to fund the initial deposit of \$2.1 million. Funds have since been dollar-cost averaged over time into the Trust and now total \$28.7 million, as of April 30, 2020. Since inception, no funds have been drawn from the Trust.

***Historical Funding Status.*** The following two tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the UAAL and funded status as of the valuation dates from June 30, 2013 through June 30, 2018 and the total employer contributions of the County for Fiscal Year 2015-16 through Fiscal Year 2020-21. The two tables are based on CalPERS Actuarial Reports for those years:

**TABLE 31**

**HISTORICAL FUNDING STATUS**
**(Safety Plan)**

| *Valuation Date June 30* | *Unfunded Accrued Liability* | *Funded Status (Market Value)* | *Affects County Contribution for Fiscal Year* | *County Contribution Amount[1]* | *County Offsets of Employee Contributions* |
|---|---|---|---|---|---|
| 2013 | \$509,464,128 | 77.7% | 2015-16 | \$80,459,918 | \$698,338 |
| 2014 | 517,389,969 | 80.2 | 2016-17 | 90,515,002 | 31,077[2] |
| 2015 | 705,377,373 | 75.2 | 2017-18 | 97,043,553 | 0 |
| 2016 | 958,272,557 | 69.2 | 2018-19 | 117,148,524 | 0 |
| 2017 | 966,674,937 | 71.2 | 2019-20 | 133,860,833 | 0 |
| 2018 | 1,089,696,531 | 70.4 | 2020-21 | 144,542,181 | 0 |

(1) Figures listed are amounts paid by the County to CalPERS in the specific years and do not reflect all amounts paid by the County under the Safety Plan, as debt service with respect to the County's outstanding 2005 pension obligation bonds, or otherwise.

(2) Reductions from prior years are due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. Beginning Fiscal Year 2014-15, the County stopped paying towards the employee contribution rate to CalPERS for the Safety Plans for Tier I and Tier II employees. As of August 2016, the County also stopped paying towards the employee contribution rate to CalPERS for Safety Plans for Tier III employees.

Source: CalPERS Actuarial Reports for June 30, 2013 through June 30, 2018 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

<u>**TABLE 32**</u>

**HISTORICAL FUNDING STATUS**
**(Miscellaneous Plan)**

| *Valuation Date June 30* | *Unfunded Accrued Liability* | *Funded Status (Market Value)* | *Affects County Contribution for Fiscal Year* | *County Contribution Amount*[(1)] | *County Offsets of Employee Contributions* |
|---|---|---|---|---|---|
| 2013 | $1,034,364,773 | 79.3% | 2015-16 | $151,557,834 | $292,900 |
| 2014 | 973,226,141 | 82.8 | 2016-17 | 178,554,572 | 290,401 |
| 2015 | 1,399,399,333 | 77.3 | 2017-18 | 183,911,209 | 315,000 |
| 2016 | 2,050,567,259 | 70.1 | 2018-19 | 224,862,038 | 280,475 |
| 2017 | 2,115,475,543 | 71.6 | 2019-20 | 265,021,457 | 355,161 |
| 2018 | 2,416,961,672 | 70.4 | 2020-21 | 297,035,219 | 279,810 |

(1) Figures listed are amounts paid by the County to CalPERS in the specific years and do not reflect all amounts paid by the County under the Miscellaneous Plan, as debt service with respect to the County's outstanding 2005 pension obligation bonds, or otherwise.

Source: CalPERS Actuarial Reports for June 30, 2013 through June 30, 2018 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

A six-year schedule of the funding progress of the Safety Plan and the Miscellaneous Plan are presented in the following two tables:

**TABLE 33**

**SCHEDULE OF FUNDING PROGRESS**
**(Safety Plan)**

| *Valuation Date June 30* | *Accrued Liability[2] (a)* | *Market Value of Assets (b)* | *Unfunded Liability (a-b)* | *Funded Status (Market Value) (b/a)* | *Annual Covered Payroll (c)* | *Unfunded Liability as a Percentage of Payroll ((a-b)/c)* |
|---|---|---|---|---|---|---|
| 2013 | $2,285,586,497 | $1,776,122,369 | $509,464,128 | 77.7% | $271,367,032 | 187.7% |
| 2014 | 2,615,686,777 | 2,098,296,808 | 517,389,969 | 80.2 | 295,171,068 | 175.3 |
| 2015 | 2,846,014,858 | 2,140,637,485 | 705,377,373 | 75.2 | 319,499,129 | 220.8 |
| 2016 | 3,110,254,402 | 2,151,981,845 | 958,272,557 | 69.2[1] | 338,809,025 | 282.8 |
| 2017 | 3,361,565,098 | 2,394,890,161 | 966,674,937 | 71.2 | 328,400,573 | 294.4 |
| 2018 | 3,676,571,381 | 2,586,874,850 | 1,089,696,531 | 70.4 | 309,713,827 | 351.8 |

(1) As reported by CalPERS, decline due to a preliminary 0.61% net return on investments for the 12-month period that ended June 30, 2016.
(2) The discount rate was decreased to 7.00% in 2018 over 3 years, from 7.5% in 2015 and earlier.
Source: CalPERS Actuarial Reports for June 30, 2013 through June 30, 2018.

## TABLE 34

### SCHEDULE OF FUNDING PROGRESS
### (Miscellaneous Plan)

| *Valuation Date June 30* | *Accrued Liability* [2] *(a)* | *Market Value of Assets (b)* | *Unfunded Liability (a-b)* | *Funded Status (Actuarial Value) (b/a)* | *Annual Covered Payroll (c)* | *UAAL as a Percentage of Payroll ((a-b)/c)* |
|---|---|---|---|---|---|---|
| 2013 | $5,008,806,968 | $3,974,442,195 | $1,034,364,773 | 79.3% | $856,593,282 | 120.8% |
| 2014 | 5,656,121,103 | 4,682,894,962 | 973,226,141 | 82.8 | 897,506,714 | 108.4 |
| 2015 | 6,174,498,346 | 4,775,099,013 | 1,399,399,333 | 77.3 | 1,000,223,148 | 139.9 |
| 2016 | 6,850,143,825 | 4,799,576,566 | 2,050,567,259 | 70.1[1] | 1,090,295,411 | 188.1 |
| 2017 | 7,441,270,302 | 5,325,794,759 | 2,115,475,543 | 71.6 | 1,128,397,500 | 187.5 |
| 2018 | 8,165,793,889 | 5,748,832,217 | 2,416,961,672 | 70.4 | 1,118,711,056 | 216.0 |

(1) As reported by CalPERS, decline due to a preliminary 0.61% net return on investments for the 12-month period that ended June 30, 2016.
(2) The discount rate was decreased to 7.00% in 2018 over 3 years, from 7.5% in 2015 and earlier.
Source: CalPERS Actuarial Reports for June 30, 2013 through June 30, 2018.

The following table shows the percentage of salary which the County was responsible for contributing to CalPERS from Fiscal Year 2015-16 through Fiscal Year 2020-21 to satisfy its retirement funding obligations.

**TABLE 35**

**SCHEDULE OF EMPLOYER CONTRIBUTION RATES**

| *Valuation Date June 30* | *Affects Contribution Rate for Fiscal Year:* | *Safety Plan* | *Employer Payment of Unfunded Liability* | *Miscellaneous Plan* | *Employer Payment of Unfunded Liability* |
|---|---|---|---|---|---|
| 2013 | 2015-16 | 23.585% | N/A | 15.429% | N/A |
| 2014 | 2016-17 | 26.570 | N/A | 16.476 | N/A |
| 2015 | 2017-18 | 17.912(1) | $35,778,888 | 10.192(1) | $ 73,598,564 |
| 2016 | 2018-19 | 18.464 | 48,790,038 | 10.458 | 100,265,926 |
| 2017 | 2019-20 | 19.853 | 62,876,977 | 10.998 | 129,905,894 |
| 2018 | 2020-21 | 21.095 | 73,668,397 | 11.673 | 155,375,654 |

(1) Beginning in Fiscal Year 2017-18, CalPERS will collect employer contributions toward the plan's unfunded liability as dollar amounts rather than contribution rate, which was the prior method of collection. The County pays at the beginning of each fiscal year for its unfunded liability payment, receiving a discount of ½ year's interest on the amounts listed above. The plan's normal cost contribution will continue to be collected as a percentage of payroll. See the caption "— The County's CalPERS Contract."

Source: CalPERS Actuarial Reports for June 30, 2013 through June 30, 2018.

***Projected County Contributions***. As described above under "—General," in 2003 the County established the PARC, which annually prepares a report for the Board. PARC's 2020 Annual Report projects the following contribution to CalPERS (including both normal cost and UAAL amortization):

**TABLE 36**

**PROJECTED COUNTY CONTRIBUTIONS(1)**
**(Miscellaneous Plan)(2)**

| *Fiscal Year* | *County Rate* | *County Payment* |
|---|---|---|
| 2019-20 | 23.9% | $294,100,000 |
| 2020-21 | 26.9 | 326,900,000 |
| 2021-22 | 28.3 | 353,200,000 |
| 2022-23 | 30.0 | 384,800,000 |
| 2023-24 | 31.0 | 408,700,000 |

(1) Projects subject to adjustment due to issuance of the County's 2020 pension obligation bonds.

(2) Projections are based on data from a report prepared by Bartel Associates, LLC dated September 24, 2019 and include debt service on the County's 2005 pension obligation bonds. Does not reflect the issuance of the County's 2020 pension obligations bonds.

Source: PARC 2020 Annual Report.

## TABLE 37

### PROJECTED COUNTY CONTRIBUTIONS[1]
### (Safety Plan)[2]

| *Fiscal Year* | *County Rate* | *County Payment* |
|---|---|---|
| 2019-20 | 39.7% | $141,900,000 |
| 2020-21 | 45.5 | 152,900,000 |
| 2021-22 | 47.8 | 165,000,000 |
| 2022-23 | 50.3 | 178,400,000 |
| 2023-24 | 51.8 | 188,700,000 |

(1) Projects subject to adjustment due to issuance of the County's 2020 pension obligation bonds.
(2) Projections are based on data from a report prepared by Bartel Associates, LLC dated September 24, 2019 and include debt service on the County's 2005 pension obligation bonds. Does not reflect the issuance of the County's 2020 pension obligations bonds.
Source: PARC 2020 Annual Report.

The County's projections with respect to the County contributions reflect certain significant assumptions concerning future events and circumstances. The information and the related assumptions are future projections and are not to be construed as representations of fact or representation that in fact the information shown will be the correct amounts for the years indicated. Rather, these amounts reflect good faith estimates by the County taking into account a variety of assumptions. Variations in the assumptions may produce substantially different results. Actual results during the projection period may vary from those presented in the forecast, and such variations may be material. Accordingly, prospective investors are cautioned to view these estimates as general indications of trends and orders of magnitude and not as precise amounts.

The County's projected contribution rates are affected by the market rate of return in the CalPERS Plans and other changes that may be adopted by CalPERS from time to time, see "—The County's CalPERS Contract" above.

***Other Retirement Plans***. The County also provides a Defined Benefit Pension Plan (the "DBPP") to employees who are designated as a part-time or temporary employee and not eligible for Social Security or CalPERS retirement benefits through the County. This plan is subject to Internal Revenue Code Section 401(a), and is self-funded and self-administered. The County has set a goal of ensuring that the DBPP is at least 80% funded. Participants in the DBPP are required to contribute 3.75% of their eligible compensation to the DBPP in lieu of Social Security tax. Based on the actuarial valuation of June 30, 2019, the County's current required contribution level is 1.87% to maintain a funded ratio of 80%. As of June 30, 2019, the DBPP was funded at 76.6%. The County's contribution to the DBPP was $667,952 for Fiscal Year 2016-17, $1,341,340 for Fiscal Year 2017-18, $815,531 for Fiscal Year 2018-19 and 831,825 for Fiscal Year 2019-20. The DBPP's unfunded liabilities as of June 30, 2019 were approximately $13,016,689. Overall, the DBPP's unfunded actuarial accrued-liability increased by approximately 15% from the prior valuation due to the net result of the following: 1) demographic experience was different than expected, primarily due to fewer terminations than expected, which resulted in a liability loss; 2) termination assumptions were updated to reflect the recent experience, resulting in an increase in liabilities; 3) lump sum conversion rate was decreased from 5.00% to 4.00% to reflect the current bond market conditions, resulting in an increase in liability; 4) assets were lower than expected due to unfavorable investment return on plan assets (4.66% actual compared to 6.0% assumed); and 5) mortality assumptions were updated to reflect the recent public mortality table Pub-2010 amount weighted for General employees, with generational future improvement scale MP-2019, resulting in an increase in liabilities.

***Other Post-Employment Benefits***. The County provides certain post-retirement health insurance benefits to qualifying retired employees and their eligible dependents or survivors. Regular employees with a minimum service of five years and who are at least age 50, or age 52 if they became a CalPERS member on or after January 1, 2013, at retirement qualify to receive the post-retirement benefits.

The County obtained an actuarial valuation of its Post-Employment Health Benefits obligations, calculated as of June 30, 2019 (the "Postretirement Benefits Plan"), prepared by Aon Hewitt. Based on the combination of plans and contribution levels that the County offers, assuming an investment rate of 6.73%, the present value of benefits was estimated to be $127.8 million, the accrued actuarial liability was estimated to be $103.1 million and the annual normal cost was $2.9 million. According to the Health Benefits Valuation, the County's funding contribution for Fiscal Year 2019-20 will be approximately $4.2 million and approximately $9.0 million in Fiscal Year 2020-21. The Health Benefits Valuation further provides that the June 30, 2019 plan liabilities and annual costs are higher than the prior valuation, primarily due to increased plan participation (i.e., retirees electing coverage) for CalPERS and RSA participants. As the past years higher elections caused an increase in liabilities, the assumption was also increased to reflect this recent experience, resulting in an increase in liabilities exceeding $15 million. Beyond the higher participation impact, July 1, 2019 unfunded AAL and costs are still slightly higher than expected based on a projection from the prior valuation, as a net result of the following factors: 1) a change to allow management groups to become eligible for CalPERS plans and 2) an update in the future plan participation assumption (i.e., retirees electing coverage), which both result in an increase in liability.

After consideration of the items above, the unfunded AAL and costs are lower than expected based on the following factors: 1) Discount rate increased from 6.73% to 7.01% due to the change in the CERBT expected return on assets, resulting in a decrease in liabilities. 2) Mortality assumptions were updated to reflect the Pub-2010 headcount-weighted tables for general employees of all income levels, with generational future improvement scale MP-2019, resulting in a decrease in liabilities. 3) Future healthcare premiums are lower than previously assumed, resulting in a decrease in liabilities. 4)Census experience was different than assumed. The past year's plan participation election experience was higher than assumed, resulting in an actuarial loss. 5)Investment return on assets was slightly higher than expected, resulting in a small asset gain. According to the Health Benefits Valuation, as of June 30, 2019, the County's OPEB funded ratio including implicit subsidy was 43.6% and excluding implicit subsidy was 81.5%.

The Board of Supervisors took action on October 25, 2006 to set aside $10 million as a contribution to the California Employers' Retiree Benefit Trust (the "OPEB Trust"). On November 7, 2007 the irrevocable OPEB Trust was established with CalPERS and a payment of $10.4 million was made to the OPEB Trust. On June 26, 2009, the County contributed an additional $2.2 million to the OPEB Trust. The pre-funding of OPEB through the use of the OPEB Trust allows the County to use different actuarial assumptions to determine the actuarial value of assets and liabilities, including assuming a higher rate of return on assets held in the OPEB Trust.

In June 2015, GASB released Statement No. 75, which affects accounting for other post-employment benefit plans. Among other goals, GASB Statement No. 75 seeks to improve accounting and financial reporting by state and local governments for OPEB. The County adopted GASB Statement No. 75 in its audited financial statements for the fiscal year ended June 30, 2018. The changes include moving unfunded liabilities from the footnotes to the balance sheet, the potential for more volatile periodic expense and a change in the discount rate basis.

**Riverside University Health System - Medical Center**

Riverside University Health System—Medical Center ("RUHS") is an approximately 520,000 square foot tertiary care and Level II trauma facility, licensed for 439 beds. There are 362 licensed beds in the main acute-care hospital and 77 licensed beds in a separate psychiatric facility. RUHS is serviced by nearly 3,500 healthcare professionals and support staff, and provides training to 1,000 medical residents and students and 2,500 nursing students annually. RUHS has 12 operating rooms including one with a da Vinci Xi surgical robot, a helipad located directly adjacent to the trauma center, and digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT), and all single-bed rooms, and provides support to numerous hospital-based clinics. There are also adult, pediatric and neonatal intensive care units, a birthing center and complete pulmonary services, including hyperbaric oxygen treatments, and one of only ten emergency psychiatric hospitals in the State.

The County has the legal responsibility to provide health care to all individuals, regardless of their ability to pay or insurance status, and provides these services by operating RUHS. RUHS provides services to patients covered by various reimbursement programs, principally Medi-Cal and Medicare, and some commercial insurance, while also providing services to the uninsured.

In response to several years of declining profitability and losses, in 2013, the County's Board of Supervisors retained Huron Consulting Group ("Huron") to provide consulting services designed to improve efficiencies and increase revenue at RUHS. The engagement is complete and suggested changes were implemented. Toward the end of the Huron engagement, the County completed restructuring efforts at RUHS through permanent hiring of a new executive team. The new leadership team developed and deployed a strategy to lock in recent fiscal improvement, improve operational efficiency and prepare for anticipated challenges. In each of the years following the completion of Huron's engagement, RUHS experienced net operating surpluses before pension adjustments ($54.7 million, $35.9 million, $9.3 million, $11.4 million and $3.0 million in Fiscal Years 2014-15, 2015-16, 2016-17, 2017-18, and 2018-2019 respectively).

The original Huron engagement cost $26 million and was paid for with proceeds of a temporary transfer from the County's Waste Management Enterprise Fund. RUHS is required to repay the remaining balance due on the original $26 million cost, with interest calculated at the County's pool investment fund rate, in five annual installments which are to be paid over the five year period beginning June 2023 and ending in June 2027, reflecting a deferment for cash flow purposes of the original payment schedule that began in 2016 and ended in 2022. If RUHS is unable to repay this loan, any unpaid amounts will be transferred to the County's Waste Management Enterprise Fund from unencumbered amounts in the County's General Fund. Prior to the deferment period, RUHS made scheduled payments on the loan in the amount of $3,693,711 in both Fiscal Years 2015-16 and 2016-17. As of February 1, 2020, the outstanding principal amount of the loan is $18,468,858.

RUHS relies on a significant amount of governmental Medicaid waiver revenue including, Disproportionate Share Hospitals (DSH) funding, Delivery System Reform Incentive Payments (DSRIP) and Realignment. In December 2015, several changes were adopted with respect to the Medicaid waiver to shift the focus of care away from hospital-based and inpatient care and instead towards outpatient, primary, and preventive care. RUHS organized to ensure a pay-for-performance transformation that accomplishes the goal of continuing support, maximizing federal funds and improving the system of care for the County.

In Fiscal Year 2017-18, RUHS commenced construction for new RUHS Medical and Surgical Outpatient Office Building to provide a full array of primary care and comprehensive ancillary services. The RUHS Medical and Surgical Outpatient Office Building opened in March 2020. RUHS is partnering with a private developer to lease the buildings over twenty-five years with an estimated annual lease payment of $13.3 million. It is expected that, at the end of the lease, ownership of the buildings will transfer to RUHS. Additional expenses for equipping and furnishing the RUHS Medical and Surgical Outpatient Office Building are estimated at $40 million, of which $10 million is expected to be donated. The remaining cost was financed with a lease line of credit with Banc of America Public Capital Corporation. The County expects to contribute approximately $4.6 million in Fiscal Year 2019-20 from the General Fund to RUHS to pay for debt service related to the RUHS Medical and Surgical Outpatient Office Building.

For Fiscal Year 2019-20, consistent with its past practice, the County contributed approximately $10 million to RUHS from its tobacco settlement revenue receipts and $3 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUHS facility.

**Insurance**

The County is self-insured for short-term disability, unemployment insurance, general liability, medical malpractice and workers' compensation claims. General liability claims are self-insured to $5 million for each occurrence with a $2 million corridor (annual aggregate excess of the self-insured retention) and the balance (to $25 million for each occurrence) is insured through CSAC Excess Insurance Authority ("CSAC EIA"), a joint powers authority and insurance risk sharing pool consisting of 55 counties in the State, as well as other non-county public entities. Medical malpractice is self-insured for the first $1.1 million for each claim with a $1.5 million limit on a claims-made basis in excess of the County's self-insured retention, followed by a $20 million limit on an occurrence basis through CSAC EIA, for a total limit of $21.5 million in excess of the County's self-insured retention. Workers' compensation claims are self-insured to $2 million for each occurrence and the balance of statutory limits (unlimited) is insured through CSAC EIA. Long-term disability income claims are fully insured by an independent carrier.

The CSA EIA property insurance program provides insurance coverage for all-risk subject to a $50,000 per occurrence deductible; flood coverage is subject to a $100,000 per occurrence deductible within a 100-year flood zone and a $50,000 deductible outside of a 100-year flood zone. In order to diversify risk, property exposure amongst all members within the program are categorized into eight "Towers" based on geography and building type. The County participates in four of the eight Towers, each of which provides $100 million in all-risk limits (including earthquake and flood limits), and $300 million limit for all-risk including flood per Tower. A $300 million excess all risk layer sits above the Towers, providing a total of $600 million in all-risk limits for Towers I-VIII. With respect to earthquake coverage, each of the four Towers in which the County participates has a limit of $100 million, with a $365 million excess rooftop layer shared by all of the Towers that is triggered by the depletion of the initial limit for one or more of the Towers in a policy year. The County has $765 million in shared earthquake coverage that covers scheduled locations and buildings equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract. Earthquake coverage is subject to a deductible equal to 5% of total value per unit per occurrence, subject to a $100,000 minimum. Boiler and Machinery provides up to $100 million in limits, subject to a $5,000 deductible per event. Property insurance limits in each Tower are shared with other counties within that Tower on a per event basis. If a catastrophic event occurs and losses exceed the limits, the County would be responsible for such amounts.

**Litigation**

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Note or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Note, and an opinion of the Office of County Counsel to that effect will be furnished to the Underwriters at the time of the execution and delivery of the Note. Although the County may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the County that any currently-pending or known threatened proceedings will not materially affect the County's finances or impair its ability to meet its obligations.

The County is currently involved in litigation arising from its assessment, levy and collection of the possessory interest tax on non-tribal members on tribal and U.S. trust lands. Approximately 510 taxpayers have filed two different lawsuits in Superior Court seeking refunds for such possessory interest taxes paid. The total amount claimed in the two cases is approximately $12,055,780, of which the County's share is approximately $2,170,040, plus interest and attorney's fees. The named Plaintiff, Heidi Herpel, also sought to certify a class for a class-action litigation seeking the refund of approximately $31,000,000 annually in possessory interest taxes for the past four years. The first case, *Heidi Herpel, et al. v. County of Riverside*, proceeded to trial where the County prevailed. The California Court of Appeal has ruled in favor of the County and issued a final judgment in favor of the County and against the plaintiffs. The plaintiffs are currently evaluating whether to proceed with a petition to the California Supreme Court.

The second case, *Leonard Albrecht et al. v. County of Riverside*, proceeded to trial in October 2018 where the County also prevailed. The *Albrecht* plaintiffs have also filed an appeal with the Court of Appeal. The *Albrecht* plaintiffs have not withdrawn their appeal in light of the Herpel ruling in favor of the County. Instead, the *Albrecht* plaintiffs have requested a thirty-day extension to file an opening brief. The County expects that this case will be fully briefed by the spring of 2020 with oral argument scheduled for late summer or early fall of 2020.

The County is also currently involved in litigation arising from its levy and collection of California's unitary tax. Pursuant to California's Revenue and Taxation Code, the State of California's Board of Equalization assesses certain properties as a "unit" for the purposes of tax valuation and relays those values to each county. Upon receipt of those valuations from the State, the County follows a formula set forth in the Revenue and Taxation Code and issues tax notices to various businesses. Recently, BNSF Railway filed a federal lawsuit against fifteen California counties, including the County, arising from the assessment and collection of the unitary tax. BNSF seeks an order from the federal court that would reduce the percentage collected to reflect a benchmark rate identified in 49 U.S.C. § 11501. In addition, AT&T, T-Mobile and Sprint have each filed lawsuits against the County seeking a refund of unitary taxes paid for Fiscal Year 2014-15. AT&T seeks approximately $1,000,000 in refunds for the 2014-15 tax year. The County has not been served with the T-Mobile or Sprint lawsuits at this time but expects that they will be served shortly. AT&T also seeks a reduction in the unitary tax rate to reflect a lower rate that they believe is assessed against other business and commercial properties. AT&T further argues that the unitary tax rate cannot be higher than 1% as capped by Proposition 13.

The unitary tax is collected by the County on behalf of special districts, school districts and water districts who utilize unitary tax revenue to pay for debt service. As such, the County has issued notices to said districts pursuant to Revenue and Taxation Code §§ 5146 and 5148 indicating that the County may be required to collect funds from the special districts to pay any refunds ordered by the Court or schedule an offset of future tax revenues. The above-identified special districts have a right to intervene in the litigation. As of this date, it is unclear what, if any, impact there will be on debtholders that provide debt service to these special districts.