

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



ITEM: 3.6
(ID # 23095)

MEETING DATE:
Tuesday, September 26, 2023

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Adoption of Resolution No. 2023-264 Authorizing the Issuance of the County of Riverside Teeter Plan Obligation Notes 2023 Series A, All Districts. [\$346,117 - Teeter Note Proceeds 100%] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2023-264 of the County of Riverside Supplementing its Master Teeter Resolution and providing for the terms and conditions of 2023 Series A Teeter Plan Obligation Notes;
2. Authorize the distribution of the Official Statement in connection therewith; and
3. Authorize the Chair of the Board to execute the necessary documents and take related actions to consummate the issuance of the Notes.

ACTION:Policy




Don Kent, Director of Finance 9/18/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: September 26, 2023
xc: E.O.

Kimberly A. Rector
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 | \$346,117 (est.) | \$ 0 | \$346,117 (est.) | \$0 |
| NET COUNTY COST | \$0 | \$ 0 | \$0 | \$0 |
| SOURCE OF FUNDS: 100% Teeter Note Proceeds | | | Budget Adjustment: No | |
| | | | For Fiscal Year: 2023-24 | |

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

The County of Riverside Teeter Plan Obligation Notes, 2023 Series A are part of an ongoing, annual financing program that has been in place since 1997. It is an open-ended program that continuously rolls over previously issued Notes secured by unpaid property taxes (since it usually takes more than one year), for collection of delinquent accounts. The program expands and contracts as tax delinquencies rise and fall due to economic conditions and with changes to the size of the overall tax roll.

The annual Notes sizing is based upon the following: 1) delinquent property taxes collected in the prior year, which pays down the previous year's maturing Notes (with the remaining Note balance rolled into the current year's financing), 2) the amount needed to fund the current advance of unpaid taxes, and 3) cost of issuance.

Given the senior lien position on tax delinquent properties and the relationship between the amount of unpaid taxes and property values, historically, the County collects a significant majority of all delinquent property taxes owed, in addition to penalties and interest. Unlike most other County financings which bear a net cost, the Teeter program generates ongoing revenue for the General Fund by capturing the penalties and interest on the unpaid taxes upon collection, which are paid at an annual rate in excess of 20% per annum (10% late penalty, plus 1½% per month of default), pursuant to California state law.

After depositing the statutorily required balance in the Tax Losses Reserve Fund, and paying the interest cost for the maturing Notes, the excess balance can be transferred to the General Fund as unrestricted discretionary revenue. For FY 2022-23 the transfer was \$16.5 million. For FY 2023-24, the budgeted amount is \$20 million.

The County's all-in true interest cost of the current year 2022 Notes (issued last October) was 3.69%. The yield on the 2023 Teeter Notes is anticipated to be in the 3.25% to 3.75% range and is contingent upon actions of the Federal Reserve at its September 20th Federal Open Market Committee meeting, as well as market conditions when the Notes are priced in October. The final sizing of the 2023 Notes par amount is expected to be approximately \$103.2 million, an increase of \$19.1 million from the current year 2022 Notes' par amount of \$84.1 million.

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STATE OF CALIFORNIA**

The program size peaked at \$267 million in 2008 and has generally been on a downward trend, with some exceptions. To allow flexibility in selling the Notes should interest rate increases occur at the time of sale, the Resolution provides for a not to exceed amount of \$105 million in par, and a true interest cost of 4.75%. Interest will be paid on the maturity date of October 18, 2024. They will be issued in fixed rate form in one tax-exempt series under the 1997 Master Resolution, with a maturity of one year.

In connection with the issuance of the Notes, the FY 2023-24 Resolution appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Stradling Yocca Carlson & Rauth as disclosure counsel for the Notes, Columbia Capital Management, LLC as municipal advisor, Fieldman, Rolapp & Associates, Inc. as Teeter program consultant, and, BofA Securities, Inc. as senior managing underwriter and Loop Capital Markets, LLC as co-manager. The County's issuance cost for the Notes is estimated at \$289,575, with underwriter's compensation of approximately \$56,542.

The Notes are expected to receive, and retain, the highest short-term ratings from Moody's (MIG1) and Fitch Ratings (F1+) and would be marketed and sold in early October with closing to occur by the third week of the month.

Debt Advisory Committee (DAC) Recommendation

On September 14, 2023, the Debt Advisory Committee reviewed this item and has recommended approval to the Board of Supervisors.

Impact on Residents and Businesses

The Teeter Notes program is beneficial for the citizens of Riverside County due to the substantial annual unrestricted discretionary revenue that is transferred to the General Fund each year which supports County programs. Financing the Teeter Notes externally has been a cost-effective program throughout its twenty-six year history and preserves the County's cash for other purposes.

ATTACHMENTS:

- A. Resolution No. 2023-264
- B. Note Purchase Agreement
- C. Preliminary Official Statement
- D. Appendix A

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

Tanya Harris
Tanya Harris, Assistant Auditor Controller 9/18/2023

Michael Ambolo
Michael Ambolo, Chief Finance Officer 9/18/2023

Aaron Gettis
Aaron Gettis, Deputy County Counsel 9/18/2023

RESOLUTION NO. 2023 - 264

OF

THE COUNTY OF RIVERSIDE

FORM APPROVED COUNTY COUNSEL
BY MC 18 SEP 23
MICHAEL C. THOMAS DATE

SUPPLEMENTING ITS
MASTER TEETER RESOLUTION, AND
PROVIDING FOR THE TERMS AND CONDITIONS OF
2023 SERIES A TEETER PLAN OBLIGATION NOTES

ADOPTED ON SEPTEMBER 26, 2023

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RESOLUTION NO. 2023-264

**RESOLUTION OF THE COUNTY OF RIVERSIDE
SUPPLEMENTING ITS MASTER TEETER RESOLUTION,
AND PROVIDING FOR THE TERMS AND CONDITIONS OF
2023 SERIES A TEETER PLAN OBLIGATION NOTES**

WHEREAS, the Board of Supervisors (the "Board") of the County of Riverside (the "County") has adopted a resolution pursuant to Section 4702 of the California Revenue and Taxation Code, and has thereby elected to follow the procedure for distributing Property Tax levies set forth in Chapter 3 of Part 8 of Division 1 of the California Revenue and Taxation Code, consisting of Sections 4701 through 4717 (the "Law"); and

WHEREAS, the Board elected, pursuant to Section 4702.5 of the Law, to include certain assessments in the procedures authorized under the Law; and

WHEREAS, pursuant to Section 4705 of the Law, for each year in which allocations of taxes and assessments are to be made in accordance with the Law, the amount of taxes and assessments for each fund for which the tax levy has been included is to be apportioned to the credit of each such fund, and the Board shall provide moneys in the County Treasury which shall be available to be drawn on to the extent of the amount of uncollected taxes and assessments credited to each such fund for which a tax levy or an assessment has been included; and

WHEREAS, on July 29, 1997, pursuant to Resolution No. 97-203, as ratified, confirmed and modified by Resolution No. 97-298 adopted on November 4, 1997 (together, the "Master Teeter Resolution") the Board authorized an issuance of Series A Obligations and Series B Obligations in the form of Series A Notes and Series B Notes, respectively; and

WHEREAS, the Master Teeter Resolution contemplated that Series A Obligations and Series B Obligations could be increased to include an amount sufficient to refund any Demand Obligation relating to any fiscal year ending after June 30, 1997, as specified in a Supplemental Resolution; and

WHEREAS, pursuant to Resolution No. 98-283, adopted on August 18, 1998, the Board authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 1998; and

WHEREAS, pursuant to Resolution No. 99-385, adopted on September 7, 1999, the Board authorized Series A Obligations and Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 1999; and

WHEREAS, pursuant to Resolution No. 2000-277, adopted September 26, 2000, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2000; and

WHEREAS, pursuant to Resolution No. 2001-290, adopted September 11, 2001, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2001; and

WHEREAS, pursuant to Resolution No. 2002-363, adopted October 8, 2002, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2002; and

WHEREAS, pursuant to Resolution No. 2003-495, adopted October 21, 2003, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2003; and

WHEREAS, pursuant to Resolution No. 2004-496, adopted October 26, 2004, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2004; and

WHEREAS, pursuant to Resolution No. 2005-493, adopted November 29, 2005, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2005 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2006-405 adopted October 17, 2006, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2006 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2007-479, adopted October 30, 2007, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2007 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2008-486, adopted November 18, 2008, the Board authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2008 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2009-310, adopted November 24, 2009, the Board authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2009 and to refund Outstanding Series B Notes and Series C Notes; and

WHEREAS, pursuant to Resolution No. 2010-281, adopted September 14, 2010, the Board authorized Series B Obligations and Series C Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2010 and to refund Outstanding Series B Notes and Series C Notes; and

WHEREAS, pursuant to Resolution No. 2011-252, adopted September 27, 2011, the Board authorized Series B Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2011 and to refund Outstanding Series B Notes and Series C Notes; and

WHEREAS, pursuant to Resolution No. 2012-195, adopted September 11, 2012, the Board authorized Series D Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2012 and to refund Outstanding Series B Notes; and

WHEREAS, pursuant to Resolution No. 2013-222, adopted September 10, 2013, the Board authorized Series D Obligations and Series E Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2013 and to refund Outstanding Series D Notes; and

WHEREAS, pursuant to Resolution No. 2014-182, adopted September 9, 2014, the Board authorized Series D Obligations and Series E Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2014 and to refund Outstanding Series D Notes and Outstanding Series E Notes; and

WHEREAS, pursuant to Resolution No. 2015-189, adopted September 15, 2015, the Board authorized Series D Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2015 and to refund Outstanding Series D Notes; and

WHEREAS, pursuant to Resolution No. 2016-196, adopted September 13, 2016, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2016 and to refund Outstanding Series D Notes; and

WHEREAS, pursuant to Resolution No. 2017-205, adopted September 12, 2017, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2017 and to refund Outstanding Series A Notes; and

WHEREAS, pursuant to Resolution No. 2018-171, adopted September 18, 2018, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2018 and to refund Outstanding Series A Notes; and

WHEREAS, pursuant to Resolution No. 2019-215 adopted September 24, 2019, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2019 and to refund Outstanding Series A Notes; and

WHEREAS, pursuant to Resolution No. 2020-194 adopted September 22, 2020, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2020 and to refund Outstanding Series A Notes; and

WHEREAS, pursuant to Resolution No. 2021-184 adopted September 21, 2021, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2021 and to refund Outstanding Series A Notes; and

WHEREAS, pursuant to Resolution No. 2022-142 adopted June 28, 2022, the County amended the Master Teeter Resolution to include Waste Hauler Districts in the definition of Revenue Districts; and

WHEREAS, pursuant to Resolution No. 2022-172 adopted September 20, 2022, the Board authorized Series A Obligations to refund a Demand Obligation relating to the fiscal year ended June 30, 2022 to refund Outstanding Series A Notes; and

WHEREAS, the County wishes to include within the definition of Series B Taxes all uncollected property taxes and assessments attributable to the fiscal year ended June 30, 2023; and

WHEREAS, the County wishes to issue a Demand Obligation relating to delinquencies in property taxes and assessments attributable to the fiscal year ended June 30, 2023 and to issue Teeter Plan Obligation Notes, 2023 Series A (the "2023 Series A Notes"), the proceeds of which are to be used to refund all or a portion of a Demand Obligation, to refund Outstanding Series A Notes and to pay costs of issuance; and

WHEREAS, the County wishes to confirm that the security interest and pledge granted pursuant to Section 302 of the Master Teeter Resolution extends to such Series B Taxes and also secures the 2023 Series A Notes.

NOW, THEREFORE, IT IS RESOLVED and ordered by the Board as follows:

ARTICLE I

AUTHORITY FOR SUPPLEMENTAL RESOLUTIONS; DEFINITIONS

1.01 Authority for this Resolution. This resolution supplements and amends the Master Teeter Resolution and is entered into pursuant to Article VII of the Master Teeter Resolution.

1.02 Definitions.

(a) Except as otherwise provided herein all terms defined in the Master Teeter Resolution shall have the same meanings when used in this Supplemental Resolution as are given in Section 101 of the Master Teeter Resolution, except for the following terms which are used in the Master Teeter Resolution, which shall be amended to read as follows:

"Series B Taxes" or **"Pledged Taxes"** means (i) the right to collect any uncollected property taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 and such other fiscal years, if any, as may be specified in a Supplemental Resolution, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments (including assessments related to Waste Hauler Districts commencing with the fiscal year ended June 30, 2023), 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, including as a consequence of electing to being governed by the Law, and in each case following the allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public

districts within the County which have not agreed that the Law shall apply to them; provided, however, that Series B Taxes shall not include (i) the right to collect delinquencies in property taxes due to an Independent District for all fiscal years prior to the fiscal year in which the respective Independent District agreed (pursuant to Section 4715 of the Law) that the Law shall apply to it, (ii) Default Penalties, (iii) interest or Redemption Penalties, (iv) costs and fees paid pursuant to Section 4102(d) and 4112 of the Taxation Code, and (v) installment payments made pursuant to Section 4217 et. seq. of the Taxation Code with respect to properties otherwise subject to Series A/B Taxes. Series B Taxes or Pledged Taxes shall not include Series A Taxes or Other Taxes.

“2023 Notes” means the 2023 Series A Notes.

ARTICLE II

AUTHORIZATION OF DEMAND OBLIGATIONS

2.01 Authorization of Demand Obligation. The County shall evidence its obligation to make distributions to Revenue Districts pursuant to the Law in respect of property taxes and assessments attributable to the fiscal year ended June 30, 2023, through the issuance of a Demand Obligation or Demand Obligations in the principal amounts of such distributions.

ARTICLE III

EXTENSION OF SERIES B TEETER OBLIGATION PLEDGE

3.01 Pledge of Series B Taxes. All Series B Taxes as defined in this Supplemental Resolution shall be governed by the provisions of Section 302(2) of the Master Teeter Resolution, the security interest and pledge created pursuant to said Section 302(2) shall hereby extend to Series B Taxes as defined in this Supplemental Resolution, and such security interest and pledge shall hereby extend in favor of Holders of (a) the Demand Obligations referred to in Section 2.01 hereof and issued hereunder and (b) the 2023 Notes issued hereunder. The lien on Series B Taxes shall continue so long as any 2023 Notes remain Outstanding.

ARTICLE IV

AUTHORIZATION AND ISSUANCE OF 2023 NOTES

4.01 Authorization of 2023 Notes. The Board hereby determines that the County shall issue as 2023 Series A Obligations, the “Teeter Plan Obligation Notes, 2023 Series A,” and the proceeds shall be applied to the refunding, in whole or in part, of a Demand Obligation, Outstanding Series A Notes and to pay costs of issuance. The aggregate principal amount of 2023 Notes issued hereunder shall not exceed \$105,000,000. The 2023 Notes may be Taxable Notes and/or Tax-Exempt Notes (with appropriate designations), and the tax covenants contained in Section 815 of the Master Teeter Resolution shall apply to the Tax-Exempt Notes. The tax status of the 2023 Notes, and any different or additional terms and provisions of the 2023 Notes (including adding an interim interest payment and changing the basis for the calculation of

interest), shall be set forth in a written certificate of the Treasurer or County Executive Officer delivered prior to the issuance of the 2023 Notes.

4.02 Denominations, Medium, Method and Place of Payment and Dating of 2023 Notes. (a) The 2023 Notes shall be initially issued and registered as provided in Section 4.07 of this Supplemental Resolution and otherwise shall be in the denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of issuance thereof, shall mature no later than November 1, 2024, and shall bear interest payable at maturity and computed on the basis of a 360-day year composed of twelve 30-day months, at the rates per annum determined in accordance with this Supplemental Resolution.

(b) Both the principal of the 2023 Notes and interest due on the 2023 Notes at maturity shall be payable in lawful money of the United States of America, only to the registered owners of the Notes upon surrender thereof at the principal office of the Fiscal Agent upon the maturity thereof. No interest shall be payable on any 2023 Note for any period after maturity during which the registered owner thereof fails to properly present such 2023 Note for payment.

4.03 Sale of Notes. The Purchase Contract between BofA Securities, Inc. and Loop Capital Markets, LLC (the "Underwriters") and the County (the "Purchase Contract"), in substantially the form presented to this meeting, is hereby approved. The Treasurer and the County Executive Officer and their designees are, and each of them acting alone is, authorized to execute and deliver such Purchase Contract, with such changes, additions, completions and corrections therein as such officers shall require or approve, including specifying the principal amount of the 2023 Notes (not to exceed the amount authorized under Section 4.01 hereof), the term of the 2023 Notes (not to exceed the maturity date set forth in Section 4.02(a) hereof), the interest rate on the 2023 Notes and the purchase price of the 2023 Notes, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the true interest cost of the 2023 Notes shall not exceed 4.75% per annum, and that the underwriters' discount (exclusive of original issue discount) on the 2023 Notes shall not exceed 0.07% of the principal amount of the 2023 Notes.

4.04 Payment of 2023 Notes. There is hereby established with the Fiscal Agent, as agent and pledge holder for the Holders of the 2023 Notes, the "2023 Payment Fund." On or before the maturity date of the 2023 Notes, the County shall transfer to the Fiscal Agent from the General Fund, including the Series B Taxes, an amount sufficient to pay the principal of and interest on the 2023 Notes when due.

4.05 Forms of 2023 Notes. The 2023 Notes and the assignment to appear thereon each shall be in substantially the form set forth in Exhibit A attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

4.06 Execution and Authentication of Notes. The County Executive Officer is hereby authorized to sign the 2023 Notes by use of his manual or facsimile signature, and the Clerk of the Board of Supervisors is hereby authorized to countersign the 2023 Notes by use of his/her manual signature and to affix the seal of the Board of Supervisors thereto by facsimile thereon. Said officers are hereby authorized to cause the blank spaces in the Notes to be filled in

as may be appropriate and to deliver the 2023 Notes to the Underwriters in accordance with the terms and provisions of the Purchase Contract. In the case of 2023 Notes executed by facsimile signature of both the County Executive Officer and the Clerk of the Board of Supervisors, the 2023 Notes shall not be valid unless and until the Fiscal Agent or his or her designee shall have manually authenticated such Notes.

In case any officer whose signature appears on the 2023 Notes shall cease to be such officer before the delivery of the 2023 Notes to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Notes.

4.07 Registration, Exchange and Transfer. (a) The Depository Trust Company, New York, New York, is hereby appointed depository for the 2023 Notes. The 2023 Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York and shall be evidenced by a single 2023 Note. Registered ownership of each 2023 Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 4.07(b):

(b) The 2023 Notes shall be initially issued and registered as provided in Section 4.07(a) hereof. Registered ownership of the 2023 Notes, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of The Depository Trust Company, 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 The Depository Trust Company 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 Executive Officer, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the County Executive Officer to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company (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 The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the County Executive Officer to discontinue using a depository.

(c) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (b) of this Section, upon receipt of all outstanding 2023 Notes by the Fiscal Agent (together, in the case of a successor fiscal agent appointed by the County, with a written request of the County Executive Officer to such successor fiscal agent designating the Substitute Depository), a single new 2023 Note, which the County shall prepare or cause to be prepared, shall be executed and

delivered, 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 by the County Executive Officer. In the case of any transfer pursuant to clause (iii) of subsection (b) of this Section upon receipt of all outstanding 2023 Notes by the Fiscal Agent (together, in the case of a successor fiscal agent appointed by the County, with a written request of the County Executive Officer to such successor fiscal agent), new 2023 Notes, which the County shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as specified by the County Executive Officer, subject to the limitations of this Section, provided that the Fiscal Agent shall deliver such new 2023 Notes as soon as practicable.

(d) The County and the Fiscal Agent shall be entitled to treat the person in whose name any 2023 Note is registered as the owner thereof for all purposes of the Resolution and for purposes of payment of principal of and interest on such 2023 Note, notwithstanding any notice to the contrary received by the Fiscal Agent or the County; and the County and the Fiscal Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2023 Notes. Neither the County nor the Fiscal Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the owner of any 2023 Notes, and the Fiscal Agent may rely conclusively on its records as to the identity of the owners of the 2023 Notes.

(e) Notwithstanding any other provision of this Resolution and so long as all outstanding 2023 Notes are registered in the name of Cede & Co. or its registered assigns, the County and the Fiscal 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 2023 Notes 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 Fiscal 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 2023 Note may, in accordance with its terms, be transferred or exchanged for a 2023 Note of like aggregate principal amount in authorized denominations, upon the books required to be kept by the Fiscal 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 2023 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 Fiscal Agent.

Whenever any 2023 Note shall be surrendered for transfer or exchange, the County shall execute and the Fiscal Agent shall authenticate, if required, and deliver a new 2023 Note of authorized denominations, for a like aggregate principal amount. The Fiscal 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 Fiscal Agent will keep or cause to be kept sufficient books for the registration and transfer of the 2023 Notes, which shall at all times be open to inspection by the County. Upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, 2023 Notes as hereinbefore provided.

(h) If any 2023 Note shall become mutilated, the County, at the expense of the owner of such 2023 Note, shall execute, and the Fiscal Agent shall thereupon authenticate, if required, and deliver a new 2023 Note of like tenor and number in exchange and substitution for the 2023 Note so mutilated, but only upon surrender to the Fiscal Agent of the 2023 Note so mutilated. Every mutilated 2023 Note so surrendered to the Fiscal Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any 2023 Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County and the Fiscal 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 Fiscal Agent shall thereupon authenticate, if required, and deliver a new 2023 Note of like tenor and number in lieu of and in substitution for the 2023 Note so lost, destroyed or stolen (or if any such 2023 Note shall have matured or shall be about to mature, instead of issuing a substitute 2023 Note, the Fiscal Agent may pay the same without surrender thereof). The Fiscal Agent may require payment by the registered owner of a 2023 Note of a sum not exceeding the actual cost of preparing each new 2023 Note issued pursuant to this paragraph and of the expenses which may be incurred by the County and the Fiscal Agent. Any 2023 Note issued under these provisions in lieu of any 2023 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 2023 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 Supplemental Resolution with all other 2023 Notes issued under this Supplemental Resolution.

All 2023 Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Fiscal Agent, shall be delivered to the Fiscal Agent and shall be promptly cancelled by it. The County may at any time deliver to the Fiscal Agent for cancellation any 2023 Notes previously authenticated and delivered hereunder which the County may have acquired in any manner whatsoever, and all 2023 Notes so delivered shall promptly be cancelled by the Fiscal Agent. No 2023 Note shall be authenticated in lieu of or in exchange for any 2023 Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled 2023 Notes held by the Fiscal Agent shall be disposed of as directed by the County.

4.08 Defeasance of 2023 Notes. (a) If the County shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding 2023 Notes the interest and principal thereof at the times and in the manner stipulated herein and therein, then all agreements and covenants of the County to such Holders hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding 2023 Notes shall, prior to the maturity date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if there shall have been deposited with the Fiscal Agent in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which are not callable or subject to prepayment prior

to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Fiscal Agent at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal of and the interest to become due on said 2023 Notes on the maturity date thereof. Neither the securities nor moneys deposited with the Fiscal Agent pursuant to this Section 4.08(b) nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said 2023 Notes. The Fiscal Agent shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant to this Section.

(c) After the payment or deemed payment of all the interest and principal of all Outstanding 2023 Notes as provided in this Section and payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall pay over or deliver to the County all moneys or securities held by it pursuant hereto which are not required for the payment of the interest and principal represented by such 2023 Notes. Owners of 2023 Notes shall thereafter be entitled to payments due under the 2023 Notes only from amounts deposited pursuant to this Section and from no other source.

4.09 Fiscal Agent. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Fiscal Agent for the 2023 Notes. The County hereby directs and authorizes the payment by the Fiscal Agent of the interest on and principal of the 2023 Notes when such become due and payable.

The Fiscal Agent is also appointed as registrar and upon the request of any registered owner, is authorized to record the transfer or exchange of 2023 Notes in accordance with the provisions hereof.

4.10 Official Statement for 2023 Notes. The proposed form of official statement relating to the 2023 Notes, in substantially the form presented to this meeting, is hereby approved with such additions, changes and corrections as the Treasurer and the County Executive Officer and their designees, jointly and severally, may from time to time approve. The Underwriters are hereby authorized to distribute such official statement in preliminary form (the "Preliminary Official Statement") to the potential purchasers of the 2023 Notes and are hereby authorized and directed to deliver such official statement in final form to all purchasers of the 2023 Notes. The Treasurer and the County Executive Officer and their designees are, and each of them acting alone is, authorized to certify on behalf of the County that the preliminary form of the official statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule). The Treasurer and the County Executive Officer and their designees are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the County, to sign a copy of such Official Statement in final form.

4.11 Continuing Disclosure. The County hereby agrees and covenants that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") executed by the County and dated the date

of issuance and delivery of the 2023 Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided, that any registered owner of the 2023 Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Section.

ARTICLE V

MISCELLANEOUS

5.01 Accounting. The Board hereby determines that earnings on amounts held in the Teeter Debt Service Fund and the Teeter Tax Loss Reserve Fund, respectively, shall be deposited in such fund or funds as shall be directed by the County Executive Officer.

5.02 Additional Actions. All actions heretofore taken by the officers and agents of the County or the Board of Supervisors with respect to the issuance and sale of the 2023 Notes are hereby approved, confirmed and ratified, and the officers, employees and agents of the County and the Board of Supervisors are hereby authorized and directed, for and in the name and on behalf thereof, 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 sale from time to time of the 2023 Notes in accordance with the Master Teeter Resolution and this Supplemental Resolution, including, but not limited to, entering into amendments, if any, to the Fiscal Agent Agreement (including provisions relating to a costs of issuance fund) and DTC Representation Letter.

5.03 Effectiveness; Master Teeter Resolution to Remain in Effect.

(a) This Supplemental Resolution shall become effective immediately upon its adoption. Except as expressly provided in this Supplemental Resolution, every term and condition contained in the Master Teeter Resolution shall apply to this Supplemental Resolution and to the additional Demand Obligations and 2023 Notes authorized hereby, with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Resolution.

(b) This Supplemental Resolution and all of the terms and provisions herein contained shall form part of the Master Teeter Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Master Teeter Resolution. The Master Teeter Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented and as amended and supplemented hereby.


5.04 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the County shall be

contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of any of the Demand Obligations or any of the 2023 Notes authorized hereby, and the Holders shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law.

5.05 Law Governing. This Supplemental Resolution shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

5.06 Superseding Resolution. This Supplemental Resolution supersedes in its entirety Resolution No. 2022-172, adopted September 20, 2022.

PASSED and ADOPTED by the Board of Supervisors on September 26, 2023.

By: 
Chairman of the Board of Supervisors
Kevin Jeffries

ATTEST:
Clerk of the Board
Kimberly A. Rector

By: 
Deputy Clerk

ROLL CALL:

Ayes: Jeffries, Washington, Spiegel, Perez, and Gutierrez
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.

KIMBERLY A. RECTOR, Clerk of said Board

By: 
Deputy

EXHIBIT A
FORM OF 2023 SERIES A NOTE

No. _____

\$ _____

**COUNTY OF RIVERSIDE TEETER PLAN OBLIGATION NOTE,
2023 SERIES A**

| NOTE DATE | MATURITY DATE | INTEREST RATE | CUSIP |
|----------------------|--------------------------|--------------------------|--------------|
|----------------------|--------------------------|--------------------------|--------------|

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The County of Riverside (the "County") acknowledges itself indebted to, and for value received, hereby promises to pay from amounts on deposit in the General Fund, as defined in the Resolution No. 97-203 of the County, as amended and supplemented (the "Resolution"), to the registered owner specified above (the "Holder"), at the office of The Bank of New York Mellon Trust Company, N.A., the principal amount specified above on the Maturity Date specified above, together with interest thereon at the Interest Rate per annum set forth above (computed on the basis of a 360-day year composed of twelve 30-day months) in like lawful money of the United States of America from the Note Date specified above until payment in full of said principal sum. The interest payable at maturity and principal of this Note shall be payable only to the registered owner hereof upon surrender of this Note at the office of the Fiscal Agent as the same shall fall due; provided, however, that no interest shall be payable for any period after maturity during which the registered owner hereof fails to properly present this Note for payment.

This Note is one of a duly authorized issue of Teeter Plan Obligation Notes, 2023 Series A of the County issued under and pursuant to the Resolution. The 2023 Series A Notes are payable from the General Fund and are secured by Series B Taxes as defined in the Resolution. By acceptance of this Note, the Holder consents to all the terms and conditions hereof, and of the Resolution, a copy of which is on file with the County.

This Note is not subject to redemption prior to maturity.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Note, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the County of Riverside has caused this Note to be executed in its name by the manual or facsimile signature of its County Executive Officer and countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors, and caused its official seal or a facsimile thereof to be affixed hereto.

COUNTY OF RIVERSIDE

By _____
County Executive Officer

(SEAL)

COUNTERSIGNED:

Clerk of the Board of Supervisors

**§[PAR]
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATION NOTES, 2023 SERIES A**

NOTE PURCHASE AGREEMENT

_____, 2023

Riverside County Board of Supervisors
County of Riverside
4080 Lemon Street, 4th Floor
Riverside, California 92501

Ladies and Gentlemen:

The undersigned, BofA Securities, Inc. (the “Representative”), as representative of itself and Loop Capital Markets LLC (collectively, the “Underwriters”), acting on its own behalf and not as fiduciary or agent of the County of Riverside (the “County”), offers to enter into this Note Purchase Agreement (the “Note Purchase Agreement”) with the County. This offer is made subject to written acceptance by the County prior to 11:59 p.m., Pacific Daylight Time, on the date hereof, and, upon such acceptance, this Note Purchase Agreement will be binding upon the County and the Underwriters.

1. Purchase and Sale of the Notes. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the County for reoffering to the public, and the County hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the County’s Teeter Plan Obligation Notes, 2023 Series A (the “Notes”) in the aggregate principal amount of §[PAR].00. The aggregate purchase price to be paid by the Underwriters for the Notes shall be \$ _____, being the principal amount of the Notes, plus an original issue premium of §[PREMIUM], and less an Underwriters’ discount of §[UWs DISCOUNT].

2. The Notes. The Notes shall be dated their date of issuance and shall mature on [October] __, 2024. The Notes are being issued under Resolution No. 97-203, as ratified, confirmed and modified by Resolution No. 97-298 adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on November 4, 1997 (together, as heretofore amended and supplemented, the “Master Teeter Resolution”), including as supplemented by a resolution adopted by the Board of Supervisors on [September] __, 2023 (the “2023 Resolution” and, together with the Master Teeter Resolution, the “Resolutions”), and a Fiscal Agent Agreement, dated as of November 1, 1997 (as amended, the “Fiscal Agent Agreement”), by and between the County and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent thereunder (the “Fiscal Agent”), and in full conformity with the Constitution and laws of the State of California, as amended and supplemented. The Notes will bear interest at the rates set forth in Exhibit A hereto. The Notes will be registered initially in the name of “Cede & Co.” as nominee of The Depository Trust Company (“DTC”) in New York, N.Y., the securities depository for the Notes.

3. Use of Documents. The County has delivered to the Underwriters copies of its Preliminary Official Statement dated [September] __, 2023 (the “Preliminary Official Statement”). As of its date, such Preliminary Official Statement has been “deemed final” by the County for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), except for information permitted to be omitted by said Rule. The County agrees to deliver to the Underwriters a final Official Statement, dated the date hereof (the “Official Statement”) within seven (7) business days from the date hereof and in sufficient time to

accompany any confirmations requesting payment sent to purchasers. The number of Official Statements so delivered will be sufficient to comply with the requirements of paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board ("MSRB"). In addition, the County shall prepare or cause to be prepared the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Issue Date (defined below) to enable the Underwriters to comply with MSRB Rule G-32.

The County has approved the distribution by the Underwriters of the Official Statement and the County hereby authorizes the Underwriters to use, in connection with the offer and sale of the Notes, the Official Statement and the Resolutions and all information contained herein and therein and all other documents, agreements, certificates or statements furnished by the County to the Underwriters or entered into in connection with the transactions contemplated by this Note Purchase Agreement.

The County will undertake, pursuant to a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), to provide ongoing periodic disclosure and notices of the occurrence of certain events, if material. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

4. Public Offering; Establishment of Issue Price. (a) The Underwriters intend to make an initial bona fide public offering of the Notes at the prices or yields set forth on the cover of the Official Statement. The Underwriters may offer and sell the Notes to certain dealers and banks at prices lower than the public offering price stated on the cover of the Official Statement and said public offering prices may be changed from time to time by the Underwriters (but in all cases subject to the provisions of this Section 4).

(b) The Representative, on behalf of the Underwriters, agrees to assist the County in establishing the issue price of the Notes and shall execute and deliver to the County at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the County and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes. All actions to be taken by the County under this section to establish the issue price of the Notes may be taken on behalf of the County by the County's municipal advisor, Columbia Capital Management, LLC (the "Municipal Advisor") and any notice or report to be provided to the County may be provided to the Municipal Advisor.

(c) Except as otherwise set forth in Schedule I attached hereto, the County will treat the first price at which 10% of the Notes (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Note Purchase Agreement, the Representative shall report to the County the price or prices at which Underwriters have sold to the public the Notes. If at that time the 10% test has not been satisfied as to the Notes, the Representative agrees to promptly report to the County the prices at which Notes have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% test has been satisfied as to the Notes or the Closing Date. For purposes of this Section, if Notes mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be subject to the 10% test and the reporting obligation.

(d) The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Note Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Note Purchase Agreement, the Notes for which the

10% test has not been satisfied and for which the County and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the County to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to the Notes, the Underwriters will neither offer nor sell unsold Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the County promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

(e) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable,

(A)(1) to report the prices at which it sells to the public the unsold Notes allocated to it, whether or not the Closing has occurred, until either all Notes allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation after the Closing date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement (A) to report the prices at which it sells to the public the unsold Notes allocated to it, whether or not the Closing has occurred, until either all Notes allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation after the Closing date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(f) The County acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The County further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Securities, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes.

(g) The Underwriters acknowledge that sales of the Notes to any person that is a related party to an underwriter participating in the initial sale of the Securities to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),

(3) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Note Purchase Agreement by all parties.

5. Closing. At 8:00 a.m., Pacific Daylight Time, on [October] __, 2023, or at such other time and on such other date as shall have been mutually agreed upon by the County and the Underwriters (the "Issue Date"), the County will deliver to the Underwriters, through the facilities of DTC, the Notes in registered form duly executed and other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the purchase price thereof in immediately available funds to the order of the County (the "Closing").

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriters that:

(A) The County is a political subdivision, organized and existing pursuant to the Constitution and laws of the State of California (the "State"), and has all requisite right, power and authority to conduct its business, to adopt the Resolutions, to issue the Notes and to execute this Note Purchase Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Certificate (collectively, the "Documents"), and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Documents.

(B) (i) At or prior to the Closing, the County will have taken all actions required to be taken by it to authorize the issuance and delivery of the Notes; (ii) the execution and delivery of the Notes and the Documents, the adoption by the County of the Resolutions, and the performance by the County of the obligations contained in the Documents, have been duly authorized and such authorization will be in full force and effect at the time of the Closing; (iii) this Note Purchase Agreement has been duly executed and delivered and constitutes the valid and legally binding obligation of the County enforceable against the County in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; (iv) the Board of Supervisors has duly authorized the consummation by the County of all transactions contemplated by the Documents and the Resolution; and (v) the County has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriters.

(C) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, State court or State governmental agency or public body whatsoever is required for the consummation of the transactions contemplated hereby, except for such actions as have been taken or as may be necessary to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate (except that the County shall not be responsible for the failure to comply with any such laws or regulations with regard to Blue Sky).

(D) Except as otherwise disclosed in the Official Statement, to the best knowledge of the County, based upon reasonable inquiry, as of the time of acceptance hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any State court or public body, pending or threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the County or the entitlement of the officials of the County to their respective offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or taxes of the County pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting the validity of the Notes or the Documents, or contesting the powers or authority of the County with respect to the Notes or the Documents; or (iii) in which a final adverse decision would (a) materially adversely affect the

consummation of the transactions contemplated by the Documents, or (b) declare the Documents to be invalid or unenforceable in whole or in material part.

(E) As of the date thereof and the date hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for information permitted to be omitted therefrom by the Rule 15c2-12.

(F) As of the date hereof, the Official Statement does 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. If between the date of the Official Statement and the Closing (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to 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, the County shall promptly notify the Underwriters thereof, and (ii) if in the reasonable opinion of the Underwriters and the County, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its expense supplement or amend the Official Statement in a form and in a manner jointly approved by the Underwriters and the County, which approval shall not be unreasonably withheld.

(G) The County undertakes that, for a period beginning with the day on which the Notes are delivered to the Underwriters and ending on the earlier of (i) the 25th day following the end of the underwriting period, as defined in the Rule under the Securities Exchange Act of 1934, or (ii) 90 days following Closing, it will (a) apprise the Underwriters of all material developments, if any, occurring with respect to the County and (b) if determined by the County or requested by the Underwriters, prepare a supplement to the Official Statement in respect of any such material event. The period described in the preceding sentence shall be reduced to twenty-five (25) days if the Official Statement has been deposited with the MSRB and is available from such depository upon request. The Underwriters hereby agree to use its best efforts to deposit the Official Statement with the MSRB so that such period will be reduced to twenty-five (25) days. Unless otherwise notified in writing by the Underwriters, the County may assume that the end of this underwriting period occurs on the date when the County delivers the Notes to the Underwriters.

(H) Between the date hereof and the Closing, without the prior written consent of the Underwriters, the County will not have issued any bonds, notes or other obligations for borrowed money except as may be described in or contemplated by the Official Statement.

(I) Any certificates signed by any official of the County and delivered to the Underwriters shall be deemed a representation and warranty by the County to the Underwriters as to the statements made therein but not of the person signing the same.

(J) The County will punctually pay or cause to be paid the principal of and interest to become due on the Notes in strict conformity with the terms of the Resolution, the Fiscal Agent Agreement and the Notes and it will faithfully observe and perform all of the conditions, covenants and requirements of the Notes and the Documents.

(K) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters if and as the Underwriters may reasonably request in order (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and

regulations of such states and jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions and will, if requested by the Underwriters, use its best efforts to continue such qualifications in effect so long as required for distribution of the Notes; provided that the County shall not be required to pay any fees in connection with the foregoing or to subject itself to service of process in any jurisdiction in which it is not presently so subject.

(L) Between the date hereof and the Closing, the County will not modify or amend the Resolution without the prior written consent of the Underwriters.

(M) The County will enter into the Continuing Disclosure Certificate in order to provide the information required therein. Except as disclosed in the Official Statement, the County has not failed to comply in all material respects with a continuing undertaking under the Rule during the previous five years.

(N) The Notes will be issued only under and within the limits of the Resolution and the Fiscal Agent Agreement, and, as such, are general obligations of the County, but payable only out of certain taxes, income, revenue, cash receipts and other moneys to be received by the County as described in the Official Statement.

(O) The County's Annual Comprehensive Financial Report (ACFR) as of June 30, 2022, for the fiscal year ended on such date, as described or set forth, as appropriate, in the Official Statement, is true, complete and correct and fairly presents the financial condition of the County as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the financial condition of the County since June 30, 2022, except as described in the ACFR or the Official Statement.

7. **Conditions to Obligations of Underwriters at Closing.** The Underwriters have entered into this Note Purchase Agreement in reliance upon the representations and warranties of the County contained herein and the performance by the County of its obligations hereunder, as of the date hereof and as of the Closing. The obligation of the Underwriters to purchase the Notes at the Closing is subject to the following further conditions, any or all of which can be waived by the Underwriters in writing:

(A) The representations, warranties and covenants of the County contained herein shall be true and correct at the date hereof and at and as of the Closing, as if made on the date of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing and otherwise pursuant hereto shall be true and correct at and as of the Closing;

(B) At and as of the Closing (i) the Official Statement, this Note Purchase Agreement, the Continuing Disclosure Certificate and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been jointly agreed to in writing by the County and the Underwriters; (ii) all actions under which, in the opinion of Orrick, Herrington & Sutcliffe LLP, Note Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County shall perform or have performed all of its obligations required under or specified in the Resolution, the Fiscal Agent Agreement or this Note Purchase Agreement to be performed at or prior to the Closing;

(C) To the best knowledge of the County, based on reasonable inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, is

pending or threatened against the County which has any of the effects described in Paragraph 6(D) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(D) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, has been issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the Notes as contemplated hereby and no legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Notes or any other securities of the County or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; and

(E) At or prior to the Closing, the Underwriters shall have received a copy of the following documents in each case dated at and as of the Closing and satisfactory in form and substance to the Underwriters:

(1) An approving opinion of Note Counsel as to the Notes in the form attached to the Official Statement as APPENDIX C, addressed to the County and upon which the Underwriters may rely;

(2) A supplemental opinion of Note Counsel, addressed to the Underwriters, to the effect that:

(i) the Note Purchase Agreement has been duly executed and delivered by the County and is a valid and binding agreement of the County, except as enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium or 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 limitations on legal remedies against counties in the State and except that no opinion need be expressed with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute 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;

(ii) the statements contained in the Official Statement in the sections thereof entitled "THE NOTES" (other than the last three paragraphs under "Security for the Notes," and other than " – Fiscal Agent" and excluding any reference to Cede & Co or DTC), "TAX MATTERS," and the Appendix containing the form of approving opinion, excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Resolution and the Notes and the form and content of the approving opinion, are accurate in all material respects;

(iii) the Notes are not subject to the registration requirements of Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iv) the Underwriters may rely on the approving opinion of Note Counsel.

(3) The negative assurance letter, dated the date of the Closing and addressed to the County and the Underwriters, of Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the County, to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the County and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date and as of the date of Closing (except for the financial statements, projections and the other financial and statistical data included therein and the information included therein relating to The Depository Trust Company and the book-entry system (as such terms are defined in the Official Statement), and in Appendices B and C thereto as to all of which no opinion or belief need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(4) The certificate of the County, dated the date of Closing to the effect that:

(i) the County is a political subdivision duly organized and existing under the Constitution of the laws of the State;

(ii) the Resolutions were duly adopted at meetings of the Board of Supervisors which were called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the Resolutions are in full force and effect and have not been amended, modified or rescinded;

(iii) the adoption of the Resolutions and the execution and delivery of the Notes and the Documents and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not conflict with or constitute on the part of the County a material breach of or material default under any agreement or other instrument applicable or binding upon the County or any of its properties or any existing law, regulation, court order or consent decree to which the County or any of its properties is subject;

(iv) the County has full right and lawful authority to deliver the Official Statement, to execute and deliver the Notes, and to execute and deliver the Documents, to adopt the Resolutions and the County has duly authorized, executed and delivered the Official Statement and the Documents;

(v) Except as otherwise disclosed in the Official Statement, to the best knowledge of the County, based on reasonable inquiry, there is no action, suit or proceeding, inquiry or investigation before or by any State court, public board or body, other than as disclosed in the Official Statement pending or, to the knowledge of the County, threatened against or affecting the County, (a) contesting in any way the completeness or accuracy of the Official Statement, or wherein an unfavorable decision, ruling or finding is likely to have a material adverse effect on the financial condition of the County, the transactions contemplated by the

Documents, the Resolution or by the Official Statement, or (b) which will adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under the Notes, the Documents, the Resolution, or any other agreement or instrument to which the County is a party and which is used or contemplated for use in consummation of the transactions contemplated by the Documents, the Resolution or the Official Statement; and

(vi) The representations and warranties of the County herein are true and correct in all material respects as of the date made and as of the date of the Closing, and the County has performed all its obligations required under or specified in the Resolution and the Documents to be performed at or prior to the Closing; and

(vii) Such official has reviewed the Official Statement and on such basis certifies that, to the best of his knowledge after reasonable inquiry, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) A certificate of the Clerk of the Board of Supervisors of the County, together with a fully executed copy of the Resolution, to the effect that:

(i) such copies are true and correct copies of the Resolutions; and

(ii) the Resolutions were duly adopted and have not been modified, amended, rescinded or revoked and are in full force and effect at and as of the Closing, except for amendments, if any, adopted with the consent of the Underwriters;

(6) An opinion, dated the date of the Closing addressed to the Underwriters and the Fiscal Agent, of County Counsel, in such form as may be acceptable to the Underwriters, to the effect that

(i) The County of Riverside is a political subdivision duly organized and validly existing under and by virtue of the Constitution and laws of the State of California.

(ii) The Resolutions of the County authorizing the issuance of the Notes and the execution and delivery of the Documents were duly adopted at meetings of the Board of Supervisors which were called and held pursuant to law, with all public notice required by law, and at which a quorum was present and acting throughout and the Resolutions are in full force and effect and have not been amended, modified or rescinded.

(iii) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of our knowledge, threatened against or affecting the County in which an unfavorable decision, ruling or finding would materially adversely affect the participation of the County in, or consummation of, the transactions contemplated by the Official Statement, the Notes, the Fiscal Agent Agreement, the Note Purchase Agreement or the Resolutions, or in any way contesting the existence of the County or its

powers with respect thereto, nor, to the best of our knowledge, is there any basis for any such action, suit, proceeding or investigation.

(iv) The County has full right and lawful authority to adopt the Resolutions and to execute and deliver the Notes, the Fiscal Agent Agreement, the Note Purchase Agreement and the Official Statement, such documents have been duly authorized, executed and delivered on behalf of the County, and the Fiscal Agent Agreement, the Note Purchase Agreement and the Resolutions constitute the legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally, by the principles of equity if equitable remedies are sought, by the exercise of judicial discretion and by the limitations on remedies against counties in the State of California.

(v) To the best of our knowledge, the adoption of the Resolutions and the execution and delivery of the Notes, the Fiscal Agent Agreement, the Purchase Agreement and the Official statement and compliance by the County with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument applicable to or binding upon the County or any existing law, regulation, court order of consent decree to which the County is subject.

(vi) To the best of our knowledge, the information concerning the County contained in the Official Statement (excluding information regarding DTC and all financial or statistical information as to which no opinion is expressed) is correct in all material respects and does not contain any untrue or misleading statement of a material fact or omit a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) A non-arbitrage certification related to the Notes from the County in form and substance satisfactory to Note Counsel, signed by an official of the County;

(8) An incumbency certificate of the Fiscal Agent and a certificate of an authorized officer of the Fiscal Agent, dated the date of Closing in form and substance satisfactory to the Underwriters, to the effect that:

(i) the Fiscal Agent is a duly organized and validly existing national banking association under the laws of the United States of America, having full right, power and authority to enter into the Fiscal Agent Agreement;

(ii) the Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent and (assuming the due authorization, execution and delivery thereof by the County) constitutes the valid and binding obligation of the Fiscal Agent, enforceable in accordance with its terms, except to the extent that enforceability may be limited by principles of equity or by bankruptcy, moratorium, reorganization or other laws applicable to creditors' rights generally; and

(iii) the execution and delivery by the Fiscal Agent of the Fiscal Agent Agreement, and the performance by the Fiscal Agent of the terms thereof, do not violate any provision of the Fiscal Agent's Articles of Association or Bylaws or, to such officer's knowledge, any existing law, regulation or ruling; nor, to such officer's knowledge, are the Indentures in violation of, nor do they cause a default under, any material agreement or material instrument to which the Trustee is a party.

(9) Evidence from Moody's Investors Service Inc. and Fitch Ratings that the Notes have been rated "____" and "____," respectively, and that such ratings continue in effect as of the Closing;

(10) Certified copies of the Resolutions and one executed original of each of the documents and such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters or Note Counsel may reasonably request in order to evidence compliance by the County with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the County herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the County;

(11) An opinion, dated the date of the Closing addressed to the Underwriters, of Norton Rose Fulbright US LLP, counsel to the Underwriters, in such form as may be acceptable to the Underwriters; and

(12) Such additional certificates, instruments and other documents as the Underwriters may reasonably deem necessary.

8. Termination of Obligations of Underwriters. If the County shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Underwriters contained in this Note Purchase Agreement, the obligations of the Underwriters under this Note Purchase Agreement may be terminated by the Underwriters by notice to the County at, or at any time prior to, the Closing. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters in writing in its sole discretion.

The Underwriters shall also have the right to terminate, in its sole discretion, its obligations under this Note Purchase Agreement, by notice to the County at, or at any time prior to the Closing, if between the date hereof and the Closing:

(A) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and requires an amendment of or supplement to the Official Statement and the effect of which, in the judgment of the Underwriters, would materially adversely affect the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Notes; or

(B) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by State of California, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the

Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Notes which, in the opinion of the Underwriters, materially adversely affects the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Notes; or

(C) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Notes or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(D) the commencement of any action, suit or proceeding described in Paragraph 6(D) hereof which, in the judgment of the Underwriters, materially adversely affects the market price of the Notes; or

(E) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Notes is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(F) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Notes, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(G) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war, or other calamity or crisis or escalation thereof (including an escalation of the COVID-19 pandemic) the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(H) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(I) any rating of the Notes or other obligations of the County by a national rating agency shall have been withdrawn or downgraded, or there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) by a national rating agency of any obligations issued by the County, including the Notes.

9. Conditions to Obligations of the County. The performance by the County of its obligations under this Note Purchase Agreement with respect to issuance, sale and delivery of the Notes to the Underwriters is conditioned upon (A) the performance by the Underwriters of its obligations hereunder; and (B) receipt by the County and the Underwriters of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the County.

10. Expenses. (A) The Underwriters shall be under no obligation to pay, and the County shall pay from its available funds or from the proceeds of the Notes, the following expenses: (i) all expenses in connection with the preparation, distribution and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto; (ii) all expenses in connection with the printing, issuance and delivery of the Notes; (iii) the fees and disbursements of Note Counsel and Disclosure Counsel; (iv) the fees and disbursements of counsel and consultants, including the County’s municipal advisor, in connection with the Notes; (v) the disbursements of the County in connection with the Notes; (vi) the fees and disbursements of the Fiscal Agent; (vii) any and all fees incurred in connection with obtaining a rating on the Notes or in obtaining any form of credit enhancement; and (viii) all expenses in connection with the preparation, execution and delivery of the 2023 Resolution and the Notes. The County will also pay for expenses incurred on behalf of the County’s employees (including, but not limited to, meals, transportation, lodging and entertainment) which are incidental to implementing this Note Purchase Agreement.

(B) The County has agreed to pay the Underwriters’ discount set forth in paragraph 1 of this Note Purchase Agreement, and inclusive in the expense component of the Underwriters’ discount are actual expenses incurred or paid for by the Underwriters on behalf of the County in connection with the marketing, issuance, and delivery of the Notes, including, but not limited to fees and expenses of Underwriters’ Counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, and other deal related expenses.

11. Notices. Any notice or other communication to be given under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone, confirmed in writing, or by delivering the same in writing, if to the County, to the address first written above, attention: County Executive Officer, or if to the Underwriters, to BofA Securities, Inc., 333 S. Hope Street, Suite 3820, Los Angeles, CA 90071, Attention: Jack Tsang, Director.

12. Parties in Interest: Survival of Representations and Warranties. This Note Purchase Agreement when accepted by the County in writing as specified herein shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of the County arising out of its representations and warranties in this Note Purchase Agreement shall not be affected by any investigation made by or on behalf of the Underwriters.

13. Execution in Counterparts. This Note Purchase Agreement may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

14. No Fiduciary Duty. The County acknowledges and agrees that (i) the purchase and sale of the Notes pursuant to this Note Purchase Agreement is an arm's-length commercial transaction between the County and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, each of the Underwriters is and has been acting solely as principal and are not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the County on other matters) and the Underwriters have no obligation to the County with respect to the offering contemplated hereby except the obligations expressly set forth in this Note Purchase Agreement; (iv) the Underwriters have financial and other interests that differ from those of the County and (v) the County has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

15. Applicable Law. This Note Purchase Agreement shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,

BofA SECURITIES, INC., as Representative of the Underwriters

By _____
Authorized Representative

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

COUNTY OF RIVERSIDE

By _____
Director of Finance

Time of Execution: _____

EXHIBIT A

TERMS AND PRICING SCHEDULE

Teeter Plan Obligation Notes, 2023 Series A

| Par Value | Original Issue Premium | Underwriters' Discount | Purchase Price | Dated Date | Maturity Date | Coupon | Yield | Ratings | |
|------------|------------------------|------------------------|----------------|------------|---------------|--------|-------|---------|---------|
| | | | | | | | | Fitch | Moody's |
| \$[PAR].00 | \$ | \$ | \$ | __/__/2023 | 10/__/2024* | __% | __% | __ | __ |

[* 10% Test Maturity satisfied.]

EXHIBIT B
FORM OF ISSUE PRICE CERTIFICATE
[\$[PAR]
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATION NOTES, 2023 SERIES A

BofA Securities, Inc. (“BofA”), as representative of itself and Loop Capital Markets LLC (collectively, the “Underwriters”), has acted as an underwriter in connection with the sale and issuance by County of Riverside (the “Issuer”) of its \$[PAR] Teeter Plan Obligation Notes, 2023 Series A (the “Notes”), being issued on the date hereof, and BofA hereby certifies and represents the following:

Issue Price.

1. As of Sale Date, all of the Notes were the subject of a bona fide offering to the Public at the Initial Offering Price. As of the date hereof, the first price or yield at which at least 10% of the Notes was sold to the Public was the Initial Offering Price.

Defined Terms.

- (a) *Initial Offering Price* means the price or yield set forth on Schedule 1.
- (b) *Maturity* means the maturity date of the Notes.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (d) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (e) *Sale Date* means _____, 2023.
- (f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

BofA understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate to which this certificate is included as Exhibit

A and with respect to compliance with the federal income tax rules affecting the Notes, and by Orrick, Herrington & Sutcliffe LLP, in connection with its opinion as to the exclusion of interest on the Notes from federal gross income, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes. BofA is certifying only as to facts in existence on the date hereof. Nothing herein represents BofA's interpretation of any laws; in particular the Treasury Regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: _____, 2023

BOFA SECURITIES, INC.

By: _____
Authorized Representative

SCHEDULE 1

Sale Prices of the Notes

[COPY of EXHIBIT A]

SCHEDULE 2

Pricing Wire or Equivalent Communication

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Moody's: "____"
Fitch: "____"
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, 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 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Notes is exempt from State of California personal income taxes. The amount treated as interest on the Notes 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 Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

\$103,170,000*
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATION NOTES
2023 SERIES A

Dated: Date of Delivery

Due: October __, 2024

The County of Riverside Teeter Plan Obligation Notes, 2023 Series A (the "Notes") are being issued to (i) refund the outstanding County of Riverside Teeter Plan Obligation Notes, 2022 Series A, (ii) fund an advance of unpaid property taxes for agencies participating in the County of Riverside's Teeter Plan (the "Teeter Plan"), and (iii) pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan." The Notes will be issued bearing interest at a fixed rate as set forth below.

The Notes will be issued in denominations of \$5,000 or any integral multiple thereof, will be dated the date of their delivery and will bear interest at the interest rate shown below. The principal of and interest on the Notes will be payable only on the maturity date thereof in lawful money of the United States of America by The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent.

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in fully registered form. When delivered, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive Notes representing their ownership interest in the Notes purchased. Principal and interest on the Notes will be payable when due through the facilities of DTC, as described in APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The principal of and interest on the Notes will be payable from all lawfully available moneys in the General Fund of the County of Riverside (the "County") and from Pledged Taxes (as defined herein) and. **For a description of the Pledged Taxes, see "THE NOTES—Security for the Notes."** For a description of the County and its finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Notes.

MATURITY SCHEDULE

TEETER PLAN OBLIGATION NOTES, 2023 SERIES A

| Principal Amount | Interest Rate | Yield | Price | CUSIP No. [†] |
|------------------|---------------|-------|-------|------------------------|
| \$ _____* | | | | |

This cover page contains information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement in considering the investment quality of the Notes.

The Notes are offered when, as and if issued and received by the Underwriters, subject to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the County, and to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Notes. Certain legal matters will be passed upon for the County by County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Notes will be available for delivery to The Depository Trust Company or its agent on or about October __, 2023.

BofA Securities

Loop Capital Markets

Dated: _____, 2023.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the County nor the Underwriters takes any responsibility for the accuracy of CUSIP data in this Official Statement. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

COUNTY OF RIVERSIDE

County Executive Office
4th Floor
4080 Lemon Street
Riverside, California 92501

Board of Supervisors

Kevin Jeffries, First District, Chair
Chuck Washington, Third District, Vice Chair
Karen Spiegel, Second District
V. Manuel Perez, Fourth District
Yxstian Gutierrez, Fifth District

County Officials

Jeffrey A. Van Wagenen Jr., County Executive Officer
Matt Jennings, Treasurer-Tax Collector
Ben Benoit, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Minh Tran, County Counsel
Don Kent, Director of Finance

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor

Columbia Capital Management, LLC
Carlsbad, California

Consultant to the County for the Teeter Program

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the County and other sources which the County believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

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

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the County that has been deemed final by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

In connection with the offering of the Notes, the Underwriters may offer and sell the Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

The Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The Notes have not been registered or qualified under the securities laws of any state.

CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the caption "THE COUNTY" and in APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE" in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The County maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Notes. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12.

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\$103,170,000*
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATION NOTES
2023 SERIES A

INTRODUCTION

This Official Statement, including the cover page, the table of contents and appendices, has been prepared in connection with the issuance by the County of Riverside, California (the "County") of its Teeter Plan Obligation Notes, 2023 Series A (the "Notes"), and contains certain information relating to the Notes and the County.

With respect to collection of property taxes, the County adopted its Teeter Plan 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) (the "Law"), commonly referred to as the "Teeter Plan," for distribution of certain property tax and assessment levies on the secured roll. See "THE COUNTY—The Teeter Plan."

The Notes are being issued to (i) refund any outstanding amount of the County's Teeter Obligation Notes, 2022 Series A, originally issued and currently outstanding in the aggregate principal amount of \$84,055,000 (the "2022 Series A Notes") maturing on October 19, 2023, (ii) fund an advance of unpaid property taxes for agencies participating in the County's Teeter Plan, and (iii) to pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan."

The Notes will be issued in denominations of \$5,000 or any integral multiple thereof, will be dated the date of their delivery and will bear interest at the interest rate shown on the cover page. The principal of and interest on the Notes will be payable only on the maturity date thereof.

The Notes will be issued in fully registered form. When delivered, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive Notes representing their ownership interest in the Notes purchased. Principal and interest on the Notes will be payable when due through the facilities of DTC, as described in APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The Notes will not be subject to redemption prior to maturity.

The County first adopted its Teeter Plan in 1993. From 1993 to 1997, the County Treasurer's Pooled Investment Fund purchased notes backed by a pledge of the outstanding delinquent taxes, assessments, penalties and interest from taxing entities within the County that participate in the Teeter Plan (the "Revenue Districts"). The County first publicly issued taxable and tax-exempt commercial paper to finance the annual cash requirements of its Teeter Plan in 1997.

Since 1997, the County has publicly issued tax-exempt notes and, from time to time, taxable notes to finance the County's obligations to make distributions to the Revenue Districts, and to refund certain obligations of the County related to such obligations.

The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 (the "Master Teeter Resolution"), as supplemented from time to time.

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the

* Preliminary, subject to change.

County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Master Teeter Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution (as defined below) and the Obligations (as defined below) issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the County. The appeal period for the default judgment expired October 14, 1997. See “VALIDATION” herein for a further description of the validation action.

Each year since 1997 all or a portion of the existing notes issued pursuant to the Master Teeter Resolution are paid down from collected delinquent taxes from the prior fiscal year, and subsequent additional notes are issued pursuant to the Master Teeter Resolution to pay down the existing notes and to finance the current fiscal year’s obligation to make advances under the Teeter Plan. See “THE COUNTY—The Teeter Plan.”

The County will agree, in a Continuing Disclosure Certificate executed by the County in connection with the issuance of the Notes (the “Disclosure Certificate”), to report the occurrence of specified “Listed Events” to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (“EMMA”). See “CONTINUING DISCLOSURE.”

All quotations from, and summaries and explanations of, provisions of the laws of the State of California (the “State”) and acts and proceedings of the County contained herein, do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the Notes and such proceedings.

THE NOTES

Authority for Issuance

The Notes are authorized to be issued pursuant to the Master Teeter Resolution, as amended and supplemented thereafter, including as supplemented on September 26, 2023 (collectively, the “Resolution”), and a Fiscal Agent Agreement, dated as of November 1, 1997, as amended, between The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.) (the “Fiscal Agent”), as successor to U.S. Trust Company of California, N.A., and the County (the “Fiscal Agent Agreement”).

Purpose of Issue

Pursuant to the Resolution, the proceeds of the sale of the Notes will be applied to refund the outstanding 2022 Series A Notes, to fund an advance of unpaid property taxes for agencies participating in the Teeter Plan, and to pay the costs of issuance related to the Notes. See “THE COUNTY—The Teeter Plan.”

Description of the Notes

The Notes will be registered in the name of Cede & Company, as nominee of DTC, New York, New York. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$5,000. Beneficial Owners (as defined below) of the Notes will not receive physical Notes representing the Notes purchased. The interest on the Notes will be paid at the maturity thereof. The principal of the Notes will be due on the maturity date thereof. The principal of and interest on the Notes will be paid by the County Treasurer-Tax Collector to the Fiscal Agent which will in turn remit such principal and interest to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Notes. See APPENDIX E—“BOOK-ENTRY ONLY SYSTEM.”

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year composed of twelve 30 day months for the Notes. Interest on the Notes will be paid on the maturity date of the Notes set forth on the cover page hereof. The Notes may be sold in Authorized Denominations of \$5,000 or any multiple thereof.

Redemption

The Notes are not subject to redemption prior to their maturity date.

Security for the Notes

The Notes are payable from all lawfully available moneys in the County's General Fund, including available revenues generated in the prior, current or any subsequent fiscal year. For a description of the County and its finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

The County has also pledged the Pledged Taxes (as hereinafter defined) to the payment of the principal of and interest on the Notes.

"Pledged Taxes" are defined as (i) the right to collect any uncollected property taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994 through and including June 30, 2023 and such other fiscal years, if any, as may be specified in a supplemental resolution, for which the County actually provides funding pursuant to the Law, (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 as a consequence of electing to be governed by the 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; provided, however, that Pledged Taxes shall not include (i) the right to collect delinquencies in property taxes due to an independent district for all fiscal years prior to the fiscal year in which the respective independent district agreed with the County that the Law shall apply to such independent district, (ii) default penalties, (iii) interest or redemption penalties, (iv) certain costs and fees paid pursuant to the Law, and (v) the right to receive installment payments made pursuant to Section 4217 *et seq.* of the California Revenue and Taxation Code.

Pledged Taxes do not include property tax revenues attributable to Fiscal Year 2023-24 (or any future Fiscal Year) and property taxes collected in Fiscal Year 2023-24 (or any future Fiscal Year) are not pledged to the payment of the Notes. Property taxes collected in Fiscal Year 2023-24 are pledged to the County's 2023 Tax and Revenue Anticipation Notes.

The office of the County Treasurer-Tax Collector serves as billing and collection agent for the basic 1% *ad valorem* property tax, voter approved *ad valorem* taxes and most additional special assessments and charges. The County Treasurer-Tax Collector bills property owners bi-annually, and payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1.5% per month additional charge if unpaid at the end of the fiscal year (each June 30). Property owners are subject to foreclosure if delinquent taxes and penalties are not paid within five years.

Upon the collection of taxes and penalties, the funds are deposited in a secured prior year trust account within the County's General Fund. Throughout the year the Auditor-Controller separates collected Teeter and non-Teeter taxes and penalties. Collected non-Teeter taxes are distributed to the non-Teeter taxing entities. The Teeter portion is separated between (a) taxes and (b) penalties and interest.

Receipts of the Pledged Taxes are deposited into a Teeter Tax Account within the County's General Fund for repayment of the Notes. Penalties and interest are deposited into a Tax Losses Reserve Fund maintained by the County. In the event of a property sale at foreclosure which results in a loss, amounts to offset those losses are transferred from the Tax Losses Reserve Fund to the Teeter Tax Account. After payment of the interest portion of the maturing Notes, any excess over the required balance in the Tax Losses Reserve Fund may be transferred to the County's General Fund; however, amounts in the Tax Losses Reserve Fund are not pledged to the repayment of the Notes. See the caption "THE COUNTY—The Teeter Plan" for a further discussion of the Tax Losses Reserve Fund.

Additional Security for the Notes

In addition to the lawfully available funds in the County's General Fund (which is not limited to the fiscal year in which the Notes are issued or when they mature), as well as the pledge of Pledged Taxes, the County has additional sources of cash to pay the Notes at maturity. As described further under the caption "THE COUNTY—The Teeter Plan," the County has purchased maturing Teeter Notes in the past using funds from the County Treasurer's Pooled Investment Fund (the "PIF"). The PIF is significantly larger than the aggregate principal amount of the Notes, and the purchase of the Notes could be accommodated by the current PIF size (approximately \$13.8 billion as of June 30, 2023). 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 the caption "THE COUNTY—The Teeter Plan" and APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—SECTION IV—FINANCIAL INFORMATION—County of Riverside Treasurer-Tax Collector's Pooled Investment Fund."

Furthermore, pursuant to Resolution 2010-205, adopted by the Board of Supervisors August 10, 2010, should additional cash be needed to pay the Notes at maturity, the County Auditor-Controller is authorized to make temporary interfund transfers to the General Fund without further Board approval. See the caption "THE COUNTY—The General Fund" herein.

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A. is appointed as Fiscal Agent for the Notes. The County directs and authorizes the payment by the Fiscal Agent of the interest on and principal of the Notes when such become due and payable. Under the Resolution, the County has covenanted to transfer from the General Fund to the Fiscal Agent sufficient moneys to pay the principal of and interest on the Notes when due.

Defeasance of the Notes

If the County shall pay or cause to be paid or there shall otherwise be paid to the Holders of all outstanding Notes the interest and principal thereof at the times and in the manner stipulated under the Resolution and described below in this Official Statement, then all agreements and covenants of the County to such Holders under the Resolution shall thereupon cease, terminate and become void and shall be discharged and satisfied.

Any Outstanding Notes shall, prior to the maturity date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Resolution if there shall have been deposited with the Fiscal Agent in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which are not callable or subject to prepayment prior to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Fiscal Agent at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal of and the interest to become due on said Notes on the maturity date thereof. Neither the securities nor moneys deposited with the Fiscal Agent pursuant to the Resolution nor principal or interest payments on

any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Notes. The Fiscal Agent shall have no right, title or interest in, or lien on, any moneys or securities deposited as described in this paragraph.

After the payment or deemed payment of all the interest and principal of all Outstanding Notes as provided in the Resolution and payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall pay to or deliver to the County all moneys or securities held by it pursuant to the Resolution which are not required for the payment of the interest and principal represented by such Notes. Owners of Notes shall thereafter be entitled to payments due under the Notes only from amounts deposited with the Fiscal Agent as described under this heading "Defeasance of the Notes" and from no other source.

For the purposes described above, "Defeasance Securities" means any of the following:

- (i) United States Treasury Bonds, Notes and Certificates (including State and Local Government Series - "SLGS");
- (ii) Direct obligations of the United States Treasury which have been stripped, including by the Treasury itself, CATS, TIGRS and similar securities;
- (iii) The interest component of Resolution Funding Corp strips which have been stripped by request to the Federal Reserve Bank of New York, in book entry form;
- (iv) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P;
- (v) Obligations issued or fully guaranteed by the following agencies which are backed by the full faith and credit of the United States of America:
 - a. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership
 - b. Farmers Home Administration
Certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. General Services Administration
Participation certificates
 - e. United States Maritime Administration
Guaranteed Title XI financing
 - f. United States Department of Housing and Urban Development
Project notes
Local Authority Certificates
New Communities Pool Notes - United States government guaranteed debentures
United States Public Housing Notes and Certificates - United States government guaranteed public housing notes and bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Notes, plus available funds on hand with the County in the Teeter Tax Account, are anticipated to be applied as follows:

Sources:

Principal Amount of Notes
Original Issue [Premium/Discount]
Available Funds

Total Sources

Uses:

Payment of 2022 Series A Notes⁽¹⁾
Teeter Advance
Costs of Issuance
Underwriters' Discount

Total Uses

⁽¹⁾ Proceeds of the Notes, together with other moneys of the County, will be used to pay in full the 2022 Series A Notes when due.

THE COUNTY

General

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 San Bernardino counties. The County is the fourth largest county (by both area and population) 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.

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 of Supervisors"), elected by district, serving staggered four-year terms. The Chair of the Board of Supervisors is elected by the members of the Board of Supervisors. The County administration includes appointed and elected officials, boards, commissions and committees which assist the Board of Supervisors.

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 full cost of creating their own separate departments and facilities. Services are provided to the cities at cost by the County.

Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains and the eastern desert areas. The western portion of the County, which includes the San Jacinto Mountains and the Cleveland National Forest, experiences the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions.

Economic, demographic and financial information regarding the County 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, 2021” herein. Each contains important information concerning the County and should be read in its entirety.

COVID-19 Outbreak

The spread of the novel strain of coronavirus and the disease it causes (now known as “COVID 19”) has among other things, disrupted economies across the world, including those at the national, state, and local levels. The State and County have taken actions designed to mitigate the spread of COVID-19, including the imposition by the State of the Blueprint for a Safer Economy, which provided a tiered framework for restricting and loosening business and social activities based on local COVID-19 risk levels. With widespread vaccination in the United States and many countries worldwide, most of the governmental-imposed restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased or eliminated.

In 2020, the County received grants in the total amount of approximately \$487 million under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) from the federal government. The funds were 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. **Funds received by the County under the CARES Act are not available for payment of debt service on the Notes, and cannot be used to backfill County revenue losses related to COVID-19.** Administration of the funds is 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 are allocable to other governmental units or other entities within the County.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (“ARPA”) into law, which was intended to combat the COVID-19 pandemic, including the public health and economic impacts. The County’s share of these ARPA funds is approximately \$480 million. The County received approximately \$240 million of these ARPA funds on May 17, 2021 and received the second installment of ARPA funds in an equal amount on June 6, 2022. On April 27, 2021, the County Executive Office presented to the Board of Supervisors a preliminary, first year allocation recommendation that included funding for economic recovery, housing and homelessness, County departments’ response, infrastructure, and nonprofit assistance. The latest update and recommendation was presented to the Board of Supervisors on October 4, 2022, which included the second installment.

In November 2022, the United States Department of the Treasury announced the release of the first round of Local Assistance and Tribal Consistency Fund (“LATCF”) payments to eligible counties for Fiscal Years 2022-23 and 2023-24. The LATCF is a general revenue enhancement program under ARPA that provides additional assistance to eligible revenue sharing counties and eligible Tribal governments. The County was allocated \$12 million, of which \$6 million has been received. The Department of the Treasury expects to make the second payment in calendar year 2023.

The deadline for expenditure of the foregoing ARPA funds is December 31, 2026.

In accordance with the Interim Final Rule published by the Department of the Treasury on May 17, 2021 with respect to Coronavirus State and Local Fiscal Recovery Funds, the County cannot allocate the ARPA funds to the payment of principal and interest on the Notes. Overall, declines in the County’s General Fund discretionary revenue, as well as its Prop 172 Public Safety Sales Tax revenue have not materialized as originally anticipated in 2020. In addition, the County realized \$10 million in revenue backfill funds from ARPA in Fiscal Year 2021-22, which was used to fund government services. The County cannot predict any additional adverse impacts the COVID-19 pandemic may have on the County or its financial condition or operations.

The 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 (defined previously as 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, which are the result of changes in property ownership or completion of new construction, are currently excluded from the Teeter Plan.

As part of the COVID-19 related response from the State, on May 6, 2020, Governor Newsom 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 expired May 6, 2021. As of April 2023, approximately 3,167 parcels subject to the Executive Order had penalties cancelled representing approximately \$1.5 million in uncollected penalties, cost and interest. As of July 23, 2021, Revenue and Taxation Code 4985.2 was amended to allow cancellation of penalties due to a documented hardship, determined by the tax collector, arising from a shelter in place. To date this amended code has not been used for documented hardships arising from a shelter in place within the County and, therefore, the amount of uncollected penalties has not grown since August 2022, and the County does not currently expect such amount to change materially in the future.

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 2021-2022, taxing agencies representing approximately 59.3% of the secured roll participated in the Teeter Plan. In Fiscal Year 2022-23, taxing agencies representing approximately 58.7% 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). At the election of the County, the Tax Losses Reserve Fund is maintained at an amount equal to one of two methods: (1) 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan, or (2) 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for taxing entities participating in the Teeter Plan. After payment of the interest portion of the maturing Notes, any excess over the required balance in the Tax Losses Reserve Fund may be transferred to the County’s General Fund.

The County has been governed by the first alternative since the implementation of the Teeter Plan. However, on September 12, 2023, the Board of Supervisors approved changing to the second alternative for calculating the required balance in the Tax Losses Reserve Fund, which change will take effect for Fiscal Year 2023-24. As shown in Table 2 under the caption “—Tax Collections,” the first method of calculating the required balance in the Tax Losses Reserve Fund has consistently provided funds well in excess of the amount required for any tax losses since Fiscal Year 2007-08. The County currently projects that using the second method of calculating the required balance in the Tax Losses Reserve Fund (i.e. 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for taxing entities participating in the Teeter Plan) will provide sufficient funds in the Tax Losses Reserve Fund for any tax losses. The County may in the future use the alternative method of funding the Tax Losses Reserve Fund. Such a change would require the recommendation of the Auditor-Controller and the approval of the Board of Supervisors prior to October 31 in order to be effective for such fiscal year.

Since 1997, the County has publicly issued tax-exempt notes, such as the Notes, and, from time to time, taxable notes, 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 of notes outstanding with collections of prior fiscal years’ taxes and funding with note proceeds the current year’s advance and any unpaid amounts of maturing notes.

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 with net revenue to the County’s General Fund of approximately \$43.6 million and \$52.5 million, respectively. For the last five fiscal years the annual revenues from the Teeter Plan to the County General Fund averaged approximately \$21.2 million. As the amount of delinquent taxes receivable has declined, the annual revenue available to the General Fund has been reduced. For Fiscal Year 2022-23, the net revenue transferred to the County’s General Fund was approximately \$16.5 million. The Teeter Plan obligations are \$103,170,000* in Fiscal Year 2023-24.

The following table sets forth the aggregate principal amount of the Teeter Plan obligation notes issued in the last ten Fiscal Years.

**TABLE 1
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATION NOTES ISSUED**

| <i>Fiscal Year</i> | <i>Principal Amount</i> |
|--------------------|-------------------------|
| 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 |
| 2020-21 | 99,570,000 |
| 2021-22 | 87,410,000 |
| 2022-23 | 84,055,000 |
| 2023-24 | 103,170,000* |

Source: County of Riverside, Executive Office.

* Preliminary, subject to change.

The County accounts for the Teeter Plan in its audited financial statements by listing the amount of Notes Payable with its other 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, 2022 – Note 6 Receivables."

Since the Teeter Program is ongoing, the County must have annual access to cash, either through the issuance of Teeter notes, such as the Notes, or other alternative sources of cash. Should market access for the Teeter notes be limited, and no private or direct bank placements options be available, the County has two primary 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 in the event of limited market access is to have the PIF purchase the Teeter notes. Such Teeter notes were purchased by the PIF annually from 1993 through 1997. The PIF is significantly larger than the aggregate principal amount of the Notes, and the purchase of the Notes could be accommodated by the current PIF size (approximately \$13.8 billion as of June 30, 2023). 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 APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—SECTION IV—FINANCIAL INFORMATION—County of Riverside Treasurer-Tax Collector'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. All lawfully available moneys in the County's General Fund are available for the repayment of the 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. See "—The General Fund" herein.

Additionally, the County Treasurer and the County Auditor-Controller have an operating agreement to facilitate such General Fund borrowings by allowing the primary General Fund account within the County Pool to run a negative balance. The amount by which the balance in the General Fund account within the County Pool may be negative is capped by the amount the County may legally 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 allows such borrowings on an indefinite basis, stipulating that repayment must only be made 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. See "—The General Fund—*Alternative and Other Restricted Cash Resources*" below.

Tax Collections

The operation of the County's property tax system is shared by three elected officials: the County Assessor, the County Treasurer-Tax Collector and the County Auditor-Controller. The County Treasurer-Tax Collector bears primary responsibility for billing and collection, while the Auditor-Controller is responsible for accounting and apportionment issues. Payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1.5% per month additional charge if unpaid at the end of

the fiscal year (each June 30). See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—SECTION IV—FINANCIAL INFORMATION—*Ad Valorem* Property Taxes" for information regarding property tax collections within the County since Fiscal Year 2012-13.

Properties are subject to foreclosure if delinquent taxes and penalties are not paid within five years. Tax sale is the County's ultimate collection tool; at the same time the County may realize a tax loss upon sale. The County is required to transfer the amount of any tax loss from the Tax Losses Reserve Fund to the Teeter Debt Service Account. The required balance in the Tax Losses Reserve Fund for Fiscal Year 2022-23 is \$28,509,308, based on the first method of calculating the required balance (i.e. 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan). As described under the caption "—The Teeter Plan," the required balance the Tax Losses Reserve Fund for Fiscal Year 2023-24 will be based on the second method of calculation (i.e. 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for taxing entities participating in the Teeter Plan). The County's history of tax sales activity has been favorable, with minimal losses experienced over the last ten years. Tax sales typically involve hundreds of properties sold at auction, although the County conducts direct sales to public entities in limited cases.

The following Table 2 sets forth the required balance in the Tax Losses Reserve Fund and the tax sale losses allocable to the Teeter Plan in fiscal years 2006-07 through 2022-23.

**TABLE 2
COUNTY OF RIVERSIDE
TEETER LOSSES IN FISCAL YEARS 2006-07 THROUGH 2022-23**

| <i>Fiscal Year</i> | <i>Tax Losses Reserve Requirement⁽¹⁾</i> | <i>Maximum Projected Tax Loss⁽²⁾</i> | <i>Maximum Projected Teeter Loss⁽³⁾</i> | <i>Actual Tax Loss⁽⁴⁾</i> | <i>Actual Teeter Loss⁽³⁾</i> |
|---------------------------|---|---|--|--------------------------------------|---|
| 2006-07 ⁽⁵⁾ | \$18,831,316.82 | -- | -- | -- | -- |
| 2007-08 | 22,099,678.87 | \$ 67,681.48 | \$ 49,712.06 | \$ 40,026.93 | \$ 29,379.77 |
| 2008-09 | 22,355,383.82 | 312,262.33 | 232,260.74 | 151,005.46 | 112,197.06 |
| 2009-10 | 15,203,839.09 | 297,323.41 | 218,740.84 | 273,665.55 | 201,853.93 |
| 2010-11 | 14,911,546.11 | 246,887.56 | 133,887.11 | 235,583.74 | 127,750.50 |
| 2011-12 | 14,805,891.85 | 571,731.15 | 314,605.46 | 249,452.87 | 137,310.17 |
| 2012-13 | 14,793,253.67 | 649,110.18 | 357,400.07 | 80,748.55 | 44,411.71 |
| 2013-14 ⁽⁶⁾ | 16,014,761.48 | 5,211,319.08 | 2,878,952.98 | 747,826.47 | 412,920.48 |
| 2014-15 ⁽⁶⁾ | 17,294,993.57 | 4,968,482.65 | 2,747,967.68 | 1,006,608.57 | 556,700.84 |
| 2015-16 ⁽⁶⁾⁽⁷⁾ | 18,500,572.86 | 7,387,021.19 | 4,141,051.97 | 2,311,386.93 | 1,295,658.37 |
| 2016-17 ⁽⁶⁾ | 19,426,640.12 | 2,697,097.68 | 1,511,197.00 | 227,689.47 | 127,587.12 |
| 2017-18 ⁽⁶⁾ | 20,685,272.57 | 6,678,769.45 | 3,761,103.34 | 2,414,361.37 | 1,329,347.36 |
| 2018-19 ⁽⁶⁾⁽⁸⁾ | 21,820,097.70 | 2,951,611.53 | 1,663,823.42 | 898,722.12 | 444,291.69 |
| 2019-20 ⁽⁶⁾⁽⁸⁾ | 23,458,594.38 | 3,364,670.59 | 2,640,702.78 | 915,534.37 | 504,632.85 |
| 2020-21 ⁽⁶⁾⁽⁸⁾ | 24,761,499.61 | 3,130,696.71 | 2,123,551.75 | 449,921.93 | 228,437.38 |
| 2021-22 ⁽⁶⁾⁽⁸⁾ | 26,239,416.42 | 4,641,199.00 | 3,073,046.00 | 464,486.58 | 265,843.14 |
| 2022-23 ⁽⁶⁾⁽⁸⁾ | 28,509,308.01 | 1,171,192.00 | 787,089.00 | 86,207.38 | 38,444.75 |

⁽¹⁾ See the caption "—The Teeter Plan" for a description of the amount required to be maintained in the Tax Losses Reserve Fund.

⁽²⁾ Assuming all properties sold at tax sale at the minimum authorized bid.

⁽³⁾ Teeter's pro rata share based on the percentages provided by the Auditor's office of those agencies that participate in Teeter.

⁽⁴⁾ Tax loss equals taxes owed minus sale proceeds (per parcel), if proceeds do not exceed taxes owed. Any excess sale proceeds are refunded.

⁽⁵⁾ There was only one tax sale in Fiscal Year 2006-07 which did not result in a tax loss.

⁽⁶⁾ Beginning in Fiscal Year 2013-14, the County changed its process for selling delinquent properties which required the County to recognize the entire tax delinquency for each property as the maximum projected tax loss. As a result, the

maximum projected tax loss and the maximum projected Teeter loss for Fiscal Year 2013-14 and subsequent years are much greater than in previous years.

- (7) Like much of southern California, the County experienced a significant real estate recession from approximately 2008 through 2012. Properties are subject to foreclosure if delinquent taxes and penalties are not paid within five years. The increase in tax losses in Fiscal Year 2015-16 coincides with sales of properties which have been delinquent since Fiscal Year 2010-11.
- (8) Beginning in Fiscal Year 2018-19, the County implemented a new property tax system which gives the County the ability to calculate exact Teeter losses for each Fiscal Year.

Source: County of Riverside Treasurer-Tax Collector.

The General Fund

General. The Notes are payable from the County's General Fund, in addition to the Pledged Taxes. For information concerning the County's General Fund and the County's finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Alternative and Other Restricted Cash Resources. 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, without further approval, to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require. Additionally, the Board of Supervisors has adopted a General Fund Balance and Reserve Policy which does not preclude the use of temporary transfers of money between funds. While the County has made temporary transfers of money between funds from time to time subsequent to the adoption of Resolution 2010-205, the County has never exercised such authority with respect to any Teeter Obligations.

Set forth in Table 3 below are the actual and projected alternative 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, without further Board of Supervisors approval, to transfer such moneys from one County fund to another County fund as the public interest may require, including transfers to the General Fund for the payment of the Notes. However, transfers from non-County funds, including, without limitation, the Flood Control, Perris Valley Cemetery and District Court Financing Corporation funds, would require additional action by the Board of Supervisors. 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.

These moneys are also available to support the payments of debt service on the Notes, though no assurance can be provided that such moneys will be available at maturity of the Notes or that, even if available, they will be used to make payments on the Notes.

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 3
COUNTY OF RIVERSIDE
ALTERNATIVE AND OTHER RESTRICTED CASH RESOURCES⁽¹⁾
(in Thousands)

| <i>Fund Type</i> | <i>Fund Purpose</i> | <i>Audited Actual Balance June 30, 2022</i> | <i>Actual/Projected Balance June 30, 2023⁽²⁾</i> | <i>Projected Balance June 30, 2024⁽²⁾</i> |
|---|--|---|---|--|
| Special Revenue | Transportation | \$ 199,964 | \$ 216,221 | \$ 208,336 |
| Special Revenue | Flood Control | 295,553 | 283,667 | 317,670 |
| Special Revenue | Community Services | 115,904 | 62,026 | 69,462 |
| Special Revenue | County Service Areas | 39,209 | 37,340 | 41,816 |
| Special Revenue | Other Special Revenue | 70,911 | 108,792 | 121,833 |
| Capital Project | Public Facilities | 186,956 | 186,609 | 208,978 |
| Capital Project | Crest | 6,749 | 6,566 | 7,353 |
| Enterprise | County Service Areas | 3,714 | 3,615 | 4,049 |
| Enterprise | Flood Control | 7,395 | 7,933 | 8,884 |
| Enterprise | Regional Medical Center | 7,060 | 5,466 | 6,121 |
| Enterprise | Federally Qualified Health Care Clinics | (5,557) | (3,934) | (3,679) |
| Enterprise | Transportation (Aviation) | 5,076 | 3,147 | 3,525 |
| Enterprise | Waste Resources | 139,060 | 174,173 | 170,932 |
| Internal Service | Fleet Services | 6,133 | 7,524 | 8,426 |
| Internal Service | Information Services | 27,139 | 27,538 | 30,839 |
| Internal Service | Mail Services | 405 | 91 | 102 |
| Internal Service | Supply Services | 366 | 265 | 296 |
| Internal Service | Risk Management | 337,819 | 386,755 | 433,116 |
| Internal Service | Flood Control Equipment | 4,696 | 3,567 | 3,995 |
| Internal Service | EDA Facilities Management | 15,625 | 20,292 | 22,724 |
| Internal Service | Public Safety Enterprise Communication-Sheriff | 6,108 | 5,678 | 6,356 |
| Total Alternative Cash Resources | | \$ 1,470,285 | \$ 1,543,331 | \$ 1,671,134 |
| Special Revenue | Perris Valley Cemetery | \$ 1,872 | \$ 1,560 | 1,691 |
| Special Revenue | Regional Park and Open-Space | 16,762 | 15,386 | 16,681 |
| Special Revenue | Air Quality Improvement | 1,431 | 1,697 | 1,840 |
| Special Revenue | In-Home Support Services | (256) | 134 | 145 |
| Special Revenue | Children and Families Commission | 43,192 | 33,490 | 30,670 |
| Permanent Fund | Perris Valley Cemetery | 1,376 | 2,093 | 2,269 |
| Capital Project | Regional Park and Open-Space | 3,109 | 45 | 49 |
| Capital Project | Flood Control | 19 | 20 | 18 |
| Enterprise | Housing | 15,084 | 1,005 | 1,090 |
| Fiduciary | Custodial | 295,140 | 286,426 | 291,512 |
| Fiduciary | Private Purpose Trust | 72,264 | 6,454 | 6,998 |
| Other Cash Resources of Riverside County | | \$ 449,993 | \$ 348,310 | \$ 352,963 |

| <i>Fund Type</i> | <i>Audited Actual Balance June 30, 2022</i> | <i>Actual/Projected Balance June 30, 2023⁽²⁾</i> | <i>Projected Balance June 30, 2024⁽²⁾</i> |
|----------------------------------|---|---|--|
| Alternative Cash Resources | \$ 1,470,285 | \$ 1,543,331 | \$ 1,671,134 |
| Other Restricted Cash | 449,993 | 348,310 | 352,963 |
| General Fund Unrestricted Cash | 442,405 | 351,166 | 261,289 |
| All Riverside County Cash | \$ 2,362,683 | \$ 2,242,806 | \$ 2,285,386 |

⁽¹⁾ The U.S. Department of the Treasury adopted Interim Final Rule RIN 1505-AC77 which states that both CARES Act and ARPA Coronavirus Relief funds cannot be used to pay for other debt service costs including tax-anticipation notes. Therefore, both were excluded from this report.

⁽²⁾ Based on the County's Fiscal Year 2023-24 Budget, which was approved by the Board of Supervisors on June 27, 2023.
Source: County Auditor-Controller.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended in 1986, as discussed below. Article XIII A 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 XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A 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 XIII A. 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 XIII B of the State Constitution

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 2021-22 was \$3,513,980,421 and the amount subject to the limitation was \$1,714,623,172. The County's appropriations limit for Fiscal Year 2022-23 was \$3,795,098,855 and the amount shown in its budget for that fiscal year as the appropriations subject to limitation was \$1,983,006,950. The County's appropriations limit for Fiscal Year 2023-24 is \$3,977,263,600 and the amount shown in its budget for that fiscal year as the appropriations subject to limitation was \$1,863,246,544.

Right to Vote on Taxes Initiative Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective July 1, 1997. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal assessments, fees and charges. This initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. However, other than any impact resulting from the exercise of this initiative power, presently the County does not believe that the potential financial impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay debt service on the Notes as and when due and its other obligations payable from the General Fund.

Article XIII C of Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two thirds voter approval for the imposition, extension or increase of special taxes, including special taxes deposited into the County's General Fund. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. The County has not enacted imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to raise such taxes in the future to meet increased expenditure requirements.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of

providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the 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 governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not believe it is currently charging any fees which will have to be reduced or eliminated as a result of Proposition 26.

Article XIIC of Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund.

Further, "fees" and "charges" are not defined in Article XIIC or SB 919. However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision") that charges for ongoing water delivery are property related fees and charges within the meaning of Article XIID and are also fees or charges within the meaning of Section 3 of Article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIC.

In the Bighorn Decision, the Supreme Court did state that nothing in Section 3 of Article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of

contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

The initiative power granted under Article XIIC of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property-related. Accordingly, the scope of the initiative power under Article XIIC could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The County is unable to predict whether the courts will interpret the initiative provision to be limited to property-related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected.

Article XIID of Proposition 218 adds several new requirements making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay debt service on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIID of Proposition 218 also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) 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. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property based fee, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two thirds voter approval by the electorate residing in the affected area.

The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees under Article XIID of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees

and charges will adversely affect the ability of the County to pay its outstanding obligations as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional 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 XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, (f) required that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the voters voting in an election on the tax within two years of November 5, 1986 or be terminated by November 15, 1988 (a requirement that was subsequently declared unconstitutional, as described below) and (g) 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.* ("La Habra"). 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 and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

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. According to the Assessor-County Clerk-Recorder's Report of Assessment Roll to the Board of Supervisors on July 10, 2023, the total secured and unsecured property tax roll for Fiscal Year 2023-24 increased by 9.37% from the prior year primarily as a result of increasing property values and sale volume. See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

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 the 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 (as opposed to property owner generated appeals) will 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. Assessed valuation has increased in the County in each Fiscal Year since Fiscal Year 2013-14.

To date, approximately seven percent of the Fiscal Year 2021-22 assessment appeals have been completed. The majority of the remaining Fiscal Year 2021-22 assessment appeals are expected to be completed by June 2023. The County Assessor reports that the assessed value of 91,666 properties in the County was reduced through Proposition 8 for Fiscal Year 2022-23, with approximately \$4.2 billion in reduced valuation. Such adjustments are completed prior to the finalization of the roll each summer. The vast majority of property tax appeals filed are not upheld. From Fiscal Years 2005-06 through 2021-22, the dollar amount of successful appeals ranged between approximately 3% and 4% of assessed value. See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Table 4 below sets forth the Proposition 8 assessment reductions for Fiscal Year 2012-13 through Fiscal Year 2023-24.

**TABLE 4
COUNTY OF RIVERSIDE
PROPOSITION 8 ASSESSMENT REDUCTIONS
FISCAL YEARS 2012-13 THROUGH 2022-23**

| <i>Fiscal Year</i> | <i>Number of Assessments Reduced</i> | <i>Assessed Value Reduction</i> | <i>Year over Year Change</i> | <i>Cumulative Change</i> |
|--------------------|--------------------------------------|---------------------------------|------------------------------|--------------------------|
| 2012-13 | 447,953 | \$45,205,222,715 | N/A | N/A |
| 2013-14 | 395,217 | 38,971,444,210 | (13.79)% | (13.79)% |
| 2014-15 | 275,569 | 25,683,797,369 | (34.10) | (43.18) |
| 2015-16 | 229,340 | 21,330,137,344 | (16.95) | (52.81) |
| 2016-17 | 210,954 | 18,776,454,016 | (11.97) | (58.46) |
| 2017-18 | 200,868 | 16,920,559,776 | (9.88) | (62.57) |
| 2018-19 | 159,593 | 13,932,091,915 | (17.66) | (69.18) |
| 2019-20 | 162,303 | 12,367,966,937 | (11.23) | (72.64) |
| 2020-21 | 149,537 | 11,765,546,760 | (4.87) | (73.97) |
| 2021-22 | 139,212 | 8,240,325,660 | (29.96) | (81.77) |
| 2022-23 | 91,666 | 4,229,914,000 | (48.67) | (90.64) |
| 2023-24 | 76,811 | 3,105,221,249 | (26.59) | (93.13) |

Source: County Assessor.

Future Initiatives

General. Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62, 1A and 22 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 does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest due with respect to the Notes is payable from any funds of the State.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2021-22, approximately 33.2% of the County’s General Fund budget revenues consist of payments from the State and approximately 15.9% consists of payments from the Federal government. For Fiscal Year 2022-23, the County projects that approximately 42.7% of its General Fund budget revenues will consist of payments from the State and 22.1% will consist of payments from the Federal government.

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 or 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 budget may be found at the Department of Finance website. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at its website. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer. 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.

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—SECTION III—BUDGETARY INFORMATION” attached hereto.

State Budget for Fiscal Year 2023-24. On June 27, 2023, the Governor signed the State budget for fiscal year 2023-24 (the “2023-24 Budget”). The following information is drawn from the Department of Finance (the “DOF”) summary of the 2023-24 Budget.

The 2023-24 Budget reports that, after two years of growth, the State is projected to face a downturn in revenues driven by a declining stock market, persistently high inflation, rising interest rates and job losses in high-wage sectors. The 2023-24 Budget forecasts that the State will face a \$31.7 billion shortfall in fiscal year 2023-24. To close the budget gap, the 2023-24 Budget includes a series of measures intended to avoid deep reductions to priority programs that marked budgetary shortfalls over the past two decades:

- *Fund Shifts* – \$9.3 billion in shifts of spending commitments from the State general fund to other sources.
- *Reductions/Pullbacks* – \$8.1 billion in State general fund spending reductions or pullbacks of previously approved spending.
- *Delays* – \$7.9 billion in delayed spending across multiple years, without reducing the amount of funding over the same period.
- *Revenue and Internal Borrowing* – \$6.1 billion in revenue, primarily from the Managed Care Organization tax, and internal borrowing from special fund balances not projected for programmatic purposes.
- *Trigger Reductions* – \$340 million in reductions that will be restored in the proposed State budget for fiscal year 2024-25 if there are sufficient resources to do so.

For fiscal year 2022-23, the 2023-24 Budget projects total general fund revenues and transfers of \$205.1 billion and authorizes expenditures of \$234.6 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$54.2 billion, including \$21.1 billion in the traditional general fund reserve, \$22.3 billion in the Budget Stabilization Account, \$9.9 billion in the Public School System Stabilization Account and \$900 million in the Safety Net Reserve Fund. For fiscal year 2023-24, the 2023-24 Budget projects total general fund revenues and transfers of \$208.7 billion and authorizes expenditures of \$225.9 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$37.8 billion, including \$3.8 billion in the traditional general fund reserve, \$22.3 billion in the Budget Stabilization Account, \$10.8 billion in the Public School System Stabilization Account and \$900 million in the Safety Net Reserve Fund. The 2023-24 Budget indicates that maintaining this level of reserves provides a prudent insurance policy, as the State continues to face revenue risks and uncertainty. Significantly, prolonged storm activity over the winter caused a tax filing delay affecting over 99% of tax filers in 55 of the State’s 58 counties. This delay pushed the projected receipt of \$42 billion in State tax receipts into October, representing nearly one-fourth of the 2022-23 fiscal year’s total projected personal income taxes, and nearly one third of the corporation tax.

The ending balance in the Budget Stabilization Account is at the constitutional maximum amount, requiring any amounts in excess thereof to be dedicated to infrastructure improvements. The 2023-24 Budget also includes revised deposits to the Public School System Stabilization Account of \$4.8 billion and \$1.8 billion attributable to fiscal years 2021-22 and 2022-23, respectively, and authorizes a deposit in fiscal year 2023-24 of \$902 million.

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2023-24 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

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.

SPECIAL RISK FACTORS

The following information should be considered by prospective investors in evaluating the Notes. However, this information does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Notes.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose; and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Previous bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to municipal securities. Specifically, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds were unsecured obligations and not entitled to the same priority of payments made to the related pension system. A variety of events including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Notes in the event the County files for bankruptcy. Accordingly, in the event of bankruptcy, the Owners may not recover some or all of their principal and interest.

Federal Income Tax Consequences

Certain federal income tax consequences of an investment in the Notes are discussed under “TAX MATTERS.” Each prospective purchaser of the Notes should consult with his or her own tax advisor to determine the specific effects of an investment in the Notes based upon such prospective investor’s particular tax situation.

Loss of Tax Exemption

Bond Counsel’s form of opinion regarding the exclusion from gross income for federal income tax purposes of interest on the Notes appears as Appendix C herein. The County has covenanted in the Resolution to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, and has executed a Tax Certificate prepared by Bond Counsel and delivered by the County concurrently with the original delivery of the Notes as guidance for compliance with such provisions. The interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Notes as a result of acts or omissions of the County in violation of such covenants in the Tax Certificate. Should such an event of taxability occur, the Notes are not subject to redemption and will remain outstanding until maturity. See “TAX MATTERS” herein.

Potentially Adverse Tax Legislation

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Economy of the County and the State

The level of sales tax and real property tax revenues collected at any time is dependent upon the level of retail sales and real property values, respectively, within the County, which levels are dependent, in turn, upon economic conditions in the County and the State generally. As described in this Official Statement under the caption “THE COUNTY—COVID-19 Outbreak,” the economy of the County is currently being negatively impacted by the COVID-19 pandemic. Continued deterioration in the economic conditions within the County or in the State could have a material adverse impact upon the level of tax revenues and therefore upon the ability of the County to pay the principal of and interest on the Notes when due or to issue additional securities in the future. For information relating to the current economic conditions of the County and the State, see APPENDIX A—“INFORMATION REGARDING THE COUNTY OF RIVERSIDE” and “STATE OF CALIFORNIA BUDGET INFORMATION.”

VALIDATION

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution and the Obligations issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the County (the "Default Judgment"). The period allowed for appeal of such judgment by Sections 860 *et seq.* expired on October 14, 1997 without an appeal having been filed.

LITIGATION

As of the date of this Official Statement, to the best knowledge of the County, no litigation is pending or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes or the adoption of the resolution, (C) in any way contesting the existence or powers of the County, or (D) which would have a material adverse effect on the ability of the County to make payments with respect to the Notes. For a discussion of other pending litigation, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—SECTION II—SERVICES AND RISK MATTERS—Litigation."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and interest on the Notes is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service ("IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes 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 Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes 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 Notes if original issue discount treatment is elected.

Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium, subject to a different election under Internal Revenue Notice 94-84. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Noteholder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly

allocable to such Noteholder. Holders of Premium Notes 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 Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes 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 Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes 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 Notes may otherwise affect a Noteholder's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Noteholder or the Noteholder'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 Notes 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 Noteholders 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 Notes. Prospective purchasers of the Notes 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 Notes 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 Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Noteholders regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Noteholders, 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 or notes is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds or notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the Noteholders to incur significant expense.

In issuing its opinions as to the validity of the Notes, Bond Counsel relied, and will rely, upon the Default Judgment.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "_____" and "_____" respectively, to the Notes. Such ratings reflect only the views of such rating organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Fitch, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The County has covenanted in the Disclosure Certificate to file on EMMA notices of any rating changes on the Notes. See the caption "CONTINUING DISCLOSURE" below and APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to rating changes on the Notes may be publicly available from the rating agencies prior to such information being provided to the County and prior to the date the County is obligated to file a notice of rating change on EMMA. Purchasers of the Notes are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Notes, if any, after the initial issuance of the Notes.

MUNICIPAL ADVISOR

Columbia Capital Management, LLC, Carlsbad, California, has served as the Municipal Advisor to the County in connection with the execution and delivery of the Notes. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. A portion of the fees of the Municipal Advisor are contingent upon the sale, issuance and delivery of the Notes.

CONSULTANT TO THE COUNTY FOR THE TEETER PROGRAM

Fieldman, Rolapp & Associates, Inc., Irvine, California, has served as a consultant to the County for the Teeter program in connection with the execution and delivery of the Notes. The fees of Fieldman, Rolapp & Associates, Inc. are not contingent upon the sale, issuance and delivery of the Notes.

UNDERWRITING

The Notes are being purchased by BofA Securities, Inc. and Loop Capital Markets LLC, as underwriters (collectively, the "Underwriters"), pursuant to a Purchase Contract with the County (the "Purchase Contract"). The Underwriters have agreed, subject to certain conditions, to purchase the Notes at a purchase price equal to \$_____ (representing the principal amount of the Notes, [plus/less] [net] original issue [premium/discount] of \$_____, and less an Underwriters' discount of \$_____). The Purchase Contract relating to the Notes provides that the Underwriters will purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriters.

BofA Securities, Inc., an underwriter of the Notes, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the Notes.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses. In addition, affiliates of some of the Underwriters are lenders, and in some cases agents or managers for the lenders, under the County’s credit facility.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

FINANCIAL STATEMENTS

The general purpose financial statements of the County, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Brown Armstrong Certified Public Accountants, independent certified public accountants, as stated in their report appearing in Appendix B. Brown Armstrong Certified Public Accountants 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 Certified Public Accountants, with respect to any event subsequent to its report dated December 14, 2022. See APPENDIX B—“COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022” attached hereto.

CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the Owners and beneficial owners of the Notes to comply with Securities and Exchange Commission Rule 15c2 12(b)(5) (the “Rule”) and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide information regarding certain listed events, if any such events should occur, to the owners of the Notes and to EMMA, or any successor thereto, during the term of the Notes. In addition, the County has covenanted to provide quarterly General Fund cash flow information not later than each Quarterly Report Date, as defined in the Continuing Disclosure Certificate. See APPENDIX D—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with the Rule.

The County’s obligations under the Disclosure Certificate terminate upon (i) payment in full of all of the Notes or (ii) in the event that the County receives an opinion of nationally recognized bond counsel, to the effect that those portions of SEC Rule 15c2 12(b)(5) (the “Rule”) which require the Disclosure Certificate do not or no longer apply to the Notes. These covenants have been made in order to assist the Underwriters in complying with the Rule. See APPENDIX D—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

[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 three general categories: (i) for Fiscal Year 2017-18 through Fiscal Year 2019-20, 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; (ii) for Fiscal Year 2017-18 through Fiscal Year 2022-23, missing, incomplete or late filing of annual or quarterly reports, budgets or operating information with respect to a number of the bond issues; and (iii) for Fiscal Years 2018-19 through 2021-22, failure to file notice of incurrence of financial obligations. 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, the County has filed such notices. 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.] **[TO BE UPDATED]**

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has recently performed an evaluation of its policy and operating procedures to strengthen and ensure future compliance and coordination between the County and its related entities which include higher frequency of review as well as enhanced delineation of staff duties; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County will continue its review of its procedures to ensure continued compliance with the Rule.

CERTAIN LEGAL MATTERS

The validity of the Notes and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe, LLP, San Francisco, California, Bond Counsel. The opinion of Bond Counsel will be delivered with the Notes in substantially the form set forth in Appendix C hereto. Bond Counsel takes no responsibility for the fairness, accuracy or completeness of this Official Statement. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Notes. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, and for the County by County Counsel. Payment of the fees of Bond Counsel, Disclosure Counsel and counsel to the Underwriters is contingent upon the sale, issuance and delivery of the Notes.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the County since the date hereof. 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 Executive Officer.

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

APPENDIX B

**COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

APPENDIX C
FORM OF BOND COUNSEL OPINION

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the County of Riverside, California (the “County”) in connection with the issuance by the County of its \$84,055,000 Teeter Plan Obligation Notes, 2022 Series A (the “Notes”). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 and ratified, confirmed and modified on November 4, 1997, as amended and supplemented on August 18, 1998, on September 7, 1999, on September 26, 2000, on September 11, 2001, on October 8, 2002, on October 21, 2003, on October 26, 2004, on December 6, 2005, on October 17, 2006, on October 30, 2007, on November 18, 2008, on November 24, 2009, on September 14, 2010, on September 27, 2011, on September 11, 2012, on September 10, 2013, on September 9, 2014, on September 15, 2015, on September 13, 2016, on September 12, 2017, on September 18, 2018, on September 24, 2019, on September 22, 2020, on September 21, 2021, on June 28, 2022, on September 20, 2022 and on September 26, 2023 (collectively, the “Resolution”). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the Notes and to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall 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.

“Dissemination Agent” shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“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 Events” shall mean any of the events listed in Section 4(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participating Underwriters” shall mean each of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

“*Quarterly Report Date*” means the due date corresponding to the fiscal quarter end date set forth in the following table:

Fiscal Quarter End Date

September 30, 2023
December 31, 2023
March 31, 2024

Due Date

December 1, 2023
March 1, 2024
June 1, 2024

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the applicable Quarterly Report Date, 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 General Fund cash flow in the fiscal quarter most recently ended, including comparative information to the projected cash flow.

(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 applicable Quarterly Report Date, 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; provided, however, that, in the event that final information consistent with the requirements of subsection (b) above is not available by the applicable Quarterly Report Date, the Quarterly Report shall contain comparable draft information, and the final Quarterly Report for such period shall be filed in the same manner when it becomes available.

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 of the occurrence of any of the following events with respect to the Notes not less than 10 business days after 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 Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to the rights of Owners of the Notes, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property 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) Whenever the County obtains knowledge of the occurrence of a Listed Event, listed under Subsection (a)(ii), (vi) (except for adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, for which no materiality determination is required), (vii), (viii) (except for tender offers, for which no materiality determination is required), (x), (xiii) or (xiv) the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the County determines that knowledge of the occurrence of a Listed Event listed under Subsection (a)(ii), (vi) (except for adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, for which no materiality determination is required), (vii), (viii) (except for tender offers, for which no materiality determination is required), (x), (xiii) or (xiv) would be material under applicable federal securities laws, the County shall promptly file, or cause to be filed, a notice

of such event with the MSRB and the Repository not more than 10 business days following the event. Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(viii) and (ix) 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 Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 4(c).

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 Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. 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 Disclosure Certificate.

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

(a) If the amendment or waiver relates to the provisions of 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 and regulations) or interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, 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 Notes, 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 a majority of the Owners of the Notes, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure 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 Disclosure 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 Disclosure 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 Disclosure 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 Disclosure Certificate, the County shall have no obligation under this Disclosure 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 Disclosure Certificate, any Owner or Beneficial Owner of the Notes 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 Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution with respect to the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the County has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any County Audited Financial Statements, Listed Events or any other information, disclosures or notices provided to it by the County and shall not be deemed to be acting in any fiduciary capacity for the County, the Holders of the Notes or any other party. The Dissemination Agent shall have no responsibility for the County's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the County has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the County at all times. The County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their 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 defeasance, redemption, or payment of the Notes.

The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

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

Dated: October __, 2023

COUNTY OF RIVERSIDE

By: _____
County Executive Officer

EXHIBIT A

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

Name of Issuer: County of Riverside, California

Name of Bond Issue: \$_____ County of Riverside Teeter Plan Obligations Notes, 2023 Series A

Issuance Date: October __, 2023

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

Dated:

COUNTY OF RIVERSIDE

By _____
Authorized Officer

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, premium, if any, accreted value and interest on the Notes to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

8. Principal, redemption price and interest payments on the Securities 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 or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price 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.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. 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, Security certificates will be printed and delivered to DTC.

APPENDIX A
INFORMATION REGARDING THE COUNTY OF RIVERSIDE

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SECTION I – DEMOGRAPHIC AND ECONOMIC INFORMATION

Set forth below is certain information with respect to the County. Such information was prepared by the County except as otherwise indicated. Certain statements included or incorporated by reference in this Appendix A constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

General

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 San Bernardino counties. The County is the fourth largest county (by both area and population) in the State of California (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.

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 of Supervisors” or 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 full cost of creating their own separate departments and facilities. Services are provided to the cities at cost by the County.

Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains and the eastern desert areas. The western portion of the County, which includes the San Jacinto Mountains and the Cleveland National Forest, experiences the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions.

Population

According to the State Department of Finance, Demographic Research Unit, the County’s population was estimated at 2,439,234 as of January 1, 2023, representing an approximately 0.3% increase over the County’s population as estimated for the prior year. This compares to the statewide population decrease of 0.4% for the same period. For the period of January 1, 2013 to January 1, 2023, the County’s population grew by approximately 8.1% cumulatively. The County is the tenth most populous county in the United States.

The following table sets forth annual population figures, as of April 1, 2020 for 2020 and as of January 1 for 2021-22, 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 April 1, 2020 for 2020; as of January 1 for 2021-2023)

| <i>City</i> | <i>2020</i> | <i>2021</i> | <i>2022</i> | <i>2023</i> |
|--------------------|------------------|------------------|------------------|------------------|
| Banning | 30,621 | 30,592 | 30,856 | 31,250 |
| Beaumont | 53,318 | 53,945 | 54,349 | 56,590 |
| Blythe | 18,586 | 17,376 | 17,417 | 17,265 |
| Calimesa | 10,028 | 10,588 | 10,950 | 10,962 |
| Canyon Lake | 11,069 | 11,082 | 11,003 | 10,949 |
| Cathedral City | 51,356 | 51,599 | 51,621 | 51,433 |
| Coachella | 41,900 | 41,931 | 41,935 | 42,462 |
| Corona | 156,637 | 157,182 | 157,139 | 157,005 |
| Desert Hot Springs | 32,415 | 32,351 | 32,389 | 32,608 |
| Eastvale | 69,742 | 70,457 | 69,978 | 69,514 |
| Hemet | 89,325 | 89,302 | 89,170 | 89,918 |
| Indian Wells | 4,759 | 4,791 | 4,785 | 4,774 |
| Indio | 88,795 | 89,422 | 89,789 | 90,837 |
| Jurupa Valley | 104,828 | 105,131 | 105,154 | 104,983 |
| Lake Elsinore | 70,572 | 71,225 | 71,989 | 71,973 |
| La Quinta | 37,504 | 37,727 | 37,562 | 37,979 |
| Menifee | 102,466 | 104,323 | 107,411 | 110,034 |
| Moreno Valley | 208,237 | 208,387 | 208,302 | 208,289 |
| Murrieta | 110,702 | 111,024 | 110,592 | 109,998 |
| Norco | 26,659 | 24,680 | 25,035 | 25,037 |
| Palm Desert | 50,696 | 50,683 | 50,626 | 50,615 |
| Palm Springs | 44,206 | 44,312 | 44,165 | 44,092 |
| Perris | 78,614 | 78,867 | 78,474 | 78,948 |
| Rancho Mirage | 16,588 | 16,692 | 16,854 | 17,012 |
| Riverside | 316,307 | 309,598 | 314,818 | 313,676 |
| San Jacinto | 53,835 | 54,186 | 54,303 | 54,103 |
| Temecula | 109,820 | 109,881 | 109,468 | 108,899 |
| Wildomar | 36,720 | 36,713 | 36,438 | 36,336 |
| TOTALS | | | | |
| Incorporated | 2,026,305 | 2,024,047 | 2,032,572 | 2,037,541 |
| Unincorporated | 391,880 | 394,680 | 398,404 | 401,693 |
| County-Wide | <u>2,418,185</u> | <u>2,418,727</u> | <u>2,430,976</u> | <u>2,439,234</u> |
| California | 39,538,223 | 39,286,510 | 39,078,674 | 38,940,231 |

Source: State Department of Finance, Demographic Research Unit, Report E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Benchmark.

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, the State and the United States for the current and last four years:

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⁾

| | <i>Total Effective Buying Income⁽²⁾</i> | <i>Median Household Effective Buying Income</i> | <i>Percent of Households with Income over \$50,000</i> |
|------------------|--|---|--|
| 2019 | | | |
| Riverside County | \$ 54,118,453 | \$ 54,920 | 54.41% |
| California | 1,183,264,399 | 61,895 | 59.16 |
| United States | 9,017,967,563 | 52,841 | -- |
| 2020 | | | |
| Riverside County | \$ 59,340,416 | \$ 59,167 | 57.60% |
| California | 1,243,564,816 | 65,285 | 61.45 |
| United States | 9,487,165,436 | 55,303 | -- |
| 2021 | | | |
| Riverside County | \$ 60,749,087 | \$ 60,203 | 58.41% |
| California | 1,290,894,604 | 67,510 | 62.86 |
| United States | 9,809,944,764 | 56,790 | -- |
| 2022 | | | |
| Riverside County | \$ 71,160,967 | \$ 70,683 | 65.97% |
| California | 1,452,426,152 | 76,880 | 68.53 |
| United States | 11,208,582,540 | 63,679 | -- |
| 2023 | | | |
| Riverside County | \$ 72,687,953 | \$ 71,389 | 66.37% |
| California | 1,461,799,662 | 76,990 | 68.58 |
| United States | 11,454,846,397 | 64,600 | -- |

⁽¹⁾ Estimated, as of January 1 of each year.

⁽²⁾ Dollars in thousands.

Source: The Nielsen Company, Site Reports, 2019; Environics Analytics, Claritas Spotlight Reports 2020-2023.

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) for the last five years.

**TABLE 3
COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(IN THOUSANDS)**

| | <i>2018</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> | <i>2022</i> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| RESIDENTIAL | | | | | |
| New Single-Family | \$ 2,200,021 | \$ 1,834,821 | \$ 2,315,365 | \$ 2,013,159 | \$ 2,429,329 |
| New Multi-Family | 232,707 | 282,465 | 93,149 | 149,081 | 339,475 |
| Alterations and Adjustments | <u>125,353</u> | <u>158,117</u> | <u>110,788</u> | <u>100,402</u> | <u>152,309</u> |
| Total Residential | \$ 2,558,081 | \$ 2,275,404 | \$ 2,519,303 | \$ 2,262,642 | \$ 2,921,113 |
| NON-RESIDENTIAL | | | | | |
| New Commercial ⁽¹⁾ | \$ 703,977 | \$ 312,035 | \$ 313,728 | \$ 607,980 | \$ 643,697 |
| New Industrial | 529,326 | 493,872 | 225,401 | 184,817 | 83,556 |
| Other Buildings ⁽²⁾ | 410,606 | 179,861 | 233,709 | 460,240 | 449,607 |
| Alterations & Additions | <u>315,771</u> | <u>300,086</u> | <u>380,937</u> | <u>290,962</u> | <u>524,757</u> |
| Total Nonresidential | \$ 1,959,680 | \$ 1,285,855 | \$ 1,153,777 | \$ 1,543,998 | \$ 1,701,617 |
| TOTAL ALL BUILDING | \$ 4,517,761 | \$ 3,561,260 | \$ 3,673,080 | \$ 3,806,640 | \$ 4,622,730 |

⁽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 4
COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS**

| | <i>2018</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> | <i>2022</i> |
|---------------|--------------|--------------|--------------|--------------|---------------|
| Single Family | 7,540 | 6,563 | 8,443 | 7,360 | 8,863 |
| Multi-Family | <u>1,628</u> | <u>1,798</u> | <u>732</u> | <u>1,126</u> | <u>2,861</u> |
| TOTAL | 9,168 | 8,361 | 9,166 | 8,486 | 11,724 |

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 last five years.

**TABLE 5
COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO
AND SOUTHERN CALIFORNIA
MEDIAN HOUSING PRICES**

| <i>Year</i> | <i>Los Angeles</i> | <i>Riverside</i> | <i>San Bernardino</i> | <i>Southern California⁽¹⁾</i> |
|---------------------|--------------------|------------------|-----------------------|--|
| 2018 | \$597,000 | \$379,000 | \$330,000 | \$521,000 |
| 2019 | 615,000 | 392,000 | 343,750 | 530,000 |
| 2020 | 670,000 | 430,000 | 380,000 | 575,000 |
| 2021 | 770,000 | 510,000 | 450,000 | 665,000 |
| 2022 ⁽²⁾ | 820,000 | 582,000 | 500,000 | 758,660 |

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

⁽²⁾ Median housing prices reported for August 2022.

Source: CoreLogic; DQNews.

The following table sets forth the residential foreclosures recorded in Riverside County for the current and five most recently completed fiscal years.

**TABLE 6
COUNTY OF RIVERSIDE
RESIDENTIAL FORECLOSURES**

| <i>Year</i> | <i>Foreclosures</i> |
|---------------------|---------------------|
| 2018 | 1,233 |
| 2019 | 872 |
| 2020 ⁽¹⁾ | 314 |
| 2021 ⁽¹⁾ | 274 |
| 2022 | 407 |
| 2023 ⁽²⁾ | 179 |

⁽¹⁾ Foreclosures were lower in 2020 and 2021 than in prior years due to a moratorium on foreclosure of certain mortgage and court closures related to the COVID-19 pandemic.

⁽²⁾ Current through June 8, 2023.

Source: DQNews (2018-2021); County Assessor (2022-2023).

Agriculture

In 2022, principal agricultural products were nursery stock, milk, table grapes, eggs, bell peppers, lemons, alfalfa, turf grass, dates 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.

Agricultural production in the County may be impacted by drought conditions. See "SECTION II—SERVICES AND RISK MATTERS—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 2017 through 2021, the last year being the most recent year of which data is currently available.

**TABLE 7
COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

| | <i>2017</i> | <i>2018</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Citrus Fruits | \$ 177,055,000 | \$ 170,775,000 | \$ 121,934,000 | \$ 126,567,000 | \$ 127,473,000 |
| Trees and Vines | 228,315,000 | 249,150,000 | 268,368,000 | 282,840,000 | 280,105,000 |
| Vegetables, Melons, Misc. | 331,986,000 | 371,570,000 | 354,217,000 | 334,440,000 | 324,895,000 |
| Field and Seed Crops | 99,224,000 | 93,282,000 | 141,652,000 | 156,114,000 | 135,033,000 |
| Nursery | 153,749,000 | 165,758,000 | 204,768,000 | 247,765,000 | 267,547,000 |
| Apiculture | 5,415,000 | 5,473,000 | 6,123,000 | 5,858,000 | 5,925,000 |
| Aquaculture | 4,764,000 | 4,732,000 | 4,776,000 | 4,596,000 | 4,873,000 |
| Livestock and Poultry | 221,750,000 | 238,468,000 | 219,427,000 | 260,040,000 | 260,059,000 |
| Grand Total | \$ 1,222,258,000 | \$ 1,299,208,000 | \$ 1,321,265,000 | \$ 1,418,220,000 | \$ 1,405,910,000 |

Source: County of Riverside Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwesterly from Riverside through Corona and connects with the Orange County freeway network. Interstate 10 traverses the County in an east-west direction, the western-most portion of which links up with major cities and freeways in Los Angeles County and San Bernardino County, with the eastern part linking the County's desert cities with Arizona. Interstates 15 and 215 extend northeasterly to Nevada, and Interstate 15 extends southerly to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to San Bernardino County and Los Angeles County. The State Route 91 Express Lanes connect to the OCTA SR-91 Express Lanes at the Orange County/Riverside County line on the west and continue easterly 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. The Interstate 15 Express Lanes extend from the San Bernardino County line southerly to Cajalco Road in Corona and opened in April 2021.

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 (OIAA) and was transferred by the City of Los Angeles to the OIAA in October 2016. Four major airlines schedule commercial flight service at Palm Springs International 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.

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 within the County for the last five years, the last year being the most recent full year of which annual data is currently available.

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**TABLE 8
COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS**

| | <i>2018</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> | <i>2022</i> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Motor Vehicle and Parts Dealers | \$ 5,407,138,856 | \$ 5,551,535,521 | \$ 5,786,471,096 | \$ 7,462,856,112 | \$ 7,470,778,646 |
| Home Furnishings and Appliance Stores | 1,962,649,727 | 2,092,520,010 | 2,097,785,280 | 2,006,427,563 | 1,999,155,804 |
| Building Material and Garden Equipment and Supplies Dealers | 2,346,507,775 | 2,487,360,007 | 3,091,784,448 | 3,600,518,832 | 3,598,728,060 |
| Food and Beverage Stores | 1,790,507,202 | 1,821,669,581 | 1,938,870,682 | 2,121,116,195 | 2,121,728,760 |
| Gasoline Stations | 3,381,768,451 | 3,383,592,749 | 2,622,849,376 | 3,958,293,093 | 3,959,674,480 |
| Clothing and Clothing Accessories Stores | 2,315,432,567 | 2,361,182,097 | 1,824,772,212 | 2,784,916,128 | 2,787,245,164 |
| General Merchandise Stores | 3,560,754,579 | 3,966,881,856 | 4,122,093,914 | 4,730,209,136 | 4,756,623,842 |
| Other Retail Group | 3,273,275,986 | 3,079,536,332 | 5,031,910,636 | 9,688,728,975 | 9,700,523,667 |
| Food Services and Drinking Places | <u>4,004,656,656</u> | <u>4,276,122,483</u> | <u>3,547,301,048</u> | <u>4,927,010,190</u> | <u>4,936,088,033</u> |
| Total Retail and Food Services | \$ 28,042,691,799 | \$ 29,020,400,636 | \$ 30,063,838,692 | \$ 41,280,076,224 | \$ 41,330,546,456 |
| All Other Outlets | <u>10,876,805,756</u> | <u>11,537,443,970</u> | <u>11,854,183,849</u> | <u>14,185,676,044</u> | <u>14,204,649,233</u> |
| Total All Outlets | \$ 38,919,497,555 | \$ 40,557,844,606 | \$ 41,918,022,541 | \$ 55,465,752,268 | \$ 55,535,195,689 |

Source: California Department of Tax and Fee Administration.

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 9
RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY⁽¹⁾
(In Thousands)

| <i>Industry</i> | <i>2018</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> | <i>2022</i> |
|---|----------------|----------------|----------------|----------------|----------------|
| Agriculture | 14.5 | 14.6 | 13.9 | 13.1 | 14.7 |
| Construction | 104.8 | 101.1 | 105.0 | 107.6 | 114.3 |
| Finance Activities | 43.7 | 44.2 | 43.7 | 44.5 | 47.6 |
| Government | 257.5 | 268.8 | 249.1 | 239.7 | 254.1 |
| Manufacturing: | 101.3 | 102.6 | 94.3 | 94.6 | 98.1 |
| Nondurables | 36.2 | 15.4 | 34.6 | 35.4 | 38.6 |
| Durables | 65.1 | 65.7 | 59.7 | 59.2 | 59.5 |
| Mining & Logging | 1.0 | 1.2 | 1.3 | 1.3 | 1.6 |
| Retail Trade | 180.8 | 191.1 | 168.8 | 173.4 | 187.7 |
| Professional and Business Services | 150.6 | 160.7 | 154.0 | 163.5 | 185.9 |
| Education and Health Services | 240.0 | 260.5 | 248.7 | 252.7 | 272.3 |
| Leisure & Hospitality | 170.0 | 174.5 | 139.2 | 148.3 | 178.2 |
| Other Services | 45.6 | 43.1 | 39.6 | 41.3 | 49.2 |
| Transportation, Warehousing and Utilities | 132.6 | 146.3 | 170.5 | 194.0 | 220.5 |
| Wholesale Trade | 64.9 | 65.0 | 64.6 | 66.4 | 69.2 |
| Information | <u>11.2</u> | <u>11.3</u> | <u>9.4</u> | <u>8.8</u> | <u>10.3</u> |
| Total, All Industries | 1,518.7 | 1,585.0 | 1,501.8 | 1,549.2 | 1,703.7 |

⁽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.

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The following table sets forth the major employers in the County and their respective product or service and number of employees as of May 22, 2023.

**TABLE 10
COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS⁽¹⁾
(AS OF MAY 22, 2023)**

| <i>Company Name</i> | <i>Product/Service</i> | <i>No. of Local Employees</i> |
|--|---|---------------------------------------|
| County of Riverside | County Government | 25,366 |
| Amazon | E-Commerce | 14,317 |
| March Air Reserve Base | Military Reserve Base | 9,600 |
| Nestle UA | General Line Grocery Merchant Wholesalers | 8,874 |
| University of California, Riverside | University | 8,623 |
| State of California | State Government | 8,383 |
| Walmart | Retail Company | 7,494 |
| Moreno Valley Unified School District | School District | 6,020 |
| Kaiser Permanente Riverside Medical Center | Hospital | 5,817 |
| Corona-Norco Unified School District | School District | 5,478 |
| Riverside Unified School District | School District | 5,431 |
| Mt. San Jacinto Community College District | Community College District | 4,638 |
| Marie Callender Wholesalers Inc. | Bakery Products Wholesale | 4,454 |
| Temecula Valley School District | School District | 4,022 |
| Eisenhower Medical Center | Hospital | 4,001 |
| Pechanga Resort & Casino | Resort Casino | 4,000 |
| Hemet Unified School District | School District | 3,960 |
| Murrieta Valley Unified School District | School District | 3,552 |
| Starcrest of California | E-Commerce | 3,450 |
| Palm Springs Unified School District | School District | 3,328 |
| Stater Bros | Retail Grocery Company | 3,297 |
| Lake Elsinore Unified School District | School District | 3,267 |
| Home Depot | Home Center | 3,115 |
| Jurupa Unified School District | School District | 2,749 |
| McDonalds | Limited Service Restaurant | 2,721 |
| City of Riverside | City Government | 2,700 |
| Target | Retail Company | 2,631 |
| Coachella Valley Unified School District | School District | 2,581 |
| Albertsons/Sav-On | Retail Grocery Company | 2,231 |
| Riverside Community College District | Community College District | 2,228 |
| Hemet Valley Medical Center | Hospital | 2,214 |
| Agua Caliente Band of Cahuilla Indians | Tribal Government/Casinos | 2,200 |
| Spa Resort and Casino | Resort & Spa | 2,120 |
| Beaumont Unified School District | School District | 2,053 |
| Kroger (Ralphs & Vons) | Retail Grocery Company | 2,035 |
| Abbott Vascular Inc | Medical Device Manufacturer | 2,008 |
| Desert Regional Medical Center | Hospital | 1,991 |
| Alvord Unified School District | School District | 1,936 |
| Lowes Home Improvement | Home Center | 1,928 |
| United Parcel Service | Delivery Services | 1,678 |

⁽¹⁾ Certain major employers in the County may have been excluded because of the data collection methodology.
Source: Riverside County Office of Economic Development.

Unemployment data for the County, the State and the United States for the last five years and preliminary data for June 2023 (as indicated) are set forth in the following table.

**TABLE 11
COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA**

| | <i>2018</i> | <i>2019</i> | <i>2020</i> | <i>2021</i> | <i>2022</i> | <i>June⁽²⁾</i> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
| County ⁽¹⁾ | 4.4% | 3.7% | 9.9% | 5.6% | 4.0% | 5.0% |
| California ⁽¹⁾ | 4.2 | 4.2 | 10.1 | 5.5 | 3.9 | 4.9 |
| United States ⁽³⁾ | 3.9 | 3.7 | 8.1 | 5.3 | 3.5 | 3.6 |

⁽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 June 2023.

⁽³⁾ Data is seasonally adjusted.

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

SECTION II – SERVICES AND RISK MATTERS

Sheriff and Fire Services

The core services of the County Sheriff’s Department are to provide a 24/7 uniformed response to calls for service from the public in the unincorporated County areas, to operate a countywide jail system that serves all local agencies, to provide court security and service of court processes and orders, and to perform Coroner – Public Administrator functions pursuant to California law.

The Field Operations Division provides much of the County’s law enforcement via eleven Sheriff patrol stations, several support bureaus, and specialty teams spread across the County’s different regions. In addition, the department provides police services under contracts for sixteen incorporated cities, one tribal reservation, and one community college district. The Corrections Division operates five correctional facilities, an alternative sentencing program, and several in-custody treatment programs. The Courts Services Division provides court security by maintaining public safety, execution of orders issued by the court, service, and enforcement of civil processes, and serving civil and criminal arrest warrants. The Court Services Division also provides enhanced security at the County Administrative Center. The Coroner’s Bureau investigates and reports on all the violent, sudden, or unusual deaths of persons within the County as established by California law. The Public Administrator investigates and administers the estates of County residents who die without someone available or willing to handle their affairs. The department supports internal operations through the Administration Division, Support Services Bureau, and the Ben Clark Public Safety Training Center (“BCTC”), a 370-acre main training facility located in the City of Riverside.

The Sheriff is currently evaluating future improvements to the BCTC. The modernization project would provide for a new training and educational campus for a variety of public safety, government, and educational partners to train and equip public safety personnel with effective tools and techniques for the foreseeable future. The project is intended to meet the needs of not only the Sheriff, but also other County public safety departments, the California Department of Forestry and Fire Protection (“CAL FIRE”), the California Highway Patrol, Riverside Community College District, federal law enforcement and public safety agencies, and other entities.

The Riverside County Fire Department (“RCFD”) is an integrated, cooperative, regional fire protection system that provides fire, emergency medical services, technical rescue and hazardous materials response to approximately 1.6 million residents in the unincorporated area, in 18 partner fire cities and one community services district.

The County contracts with CAL FIRE to serve as the RCFD for emergency services. All hazards emergency response services are provided from 94 fire stations using about 1,050 firefighters (CAL FIRE), 327 administrative and support personnel, and about 150 reserve volunteer firefighters. CAL FIRE is responsible to protect the State Responsibility Area (SRA) or watershed as part of the cooperative agreement and Public Resources Code §§4125-4127. The RCFD is one of the largest regional fire service organizations in California.

Medical and Health Services

Riverside University Health System (“RUHS”) is comprised of the Medical Center, located in the City of Moreno Valley, 26 hospital-based clinics, and the Medical and Surgical Center which opened in March 2020. At approximately 520,000 square feet, the tertiary care and Level II trauma facility is 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 over 4,000 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, digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT), 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, hyperbaric oxygen treatments, and an emergency psychiatric hospital. RUHS is currently evaluating future improvements for the Medical Center including an Emergency Department and critical care expansion, a Behavioral Health wellness center, and other campus facilities and improvements. In addition, Behavioral Health is evaluating other opportunities to meet community needs in alignment with proposed state initiatives around the modernization of behavioral healthcare delivery.

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. 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.

For Fiscal Year 2022-23, the County contributed approximately \$11.5 million to RUHS from its tobacco settlement revenue receipts to pay for operating expenses and debt service on the main RUHS facility, and the County currently anticipates continuing to pay such costs from its tobacco settlement revenue receipts through Fiscal Year 2026-27.

Education Services

There are three union school districts, one elementary school district, 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.

Homelessness Services

The County is committed to preventing and ending homelessness in the County, and its Department of Housing and Workforce Solutions (“HWS”) provides the necessary leadership and structure to unify community-wide responses. HWS works alongside a Homelessness Continuum of Care network to plan, coordinate and implement homeless solutions countywide. The Point-in-Time count is a federally mandated census of sheltered and unsheltered people experiencing homelessness on a single night in the County. The last full count was conducted on January 25, 2023 and identified 3,725 people, of which approximately 65% were unsheltered, representing an approximately 12% increase from the prior year. In comparison to 2022, the count represents a 3% decrease in the annual growth rate, which is largely attributable to additional federal, State and local investments in housing and homeless assistance programs that have served over 14,000 unduplicated individuals through Fiscal Year 2022-23. The County incorporates these homeless services and homelessness prevention programs into its budget planning process and seeks to maximize outside funding sources, including actively pursuing available State funding.

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, influenza pandemics, wildland fires, electrical failures and emergent diseases. CAL FIRE has designated and adopted Fire Hazard Severity Zones in State Responsibility Areas (“SRA”). In addition, the County has adopted CAL FIRE recommendations for Very High Fire Hazard Severity Zones in Local Responsibility Areas (“LRA”). The unincorporated areas of the County includes State Responsibility Areas and Local Responsibility Areas and contains a mixture of Very High Fire Hazard Severity Zone areas, High Fire Hazard Severity Zone areas, Moderate Fire Hazard Severity Zone areas, and areas that are not designated as Fire Hazard Severity Zones. Fire Hazard Severity Zone maps for Riverside County may be found at the following links: SRA – *Map of CAL FIRE’s Fire Hazard Severity Zones in State Responsibility Areas – Western Riverside County*; LRA West – *Map of CAL FIRE’s Fire Hazard Severity Zones in Local Responsibility Areas – Western Riverside County*; and LRA East – *Map of CAL FIRE’s Fire Hazard Severity Zones in Local Responsibility Areas – Eastern Riverside County*. 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 2023-24 budget includes approximately \$92 million for such uses. In the event of a disaster or emergency, the Board of Supervisors can provide additional funds through budget adjustments that may be recovered through State or federal resources (such as increased reimbursements from CAL FIRE, the State’s office of emergency services, the Department of Homeland Security and FEMA).

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 Geronio 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 No. 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 No. 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.*"

In 2021, the State again began experiencing drought conditions. Beginning in April 2021, the governor signed a series of proclamations determining, as of July 8, 2021, that 50 counties in the State, but not including the County, are in a state of emergency due to drought conditions affecting such areas. In addition, on July 8, 2021, the governor signed Executive Order N-10-21, which asks citizens of the State to voluntarily reduce their water use by 15% compared to 2020 levels. On October 19, 2021, the governor issued a proclamation of a state of emergency incorporating the remaining eight counties in the State from the July 8, 2021 Order, including the County, to expeditiously mitigate the effects of the drought conditions to ensure the protection of health, safety, and the environment. On March 28, 2022, the governor signed Executive Order N-7-22 in response to intensifying drought conditions. The Order, building on the four 2021 orders relating to California's drought, among other requirements, limits a county, city or other public agency's ability to permit modified or new groundwater wells, and instructs the State Water Resource Control Board to consider (1) requiring certain water conservation measures from urban water suppliers and (2) banning non-functional or decorative grass at businesses and institutions. The County has partnered with a consortium of local water districts to send tiered water conservation messages as drought conditions continue to worsen. There can be no assurance the County will not be subject to additional emergencies, proclamations or Orders due to drought conditions in the future.

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 Board of Supervisors adopted Policy No. 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 No. 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, performs continuous penetration testing, 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 carries a cyber liability insurance policy to cover the financial losses that may result from data breaches and cyberattacks.

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.

Litigation

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Notes or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Notes, 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 Notes. 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 a series of lawsuits involving state-calculated assessments of unitary property ("unitary taxes"). These lawsuits have been brought by telecommunication companies and an electric utility company. While each of these lawsuits is separate, they all seek refunds of property taxes that have been paid under California's "pay first, litigate later" rule. Practically, this means that the County may be required to issue significant refunds to these providers. 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. The County acts as a pass-through for the unitary taxes as set forth above. If these companies prevail, the County would be responsible for issuing refunds and then collecting or offsetting future amounts of revenue from these special districts. As such, the County has issued notices to said districts pursuant to Revenue and Taxation Code Sections 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.

First, AT&T, T-Mobile, Sprint and several other companies (the "Telecommunication Companies") have each filed lawsuits against the County seeking a refund of unitary taxes paid for tax years ranging from 2014-2015 to the present. 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 Telecommunication Companies are seeking a refund amount, in total, of approximately \$25,000,000 to \$35,000,000 in taxes. The lead case, *AT&T v. County of Riverside*, was initially stayed by agreement of the parties due to a parallel lawsuit involving the County of Santa Clara, which lawsuit ended with an appellate decision in favor of the government. AT&T subsequently resumed its case against the County of Riverside. The other unitary tax cases are currently stayed pending the outcome of the AT&T case. The County does not anticipate resolution of the AT&T case until at least 2024.

Second, the County is also facing another unitary tax lawsuit entitled *Southern California Edison v. Board of Equalization*. This lawsuit was filed by electric utility provider Edison against the State's Board of Equalization and nineteen (19) counties, including the County, seeking a total refund of approximately \$5.5 billion. The County received approximately \$53,329,392 in Fiscal Year 2020-2021 at the valuation approved by the State. Edison would like that amount to be reduced by approximately 10.32% resulting in an adjusted tax of approximately \$42,872,680. As such, Edison seeks a refund from the County in the amount of approximately \$10,456,712. Edison has filed identical lawsuits for two additional years as well. In total, the potential total refund to Edison for all three years would be approximately \$35,000,000. Of note, the County acts as a pass-through agency, and, if Edison were to prevail, a majority of the refunded amount would be attributable to cities, special districts and school districts that receive the unitary tax revenue. This matter is being heard in Orange County Superior Court. The County does not anticipate a ruling in this matter until late 2024 or early 2025.

The County is also currently involved in fifteen separate lawsuits wherein the plaintiffs allege they were sexually abused in foster homes in which they were placed by the Riverside County Department of Public Social Services between 1971 and 2012. The County is evaluating and responding to the litigation and claims but is unable, at this time, to provide any additional details as to the resolution of these matters due to the preliminary nature of the litigation, the time periods during which the sexual abuse is alleged to have occurred and other factors.

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), with an optional excess liability program aggregate of \$50 million, is insured through Public Risk Innovation, Solutions, and Management ("PRISM," formerly known as 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 PRISM, 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 PRISM. Long-term disability income claims are fully insured by an independent carrier.

The PRISM 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 and a minimum of \$200 million for 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.

SECTION III – BUDGETARY INFORMATION

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. Such policies can be found on the County’s website at the following link: *Financial Policies*.

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 No. 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 public safety sales tax), documentary transfer tax, tobacco settlement revenue, 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 No. B-25, Pension Management Policy, which was last revised in March 2022 as the Pension Management and Other Post-Employment Benefits (the “Pension Management Policy”) policy. The County has created this policy to ensure the financial stability of the County through proper management. The purpose is to safeguard the public trust by assuring prudent decisions regarding the County’s pension plans, Other Post-Employment Benefits (OPEB), Section 115 Trusts (Pension and OPEB), and other retirement or termination related items such as compensated absences for employees’ accrued annual, vacation or sick leave balances, providing proper oversight of the benefits provided, and their associated cost. This Policy applies to all County defined benefit pension plans currently administered by the California Public Employees Retirement System (“CalPERS”), the Section 115 OPEB Trust administered by California Employers’ Benefit Trust (CERBT), the Temporary and Part-Time Employees’ Retirement Plan (a defined benefit program for its Temporary Assistance Program (“TAP”) employees) administered by the County, and the Section 115 Pension Trust administered by Public Agency Retirement Services (PARS), collectively the “Plans”.

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 the full cost of annual debt service

on pension obligation bonds outstanding, collect designated annual contributions that the County has established with its liability management fund and its Section 115 Pension Trust(s) 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 are required to include the full amount of estimated pension cost in the contract or grant by Board policy. Upon the termination of such contracts or grants, a termination payment may be negotiated to reflect any unfunded liability associated with such employees.

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 actuarial report on the County’s pension cost projections in order to ensure that the County has adequate information concerning its long-term pension obligations.

PARC is comprised of a representative from the County Executive Office, County Treasurer-Tax Collector, Human Resources Director, County 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, the Temporary and Part-Time Employees’ Retirement plan, the Other Post-Employment Benefits plan and Section 115 OPEB Trust and, the County’s Section 115 Pension Trusts. PARC reviews proposed changes to 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 has established a liability management fund in connection with the initial debt issuance and may do so with any future issuance and/or a Section 115 Pension Trust. Such liability management funds and Section 115 Pension Trusts 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 CalPERS pension obligations, and potential savings from such early payment.

See the caption “SECTION IV—FINANCIAL INFORMATION—Retirement Program” for information regarding PARC and PARC’s 2023 Annual Report.

Debt Management Policy. Board Policy No. B-24, Debt Management Policy (the “Debt Management Policy”), adopted in October 2003 and last revised in November 2017, was created to ensure the financial stability of the County, reduce the County’s cost of borrowing, and protect the County’s credit quality through proper debt management. 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 pay-as-you-go or grant funding, 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. 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 policy provides for a variable rate debt ratio in an amount not to exceed 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 refundings. 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 a representative from the County Executive Office, as chair, the County Treasurer-Tax Collector, the County Auditor-Controller, County Counsel, the Office of Economic Development, 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 No. B-21, County Investment Policy (the "Investment Policy"), adopted in April 1999 and last revised in May 2022, safeguards public funds by assuring the County follows prudent investment practices and provides proper oversight of these investments. The policy applies to all funds held in the County Treasury, and to those held in trust outside of the County Treasury. The County Treasurer-Tax Collector 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-Tax Collector 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 No. 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 pays 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 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;

(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; and

(e) The Mead Valley Infrastructure Fund was similarly approved to direct 25% of future sales and use tax revenue growth of the specified commercial/industrial zone for infrastructure and public services in the Mead Valley community.

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.

The CIP team solicits project lists from departments through the Assistant County Executive Officers (ACEOs) of each portfolio. Each ACEO provides their prioritized list to the County Executive Officer and Executive Management team to develop a County-wide ranked priority list for capital projects. 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.

Budgetary Process

General. 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 internal budget forecast based on conservative revenue assumptions derived internally and from information provided by external consultants and includes projections in the out years for labor and pension increases. The current forecast reflects a continuing trend of cost increases outpacing revenue growth, such that without

corrective action steps taken, structural balance would not likely be attained, and the 25% reserve target implemented by the Board of Supervisors would not be met in Fiscal Years 2023-24 through 2027-28. In Fiscal Years 2018-19 and 2019-20, the County's reserves exceeded the target. The County's reserves also exceeded the target in Fiscal Year 2020-21, due to CARES Act reimbursement of General Fund costs related to COVID-19, and in Fiscal Year 2021-22, due to increasing revenues as well as \$12.6 million in unspent contingency funds. Factors driving cost increases include increased labor, medical and pension costs, and unanticipated one-time costs. See "SECTION IV—FINANCIAL INFORMATION—Labor Relations" and "—Retirement Program." 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 vs. ongoing 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.

Fiscal Year 2022-23 Budget

On June 21, 2022, following budget hearings held by the Board of Supervisors on June 13 and 14, 2022, the Board approved the Fiscal Year 2022-23 Budget (the "Fiscal Year 2022-23 Budget") which includes total General Fund appropriations of approximately \$4.3 billion. For Fiscal Year 2022-23, the County estimates that approximately 64.8% of its General Fund budget revenues in the Fiscal Year 2022-23 Budget will consist of payments from the State and Federal government. Discretionary revenue is budgeted at approximately \$1.013 billion for Fiscal Year 2022-23, an increase of approximately 10% from the Adopted Budget for Fiscal Year 2021-22. The increase is due primarily to modestly rising property-related tax revenues, as well as sales tax and interest earnings. The Fiscal Year 2022-23 Budget is structurally balanced with discretionary spending of approximately \$1.013 billion. Property tax revenue is budgeted at approximately \$459.4 million (including \$140.6 million in redevelopment tax increment pass-through funds) for Fiscal Year 2022-23 and represents approximately 45.3% of the County's discretionary revenue. Property tax estimates assume an increase in assessed valuation in Fiscal Year 2022-23 of 6% from Fiscal Year 2021-22. In addition, the County estimates that sales tax revenue will increase by 28.4% from Fiscal Year 2021-22.

As part of its ongoing efforts, 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 departmental spending with allocated net County cost. The County's General Fund unassigned fund balance at the end of Fiscal Year 2022-23 was projected at approximately \$368 million, which is approximately \$115 million above Board policy.

Midyear 2022-23 Budget Report

On February 28, 2023, the County Executive Officer presented the Fiscal Year 2022-23 Midyear Budget Report to the Board. At the end of the second quarter, the County's financial position improved relative to the Adopted Budget. As a result of an investment in capital improvement projects, there was a \$16 million increase in one-time net County cost from \$1.013 billion to \$1.029 billion, while discretionary revenue was projected higher by \$89 million from \$1.013 billion to \$1.102 billion. The largest increases in revenue were primarily attributable to property taxes, and interest earnings due to the Federal Reserve increasing short-term interest rates. The County's General Fund unassigned fund balance updated projection is to end the year at approximately \$537 million, approximately \$261 million above Board policy.

Third Quarter 2022-23 Budget Report

On May 23, 2023, the County Executive Officer presented to the Board of Supervisors the Fiscal Year 2022-23 Third Quarter Budget Report. The County's projected discretionary revenue estimates increased from the Adopted Budget by approximately \$88 million (from \$1.013 billion to \$1.102 billion). Approximately \$70 million of the increase to the County's projected discretionary revenue estimates can be attributed to a property tax increase of \$36 million, and interest earnings increase of \$34 million. In addition, while not discretionary

revenue, the Prop. 172 public safety sales tax estimate by HdL Companies was revised higher by \$13.3 million. Net County cost projections remained the same as midyear at \$1.029 billion from \$1.013 billion. In the Third Quarter Budget Report, the County projected that the General Fund unassigned fund balance would end the year at approximately \$536 million, approximately \$261 million above Board Policy.

Fiscal Year 2023-24 Adopted Budget

On June 12 and 13, 2023, the Board of Supervisors held budget hearings regarding the Fiscal Year 2023-24 Budget (the "Fiscal Year 2023-24 Budget") which includes total General Fund appropriations of approximately \$4.99 billion. For Fiscal Year 2023-24, the County estimates that approximately 66.8% of its General Fund budget revenues in the Fiscal Year 2023-24 Budget will consist of payments from the State and Federal government. Discretionary revenue is budgeted at approximately \$1.143 billion for Fiscal Year 2023-24, an increase of approximately 13% from the Adopted Budget for Fiscal Year 2022-23. The increase is due primarily to modestly rising property-related tax revenues, as well as interest earnings and sales tax. The Fiscal Year 2023-24 Budget is structurally balanced with discretionary spending of approximately \$1.125 billion. The remaining \$18 million will be set aside in reserves and a deferred maintenance fund. Property tax revenue is budgeted at approximately \$505 million (including \$160 million in redevelopment tax increment pass-through funds) for Fiscal Year 2023-24 and represents approximately 44% of the County's discretionary revenue. Property tax estimates assume an increase in assessed valuation in Fiscal Year 2023-24 of 7% from Fiscal Year 2022-23. In addition, the County estimates that sales tax revenue will increase by 15% from Fiscal Year 2022-23.

The County's reserve balance at the end of Fiscal Year 2023-24 is projected at approximately \$536 million, approximately \$250 million above Board policy. The Fiscal Year 2023-24 Budget was approved by the Board of Supervisors on June 27, 2023.

Historical Budgets

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 2019-20 THROUGH 2023-24
(IN MILLIONS)

| | <i>2019-20</i> <i>Budget</i> | <i>2020-21</i> <i>Budget</i> | <i>2021-22</i> <i>Budget</i> | <i>2022-23</i> <i>Budget</i> | <i>2023-24</i> <i>Budget</i> |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <u>REQUIREMENTS</u> | | | | | |
| General Government | \$ 156.4 | \$ 226.7 | \$ 235.7 | \$ 267.0 | \$ 267.0 |
| Public Protection | 1,513.8 | 1,605.1 | 1,695.0 | 1,879.8 | 2,027.7 |
| Health and Sanitation | 737.2 | 764.2 | 786.4 | 904.5 | 1,135.5 |
| Public Assistance | 1,049.4 | 1,156.8 | 1,211.4 | 1,225.8 | 1,517.7 |
| Education | 0.7 | 0.6 | 0.7 | 0.7 | 0.8 |
| Recreation and Cultural | 2.2 | 2.1 | 3.3 | 4.4 | 4.5 |
| Debt Retirement-Capital Leases | 14.5 | 14.5 | 19.1 | 21.9 | 20.0 |
| Contingencies | 17.6 | 20.0 | 20.0 | 20.0 | 20.0 |
| Increase to Reserves | <u>19.6</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Total Requirements ⁽²⁾ | \$ 3,511.4 | \$ 3,790.0 | \$ 3,971.6 | \$ 4,324.1 | \$ 4,993.3 |
| <u>AVAILABLE FUNDS</u> | | | | | |
| Use of Fund Balance and Reserves | \$ 0.0 | \$ 60.8 | \$ 73.8 | \$ 36.7 | \$ 2.2 |
| Estimated Revenues: | | | | | |
| Property Taxes | 333.9 | 357.0 | 397.3 | 439.6 | 486.7 |
| Other Taxes | 4.6 | 4.2 | 5.9 | 7.2 | 8.4 |
| Licenses, Permits and Franchises | 20.8 | 20.5 | 21.0 | 21.9 | 22.9 |
| Fines, Forfeitures and Penalties | 62.5 | 76.1 | 62.9 | 59.0 | 59.7 |
| Use of Money and Properties | 28.2 | 15.0 | 15.8 | 24.9 | 59.7 |
| Aid from Other Governmental Agencies: | | | | | |
| State | 1,547.9 | 1,637.0 | 1,726.1 | 1,824.9 | 2,213.8 |
| Federal | 718.6 | 780.5 | 837.9 | 943.7 | 1,121.9 |
| Charges for Current Services | 627.3 | 643.8 | 640.1 | 720.1 | 764.2 |
| Other Revenues | <u>167.6</u> | <u>195.1</u> | <u>190.8</u> | <u>246.1</u> | <u>253.7</u> |
| Total Available Funds ⁽²⁾ | \$ 3,511.4 ⁽³⁾ | \$ 3,790.0 | \$ 3,971.6 | \$ 4,324.1 | \$ 4,993.3 |

⁽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 \$21.0 million in Fiscal Year 2018-19 and \$19.6 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.

SECTION IV – FINANCIAL INFORMATION

Employees

The following table sets forth the number of County employees for the last ten calendar years.

**TABLE 13
COUNTY OF RIVERSIDE
REGULAR EMPLOYEES**

| <i>Year</i> | <i>Regular Employees⁽¹⁾</i> |
|-------------|--|
| 2013 | 18,728 |
| 2014 | 18,620 |
| 2015 | 19,244 |
| 2016 | 19,404 |
| 2017 | 19,409 |
| 2018 | 19,102 |
| 2019 | 19,569 |
| 2020 | 20,131 |
| 2021 | 20,270 |
| 2022 | 20,656 |
| 2023 | 21,314 |

⁽¹⁾ As of December 31st of each year for years 2013 through 2022; as of August 1 for year 2023. Excludes temporary and per diem employees.

Source: County of Riverside Human Resources.

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 68.6% of all County employees in a variety of job classifications*. 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.

* This percentage is calculated based off of regular, temporary, and per diem employees for all groups.

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

**TABLE 14
COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS⁽¹⁾**

| <i>Bargaining Units or Employee Group</i> | <i>Number of Employees⁽²⁾</i> | <i>Expiration Date of Contract</i> |
|--|--|------------------------------------|
| Management, Confidential, and Other Unrepresented | 1,669 | N/A ⁽³⁾ |
| Law Enforcement Management Unit (LEMU) | 488 | February 1, 2026 |
| Riverside County Deputy District Attorneys' Association (RCDDAA) | 398 | December 31, 2025 |
| Riverside Sheriffs' Association (RSA) LEU | 1,631 | December 9, 2024 |
| Riverside Sheriffs' Association (RSA) Corrections | 1,010 | December 9, 2024 |
| Riverside Sheriffs' Association Public Safety Unit (RSA) | 497 | October 26, 2025 |
| Service Employees International Union (SEIU) | 8,630 | January 27, 2024 |
| Service Employees International Union (SEIU) Per Diem Unit | 501 | November 30, 2024 |
| Laborers' International Union of North America (LIUNA) | 7,767 | October 19, 2024 |
| In-Home Supportive Services (IHSS) | <u>N/A⁽⁴⁾</u> | December 31, 2025 |
| Total | <u>22,591</u> | |

(1) Includes all County districts.

(2) As of August 1, 2023. Excludes temporary, unrepresented per diem, and seasonal employees. Includes (SEIU) Per Diem Unit.

(3) Management, Confidential and Other Unrepresented employees are not represented by a bargaining unit and do not have a collective bargaining agreement with the County.

(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. Home care workers are employed by the consumers of the services, who have the right to hire, train, supervise and terminate the home care workers who assist them.

Source: County of Riverside Human Resources.

In the most recent contracts, increases of 2% to 8% 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 also provides a subsidy to employees with one or more dependents enrolled in a County medical plan to help pay for the cost of health care. The County believes that its benefits and 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 pension reform, the County's retirement plan currently includes three tier levels of benefits.

TABLE 15
COUNTY OF RIVERSIDE
EMPLOYEES PER RETIREMENT TIER⁽¹⁾
(As of August 1, 2023)

| <i>Tier Level</i> | <i>Number of Employees in Tier Level</i> |
|-------------------|--|
| Tier 1 | 8,042 |
| Tier 2 | 829 |
| Tier 3 | <u>13,216</u> |
| Total | 22,087 |

⁽¹⁾ Excludes districts, temporary, per diem, and seasonal employees.
Source: County of Riverside Human Resources.

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). Each tier of retirement benefits specifies the percentage of a retiree’s final compensation for each year of credited service and a specified retirement age; for example, miscellaneous Tier I members are entitled to retire at age 60 with 3% of their final compensation for each year of service credit. 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, 2022, which are included in APPENDIX B — “COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

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 2022 will dictate what the County contributes in Fiscal Year 2023-24 for CalPERS' Fiscal Year 2020-21). 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 percent of covered payroll). This change addressed 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, 2021, which was prepared in July 2022, is effective for the County's Fiscal Year 2023-24. 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, 2021, 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 2021 valuation sets the Fiscal Year 2023-24 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, 2021, the County's UAAL has 26 amortization bases with between 1 and 26 years remaining in their contribution schedule of amortization bases.

CalPERS adopted a new amortization policy effective with the June 20, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy also does not utilize a 5-year ramp-down on investment gains/losses. These changes will apply only to new UAAL bases established on or after June 30, 2019.

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 6.90% which is net of only investment expenses.) The underlying inflation rate is 2.30%. Demographic assumptions are based on studies of actual member experience and include 15 years of projected mortality improvement.

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.

On July 12, 2021, CalPERS announced that the 21.3% net return on investments for the 12-month period that ended June 30, 2021, will trigger a reduction in the discount rate or assumed rate of return, and will drop to 6.8%, from its current level of 7%. The new discount rate are reflected in the contribution levels in Fiscal Year 2023-24.

Copies of the County's actuarial valuations are available on CalPERS website, <https://www.calpers.ca.gov/>.

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 III member contribution rates for the Miscellaneous Plan are 7% and 7.25%, respectively. For the Safety Plan, the Tier I and Tier II member contribution rate is 9%, and the Tier III member contribution rate is 12.50%. 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, 2023, the required Safety Plan PEPR member contribution rate will be 13.50% 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, 2021, the CalPERS actuary recommended an employer normal cost contribution rate of 11.79% (projected to be \$155 million) be implemented as the required rate for Fiscal Year 2023-24, and an employer unfunded liability payment of \$148.8 million, which the County anticipates will result in a contribution to CalPERS of approximately \$303.9 million for that fiscal year. In the actuarial valuation for the Safety Plan as of June 30, 2021, the CalPERS actuary recommended an employer normal cost contribution rate of 21.73% (projected to be \$76.4 million) be implemented as the required rate for Fiscal Year 2023-24, and an employer unfunded liability payment of \$54.6 million, which the County anticipates will result in a contribution to CalPERS of approximately \$131.0 million for that fiscal year. The County's total CalPERS contribution (Miscellaneous Plan and Safety Plan) for Fiscal Year 2023-24 is projected to be approximately \$434.9 million. The County generally pays the unfunded liability payments early, at the beginning of each fiscal year, and receives a discount of approximately 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 \$126.9 million as of February 15, 2023, with annual debt service payments (principal and interest for Fiscal Year 2022-23) of

approximately \$41.7 million. 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 Foster & Foster, Inc., the 2005 Pension Obligation Bonds have resulted in a net estimated gain to the County of approximately \$187.5 million as of February 15, 2023. 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 Pension Trust in each future year.

The County established its first Section 115 Pension Trust (the "Trust") in November 2016 with Public Agency Retirement Services ("PARS") serving as the administrator. 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.

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 20% of the County's total UAAL. The payments to CalPERS resulted in a net pension asset of \$715.8 million, \$371.5 million of which was applied to the County's UAAL for the Miscellaneous Plan and \$344.3 million of which was applied to the County's UAAL for the Safety Plan. The 2020 Pension Obligations Bonds remain outstanding in the principal amount of \$621.7 million as of February 15, 2023, with annual debt service payments (principal and interest for Fiscal Year 2021-22) of approximately \$53.4 million. According to Foster & Foster, Inc., the 2020 Pension Obligation Bonds have resulted in a net estimated gain to the County of approximately \$68.1 million as of February 15, 2023. As part of the approval process in April 2020 for the sale of the 2020 Pension Obligation Bonds, the Board of Supervisors directed that the payment reductions (savings), estimated at \$230.8 million over the eighteen-year life of the bonds, be captured each year and deposited into a dedicated Section 115 Pension Trust. The second Trust account was established in July 2020. Funds have since been dollar-cost averaged over time into the Trust(s) and now total a combined \$76.2 million, as of March 31, 2023. Since inception, no funds have been drawn from the Trust(s).

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 of the last five years for which the data was available:

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**TABLE 16
HISTORICAL FUNDING STATUS
(Safety Plan)**

| <i>Valuation Date June 30</i> | <i>Unfunded Accrued Liability</i> | <i>Funded Status (Market Value)</i> | <i>Affects County Contribution for Fiscal Year</i> | <i>County Contribution Amount⁽¹⁾</i> | <i>County Offsets of Employee Contributions</i> |
|-----------------------------------|-----------------------------------|-------------------------------------|--|---|---|
| 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 |
| 2019 ⁽²⁾ | 1,115,122,032 | 71.1 | 2021-22 | 118,247,426 | 0 |
| 2020 | 832,266,670 | 79.4 | 2022-23 | 124,872,869 | 0 |
| 2021 | 488,733,498 | 88.9 | 2023-24 | 131,038,288 | 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 or 2020 pension obligation bonds, or otherwise.

⁽²⁾ 2019 figure does not reflect the amount of \$344.2 million contributed by the County from the proceeds of the County of Riverside Taxable Pension Obligation Bonds, Series 2020.

Source: CalPERS Actuarial Valuation Reports for June 30, 2017 through June 30, 2021 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

**TABLE 17
HISTORICAL FUNDING STATUS
(Miscellaneous Plan)**

| <i>Valuation Date June 30</i> | <i>Unfunded Accrued Liability</i> | <i>Funded Status (Market Value)</i> | <i>Affects County Contribution for Fiscal Year</i> | <i>County Contribution Amount⁽¹⁾</i> | <i>County Offsets of Employee Contributions</i> |
|-----------------------------------|-----------------------------------|-------------------------------------|--|---|---|
| 2017 | \$2,115,475,543 | 71.6% | 2019-20 | \$265,021,457 | \$290,401 |
| 2018 | 2,416,961,672 | 70.4 | 2020-21 | 297,035,219 | 287,040 |
| 2019 ⁽²⁾ | 2,499,686,250 | 70.9 | 2021-22 | 283,962,428 | 279,811 |
| 2020 | 2,246,650,531 | 75.0 | 2022-23 | 295,705,279 | 260,801 |
| 2021 | 1,397,148,552 | 85.6 | 2023-24 | 303,959,728 | 183,145 |

⁽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 or 2020 pension obligation bonds, or otherwise.

⁽²⁾ 2019 figure does not reflect the amount of \$371.5 million contributed by the County from the proceeds of the County of Riverside Taxable Pension Obligation Bonds, Series 2020.

Source: CalPERS Actuarial Valuation Reports for June 30, 2017 through June 30, 2021 (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 18
SCHEDULE OF FUNDING PROGRESS
(Safety Plan)**

| <i>Valuation Date June 30</i> | <i>Accrued Liability (a)</i> | <i>Market Value of Assets (b)</i> | <i>Unfunded Liability (a-b)</i> | <i>Funded Status (Market Value) (b/a)</i> | <i>Annual Covered Payroll (c)</i> | <i>Unfunded Liability as a Percentage of Payroll ((a-b)/c)</i> |
|-----------------------------------|----------------------------------|---|---|---|---|--|
| 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 |
| 2019 ⁽²⁾ | 3,857,810,725 | 2,742,688,693 | 1,115,122,032 | 71.1 | 304,732,882 | 365.9 |
| 2020 | 4,045,933,495 | 3,213,666,825 | 832,266,670 | 79.4 | 316,205,748 | 263.2 |
| 2021 | 4,416,850,557 | 3,928,117,059 | 488,733,498 | 88.9 | 323,672,580 | 151.0 |

⁽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⁾ 2019 figure does not reflect the amount of \$344.2 million contributed by the County from the proceeds of the County of Riverside Taxable Pension Obligation Bonds, Series 2020.

Source: CalPERS Actuarial Valuation Reports for June 30, 2016 through June 30, 2021.

**TABLE 19
SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)**

| <i>Valuation Date June 30</i> | <i>Accrued Liability (a)</i> | <i>Market Value of Assets (b)</i> | <i>Unfunded Liability (a-b)⁽²⁾</i> | <i>Funded Status (Actuarial Value) (b/a)</i> | <i>Annual Covered Payroll (c)</i> | <i>UAAL as a Percentage of Payroll ((a-b)/c)</i> |
|-----------------------------------|----------------------------------|---|---|--|---|--|
| 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 |
| 2019 ⁽²⁾ | 8,602,935,143 | 6,103,248,893 | 2,499,686,250 | 70.9 | 1,145,579,094 | 218.2 |
| 2020 | 8,992,723,006 | 6,746,072,475 | 2,246,650,531 | 75.0 | 1,182,860,410 | 189.9 |
| 2021 | 9,670,471,442 | 8,273,322,890 | 1,397,148,552 | 85.6 | 1,211,043,768 | 115.4 |

⁽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⁾ 2019 figure does not reflect the amount of \$371.5 million contributed by the County from the proceeds of the County of Riverside Taxable Pension Obligation Bonds, Series 2020.

Source: CalPERS Actuarial Valuation Reports for June 30, 2016 through June 30, 2021.

The following table shows the percentage of salary which the County was responsible for contributing to CalPERS from Fiscal Year 2018-19 through Fiscal Year 2023-24 to satisfy its retirement funding obligations.

**TABLE 20
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| <i>Valuation Date June 30</i> | <i>Affects Contribution Rate for Fiscal Year:</i> | <i>Safety Plan</i> | <i>Employer Payment of Unfunded Liability</i> | <i>Miscellaneous Plan</i> | <i>Employer Payment of Unfunded Liability</i> |
|-----------------------------------|---|------------------------|---|---------------------------|---|
| 2016 | 2018-19 | 18.464% ⁽¹⁾ | \$48,790,038 | 10.458% ⁽¹⁾ | \$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 |
| 2019 | 2021-22 | 20.740 | 49,686,992 | 11.160 | 145,275,743 |
| 2020 | 2022-23 | 20.240 | 55,446,291 | 10.760 | 157,637,843 |
| 2021 | 2023-24 | 21.730 | 54,629,206 | 11.790 | 148,845,017 |

⁽¹⁾ Beginning in Fiscal Year 2017-18, CalPERS collects 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 approximately 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 Valuation Reports for June 30, 2016 through June 30, 2021.

Projected County Contributions. As described above under the heading "SECTION I— DEMOGRAPHIC AND ECONOMIC INFORMATION—General," in 2003 the County established the PARC, which annually prepares a report for the Board. PARC's 2023 Annual Report projects the following contribution to CalPERS (including both normal cost and UAAL amortization):

**TABLE 21
PROJECTED COUNTY CONTRIBUTIONS
(Safety Plan)⁽¹⁾**

| <i>Fiscal Year</i> | <i>County Rate</i> | <i>County Payment</i> |
|--------------------|--------------------|-----------------------|
| 2022-23 | 47.2% | \$161,966,000 |
| 2023-24 | 48.2 | 169,451,000 |
| 2024-25 | 49.1 | 177,434,000 |
| 2025-26 | 49.1 | 182,328,000 |
| 2026-27 | 51.0 | 194,710,000 |

⁽¹⁾ Projections are based on data from a report prepared by Foster & Foster, Inc. dated November 9, 2022 and include debt service on the County's 2005 and 2020 Pension Obligation Bonds.

Source: PARC 2023 Annual Report.

TABLE 22
PROJECTED COUNTY CONTRIBUTIONS
(Miscellaneous Plan)⁽¹⁾

| <i>Fiscal Year</i> | <i>County Rate</i> | <i>County Payment</i> |
|--------------------|--------------------|-----------------------|
| 2022-23 | 28.0% | \$359,879,000 |
| 2023-24 | 28.2 | 370,495,000 |
| 2024-25 | 28.4 | 383,449,000 |
| 2025-26 | 27.9 | 387,249,000 |
| 2026-27 | 28.9 | 413,134,000 |

⁽¹⁾ Projections are based on data from a report prepared by Foster & Foster, Inc. dated November 9, 2022 and include debt service on the County's 2005 and 2020 Pension Obligation Bonds.
Source: PARC 2023 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. CalPERS reported an annualized rate of return of 21.3% for Fiscal Year 2020-21 and an annualized rate of return of negative 6.1% for Fiscal Year 2021-22. The County's projected contribution rates shown in PARC's 2023 Annual Report are based on CalPERS' Fiscal Year 2020-21 investment returns. Actual investment returns lower than the actuarially assumed level will result in decreased funding status and increased actuarially required contribution.

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. As of June 30, 2022, the DBPP was funded at 81.6%, and the contribution level was 0%. However, the County has maintained the contribution rate of 5.58% to drive the funded status higher. The County's contribution to the DBPP was \$811,519 for Fiscal Year 2020-21, \$2,281,919 for Fiscal Year 2021-22 and \$3,140,160 for Fiscal Year 2022-23. The DBPP's unfunded liabilities as of June 30, 2022, were approximately \$12,678,329. Overall, the DBPP's plan's funded status decreased, and Net Pension Liability increased due to fewer terminations than expected and a large number of actives transferring to full-time, resulting in a net liability gain; assets were lower than expected due to unfavorable investment return on plan assets—17.4% actual compared to 6.0% assumed. Retirement and termination assumptions were updated to reflect results from the 2021 CalPERS Assumption study, resulting in small increases in liabilities. A large number of lump sum payments made at the end of Fiscal Year 2021-22 at a lower interest rate than the long term assumed rate resulted in a liability loss, and the salary increase assumption was updated from 2.75% to 2.80%, resulting in a small increase in liabilities.

Other Post-Employment Benefits (OPEB). 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 Board of Supervisors took action on October 25, 2006 to set aside \$10 million as a contribution for OPEB. On November 7, 2007 the irrevocable OPEB Trust was established with the California Employers' Retiree Benefit Trust ("CERBT") and funded with a payment of \$10.4 million. As of June 30, 2022, the OPEB Trust had a balance of \$76.4 million.

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.

The County obtains actuarial valuations of its OPEB obligations from Aon, with the most recent calculated as of June 30, 2022. Based on the combination of plans and contribution levels that the County offers, assuming an investment rate of 7.0%, the present value of benefits was estimated to be \$322.3 million, the accrued actuarial liability was estimated to be \$247.5 million and the annual normal cost was \$9.1 million. The County's OPEB funded ratio including implicit subsidy was 30.9% and excluding implicit subsidy, 58.2%.

According to the valuation, the County's funding contribution for Fiscal Year 2021-22 is approximately \$16.3 million and approximately \$14.1 million in Fiscal Year 2022-23. Pursuant to Board Policy B-25, Pension Management and Other Post-Employment Benefits, the County will follow a multi-year plan of improving its funded ratio. The current actuarial schedule projects the desired 80% minimum funding level, excluding implicit subsidy, would be reached in 2025 with \$16.2 million to be charged to departments annually beginning in Fiscal Year 2021-22, which currently, as a percentage of payroll, represents approximately 1.1%. Each year the annual required contribution to the Trust is evaluated and adjusted accordingly.

The valuation states that 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 County 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 \$25 million. Beyond the higher participation impact, UAAL and costs are higher than expected based on a projection from the prior valuation, as a net result of the following factors: 1) a change to allow LIUNA groups to become eligible for CalPERS plans, 2) an update in the future plan participation assumption (i.e., retirees electing coverage), which both result in an increase in liability, and, 3) incorporated an explicit lapse assumption to better reflect the impact of retirees electing to drop coverage in the future, resulting in a decrease in liability. Furthermore, the increase is also due to: expected return on assets was reduced in the CERBT Strategy 2 account with an assumed return of 6.15% to 7.00%, reflecting higher expectations. As a result, the discount rate similarly decreased, resulting in an increase in liability. Deferred retirees eligible for CalPERS health plans elected coverage higher than previously assumed, resulting in a liability loss. Investment return was lower than expected, resulting in an asset loss.

In addition to the multi-year plan of adjusting annual required contributions to increase the funded ratio, at its January 2021 meeting, the Pension Advisory Review Committee reviewed and approved a dollar cost average transitioning from CERBT's Strategy 2 account (long-term expected return of 5.90%) into the Strategy 1 account (long-term expected return of 6.30%) over the course of twelve months.

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 minimum \$38.06 fee for preparation of delinquent tax record, a minimum \$36.45 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 the last ten Fiscal Years.

TABLE 23
COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
SECURED PROPERTY TAX ROLL⁽¹⁾

| <i>Fiscal Year</i> | <i>Secured Property Tax Levy</i> | <i>Current Levy Delinquent June 30</i> | <i>Percentage of Current Taxes Delinquent June 30⁽²⁾</i> | <i>Total Collections⁽³⁾</i> | <i>Percentage of Total Collections to Current Levy⁽³⁾</i> |
|--------------------|----------------------------------|--|---|--|--|
| 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 | 1.52 | 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 | 62,930,733 | 1.67 | 3,768,906,901 | 100.18 |
| 2019-20 | 3,964,853,341 | 83,339,399 | 2.10 | 3,944,201,906 | 99.48 |
| 2020-21 | 4,185,760,961 | 70,727,830 | 1.69 | 4,201,081,747 | 100.37 |
| 2021-22 | 4,424,068,721 | 64,395,731 | 1.46 | 4,428,241,989 | 100.09 |
| 2022-23 | 4,815,817,368 | 81,206,837 | 1.69 | 4,784,421,257 ⁽⁴⁾ | 99.35 ⁽⁴⁾ |

⁽¹⁾ The Levy and Collection data reflect the 1% levy allowed under Article XIII A 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 year taxes collected only and prior years' redemptions, penalties and interest distributed as of June 30, 2023.

⁽⁴⁾ Total adjusted tax levy as of June 30, 2023.

Source: County Auditor-Controller.

TABLE 24
UNSECURED PROPERTY TAX ROLL⁽¹⁾

| <i>Fiscal Year</i> | <i>Unsecured Property Tax Levy</i> | <i>Total Collections⁽²⁾</i> | <i>Percentage of Total Collections to Original Levy⁽²⁾</i> |
|--------------------|------------------------------------|--|---|
| 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 | 106,502,808 | 109.72 |
| 2019-20 | 103,243,149 | 105,370,218 | 102.06 |
| 2020-21 | 108,068,113 | 108,896,346 | 100.77 |
| 2021-22 | 118,425,447 | 129,565,509 | 109.41 |
| 2022-23 | 141,148,015 ⁽³⁾ | 138,837,917 | 98.36 |

⁽¹⁾ The Levy and Collection data reflect the 1% levy allowed under Article XIII A 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' taxes, redemptions, penalties and interest in unsecured taxes.

⁽³⁾ Total adjusted tax levy as of June 30, 2023.

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 the last ten Fiscal Years:

TABLE 25
COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL⁽¹⁾
AD VALOREM PROPERTY TAXATION

| <i>Fiscal Year</i> | <i>Tax Levy for Increased Assessments⁽²⁾</i> | <i>Refunds for Decreased Assessments⁽²⁾</i> | <i>Net Supplemental Tax Levy</i> | <i>Collections⁽³⁾</i> |
|--------------------|---|--|----------------------------------|----------------------------------|
| 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 | 48,663,655 | 3,244,119 | 45,419,536 | 61,852,162 |
| 2019-20 | 55,304,570 | 4,793,074 | 50,511,496 | 43,283,527 |
| 2020-21 | 133,415,501 ⁽⁴⁾ | 9,830,606 | 123,584,895 | 117,273,827 |
| 2021-22 | 91,271,062 ⁽⁴⁾ | 7,758,188 | 83,512,874 | 111,110,969 |
| 2022-23 | 277,982,291 ⁽⁴⁾ | 7,351,558 | 270,630,733 | 231,128,002 |

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

⁽²⁾ Tax levy amounts are shown net of minimum tax less than \$15 and refund amounts are shown net of refund or negative supplemental taxes less than \$10 as of June 30, 2023.

⁽³⁾ Includes current and prior years’ taxes, penalties and interest collected (before refunds) as of June 30, 2023.

⁽⁴⁾ Tax levy fluctuation from Fiscal Year 2020-21 through Fiscal Year 2022-23 is partially due to the stabilization of the property tax system for the Assessor, Tax Collector and Auditor which delayed processing all supplemental transactions.

Source: County Auditor-Controller/County Treasurer-Tax Collector.

The following table sets forth the assessed valuation by category and property type for Fiscal Year 2019-20 through Fiscal Year 2023-24:

TABLE 26
COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE⁽¹⁾
FISCAL YEARS 2018-19 THROUGH 2022-23
(IN MILLIONS)

| <i>Category</i> | <i>2019-20</i> | <i>2020-21</i> | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| SECURED PROPERTY: | | | | | |
| Land | \$ 87,392 | \$ 90,586 | \$ 93,979 | \$ 100,649 | \$ 107,356 |
| Structures | 204,416 | 218,398 | 232,113 | 255,994 | 281,799 |
| Fixtures | 618 | 669 | 706 | 772 | 839 |
| Living Improvements | 81 | 81 | 85 | 85 | 86 |
| Personal Property | 889 | 948 | 947 | 980 | 1,097 |
| Penalty | 16 | 18 | 14 | 18 | 17 |
| Utilities | <u>6,317</u> | <u>6,956</u> | <u>6,813</u> | <u>8,026</u> | <u>8,858</u> |
| Total Secured | \$ 299,730 | \$ 317,655 | \$ 334,656 | \$ 366,524 | \$ 400,054 |
| UNSECURED PROPERTY: | | | | | |
| Land | 2 | 2 | 2 | 1 | 2 |
| Structures | 82 | 75 | 62 | 57 | 53 |
| Fixtures | 4,225 | 4,447 | 5,046 | 5,575 | 6,695 |
| Personal Property | 4,921 | 5,076 | 5,327 | 5,713 | 6,544 |
| Penalty | <u>95</u> | <u>83</u> | <u>80</u> | <u>85</u> | <u>124</u> |
| Total Unsecured | \$ 9,324 | \$ 9,683 | \$ 10,518 | \$ 11,431 | \$ 13,417 |
| GRAND TOTAL | \$ 309,054 | \$ 327,337 | \$ 345,174 | \$ 377,955 | \$ 413,471 |

⁽¹⁾ Assessed valuation is reported as of July 1 of each year at 100% of full taxable value. Pursuant to Article XIII A of the California Constitution (Proposition 13), property is valued for tax purposes at the 1975 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. Fiscal Year 2023-24 Equalized roll includes roll corrections up to August 16, 2023.

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. From and after Fiscal Years 2014-15, 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 by at least 5% each year from Fiscal Year 2015-16 to 2020-21. Assessed valuation in the County increased by approximately 9.5% in Fiscal Year 2022-23 as compared to Fiscal Year 2021-22. Assessed valuation increased by 9.37% in Fiscal Year 2023-24 as compared to Fiscal Year 2022-23.

Property Tax Appeals. The County estimates that it has received assessment appeals applicable to Fiscal Year 2022-23 totaling approximately \$16.2 billion of assessed value, although the County is still processing the case filings for Fiscal Year 2021-22 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 \$576 million of assessed value was reduced from the County tax roll in Fiscal Year 2020-21 and Fiscal Year 2021-22 due to appeals, representing \$5,760,000 in general purpose taxes over the two-fiscal year period. Approximately 9% of the Fiscal Year 2022-23 assessment appeals have been completed. The majority of the remaining Fiscal Year 2022-23 assessment appeals are expected to be completed by June 2024.

Motor Vehicle Fees In-Lieu of Property Taxes. The County receives an allocation of motor vehicle in-lieu tax from the State. The motor vehicle in-lieu tax is levied for the privilege of operating a vehicle on the public highways of the State. The motor vehicle registration fee is levied annually on all motor vehicles, trailer coaches, and other vehicles that use public highways of the State.

Teeter Plan

See the caption “THE COUNTY—Teeter Plan” in this Official Statement for information regarding the County’s Teeter Plan.

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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 2022-23:

**TABLE 27
COUNTY OF RIVERSIDE
TWENTY-FIVE LARGEST PROPERTY TAXPAYERS IN FISCAL YEAR 2022-23
BY TAX LEVIED⁽¹⁾**

| <i>Taxpayer</i> | <i>Total Taxes Levied</i> | <i>Percentage of Total Tax Charge</i> |
|---|---------------------------|---|
| DUKE REALTY LTD PARTNERSHIP | \$ 6,751,202.08 | 0.14% |
| COSTCO WHOLESALE CORP | 5,348,162.28 | 0.11 |
| FIRST INDUSTRIAL | 5,172,696.68 | 0.11 |
| KB HOME COASTAL INC | 4,528,155.04 | 0.09 |
| USEF CROSSROADS II | 4,342,081.14 | 0.09 |
| CHELSEA GCA REALTY PARTNERSHIP | 4,064,387.70 | 0.08 |
| WALGREEN CO | 3,756,911.82 | 0.08 |
| TYLER MALL LTD PARTNERSHIP | 3,595,129.78 | 0.07 |
| WAL MART REAL ESTATE BUSINESS TRUST | 3,550,030.74 | 0.07 |
| RIVERSIDE HEALTHCARE SYSTEM | 3,545,758.14 | 0.07 |
| GARDEN OF CHAMPIONS | 3,511,584.36 | 0.07 |
| LA SIERRA UNIVERSITY | 3,497,436.20 | 0.07 |
| ROSS DRESS FOR LESS INC | 3,492,137.08 | 0.07 |
| SCG ATLAS ASHTON CO | 3,484,360.80 | 0.07 |
| TARPON PROP OWNERSHIP | 3,443,663.24 | 0.07 |
| CASTLE & COOKE CORONA CROSSINGS | 2,918,423.58 | 0.06 |
| RICHMOND AMERICAN HOMES OF MARYLAND INC | 2,917,458.14 | 0.06 |
| CLUBCORP MISSION HILLS COUNTRY CLUB INC | 2,811,044.70 | 0.06 |
| LOWES HIW INC | 2,690,886.00 | 0.06 |
| TARGET CORP | 2,658,477.40 | 0.06 |
| TAI OW MONTEREY OWNER | 2,542,663.00 | 0.05 |
| HP LQ INVESTMENT | 2,527,729.96 | 0.05 |
| RAINTREE CORONA POINTE | 2,526,413.06 | 0.05 |
| BT OH | 2,443,546.96 | 0.05 |
| IDIL PERRIS FULFILLMENT CENTER | 2,356,338.06 | 0.05 |
| Total | \$ 88,476,677.94 | 1.84% |
| Total Secured Tax Charge for 2022-23 | \$4,800,284,534.03 | |

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

The 10 largest property owners in the County by assessed value for all properties, for Fiscal Year 2023-24 are shown below:

**TABLE 28
COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2023-24
BY ASSESSED VALUE**

| <i>Assessee</i> | <i>Assessed Value</i> |
|-----------------------------|---|
| AMAZON COM SERVICES LLC | \$ 745,960,853 |
| DUKE REALTY LTD PARTNERSHIP | 604,020,399 |
| DPIF3 CA 27 ARCHIBALD AVE | 473,393,501 |
| FIRST INDUSTRIAL | 470,833,052 |
| COSTCO WHOLESALE CORP | 455,287,689 |
| SPECTRUM PACIFIC WEST LLC | 366,868,856 |
| KAISER FOUNDATION HOSPITALS | 485,967,355 |
| RIVERSIDE HEALTHCARE SYSTEM | 335,746,167 |
| DUKE REALTY WEBSTER RIDER | 330,312,428 |
| I10 LOGISTICS OWNER | <u>328,602,166</u> |
| Subtotal | \$ 4,596,992,466 |
| All Others | <u>399,637,397,098</u> |
| Total | \$ 404,234,389,564⁽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 both Fiscal Years 2021-22 and 2022-23, the County retained approximately 19% of the total amount collected (and is budgeted to retain 19% in Fiscal Year 2023-24). 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. The net effect of the formation of a redevelopment area is to redistribute tax revenues away from the AB 8 formula. Local taxing authorities other than the former 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 former 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 following table summarizes the community redevelopment agencies’ frozen base value, full cash value increments, and total tax allocations for the last ten Fiscal Years.

**TABLE 29
COUNTY OF RIVERSIDE
COMMUNITY REDEVELOPMENT AGENCIES'
FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS
AND TOTAL TAX ALLOCATIONS**

| <i>Fiscal Year</i> | <i>Frozen Base Value</i> | <i>Full Cash Value Increments⁽¹⁾</i> | <i>Total Tax Allocations⁽²⁾⁽³⁾</i> |
|--------------------|--------------------------|---|---|
| 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 |
| 2020-21 | 16,352,657,201 | 90,024,188,096 | 902,599,217 |
| 2021-22 | 16,352,657,201 | 96,060,913,816 | 963,039,899 |
| 2022-23 | 16,352,657,201 | 107,115,726,887 | 1,073,672,542 |
| 2023-24 | 16,352,657,201 | 119,565,526,587 | 1,198,688,200 |

⁽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 former 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 the Redevelopment Property Tax Trust Fund (RPTTF) allocations under ABx126

⁽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 approximately \$43,195,558 in residual funds for Fiscal Year 2021-22, approximately \$55,351,436 in residual funds for Fiscal Year 2022-23, and has budgeted to receive approximately \$59,822,194 in residual funds for Fiscal Year 2023-24.

In Fiscal Years 2021-22 and 2022-23, the County received approximately \$135 million and \$149 million, respectively, in pass-through payments pursuant to agreements with various city redevelopment agencies. The County is projected to receive approximately \$160 million in Fiscal Year 2023-24. 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.

Enhanced Infrastructure Financing Districts

California Government Code Sections 53398.50-53398.88 (the “EIFD Law”) enables cities and counties in the state of California to form enhanced infrastructure financing districts (“EIFDs”) as a means of funding public improvements with a useful life of 15 years or more, that provide community wide benefit. To fund such improvements, the EIFD Law provides that an EIFD may issue bonds payable from, or utilize pay-as-you-go revenue generated from, *ad valorem* property tax increment and in-lieu Vehicle License Fee increment revenue resulting from increases in assessed valuation of property within designated EIFD areas. The net effect is that in EIFD areas, the County will realize tax revenues on a portion of the taxes generated in an EIFD area including: 1) on the “frozen” tax base; and 2) on the remaining portion of increment, after the Board of Supervisors approved percentage of increment has been allocated to the EIFD. The EIFD Law also provides that allocation of tax increment revenue to an EIFD is subordinate to allocation of increment revenue to obligations of any former redevelopment project areas, where EIFD boundaries might overlap with former redevelopment area boundaries.

On April 20, 2021, the County’s Board of Supervisors adopted a Resolution of Intention to Establish the Temecula Valley Wine Country Enhanced Infrastructure Financing District (the “Temecula Valley Wine Country EIFD”); on November 9, 2021, the Temecula Valley Wine Country EIFD’s Infrastructure Financing Plan was formally adopted; and on February 17, 2022, the State’s Board of Equalization sent confirmation of establishment of the Temecula Valley Wine Country EIFD in the form of a Notice of Tax Rate Area Change. The Temecula Valley Wine Country EIFD area is comprised of 825 parcels located on approximately 9,007 acres; the EIFD’s established base year was Fiscal Year 2022-23, and its first allocation of increment is expected in Fiscal Year 2023-24.

On May 24, 2022, the County’s Board of Supervisors adopted a Resolution of Intention to Establish the Highway 74 Enhanced Infrastructure Financing District (the “Highway 74 EIFD”); on November 8, 2022, the Highway 74 EIFD’s Infrastructure Financing Plan was formally adopted; and on February 17, 2023, the State’s Board of Equalization sent confirmation of establishment of the Highway 74 EIFD in the form of a Notice of Tax Rate Area Change. The Highway 74 EIFD area is comprised of 475 parcels located on approximately 941 acres; the EIFD’s established base year was also Fiscal Year 2022-23, and its first allocation of increment is also expected in Fiscal Year 2023-24.

The following table summarizes estimated increment revenue generation for both EIFDs for Fiscal Year 2023-24.

**TABLE 30
COUNTY OF RIVERSIDE
COMMUNITY ENHANCED INFRASTRUCTURE FINANCING DISTRICTS’ (EIFDs)
FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS
AND TOTAL TAX ALLOCATIONS**

| <i>Fiscal Year</i> | <i>Frozen Base Value</i> | <i>Full Cash Value Increments⁽¹⁾</i> | <i>Total Tax Allocations⁽²⁾⁽³⁾</i> |
|--------------------|--------------------------|---|---|
| 2023-24 | \$569,927,688 | \$73,760,608 | \$737,606 |

⁽¹⁾ The EIFD boundaries that also overlap the RDA boundary area are not reflected this Table 30. Such amounts are reported in Table 29.

⁽²⁾ Full cash value for both enhanced infrastructure financing districts above the "frozen" base year valuations.

⁽³⁾ Includes estimated general purpose and debt.

Source: County Auditor-Controller.

County of Riverside Treasurer-Tax Collector’s Pooled Investment Fund

The County Treasurer-Tax Collector maintains one Pooled Investment Fund (the “PIF”) for all local jurisdictions having funds on deposit in the County Treasury, including the County, schools and special

districts within the County, and other discretionary depositors throughout the County. As of June 30, 2023, the portfolio assets comprising the PIF had a market value of \$13,787,800,541.66.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer-Tax Collector. On June 30, 2022, 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 78.39% of the funds on deposit in the County Treasury, while approximately 21.61% 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-Tax Collector 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 2021 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 June 30, 2023 were as follows (numbers may not add up due to rounding of individual components):

**TABLE 31
COUNTY OF RIVERSIDE
ALLOCATION OF INVESTMENTS IN THE POOLED INVESTMENT FUND
AS OF JUNE 30, 2023**

| | <i>Balance</i> | <i>% of Pool</i> |
|--|-----------------------------|------------------|
| Repurchase Agreement | \$ 500,000,000.00 | 3.55% |
| U.S. Treasury Securities | 2,224,881,407.19 | 15.80 |
| Federal Agency Securities | 7,000,368,760.13 | 49.70 |
| Cash Equivalent & Money Market Funds | 330,017,200.84 | 2.34 |
| Commercial Paper | 2,129,661,244.57 | 15.12 |
| Int'l Bank for Reconstruction and Development (IBRD) & Int'l Finance Corp (IFC) | 203,232,449.37 | 1.44 |
| NCD | 1,485,000,000.00 | 10.54 |
| Medium Term Notes | 24,813,874.28 | 0.18 |
| Municipal Notes | 187,812,910.86 | 1.33 |
| Total Book Value | <u>\$ 14,085,787,847.23</u> | <u>100.00%</u> |
| Book Yield: | | 3.86% |
| Weighted Average Maturity: | | 1.30 Years |

Source: County Treasurer-Tax Collector.

As of June 30, 2023, the market value of the PIF was 97.88% 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 Director of Finance, 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/MR1" 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.

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 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 and fiduciary 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.

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. 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 2021-22 were audited by Brown Armstrong Accountancy Corporation. See APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for the last five Fiscal Years.

TABLE 32
COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES – GENERAL FUND
FISCAL YEARS 2017-18 THROUGH 2021-22
(In Thousands)

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|---------------------|---------------------------|---------------------|---------------------------|-------------------------|
| BEGINNING FUND BALANCE | \$ 348,231 | \$ 369,582 | \$ 410,455 | \$ 401,682 | \$ 564,179 |
| REVENUES | | | | | |
| Taxes | \$ 303,836 | \$ 326,991 | \$ 336,983 | \$ 397,329 | \$ 440,139 |
| Licenses, permits and franchises | 19,142 | 19,989 | 18,939 | 19,683 | 21,584 |
| Fines, forfeiture sand penalties | 64,525 | 64,521 | 54,332 | 61,802 | 62,975 |
| Use of money and property–Interest | 16,727 | 41,315 | 24,881 | 2,939 | (19,520) ⁽¹⁾ |
| Use of money and property–Rents and concessions | 13,552 | 12,244 | 15,232 | 18,112 | 14,486 |
| Government Aid–State | 1,328,912 | 1,404,112 | 1,483,441 | 1,557,651 | 1,695,870 |
| Government Aid–Federal | 596,949 | 567,753 | 646,890 | 705,181 | 758,843 |
| Governmental Aid–Other | 110,656 | 117,264 | 126,723 | 137,642 | 143,497 |
| Charges for current services | 481,245 | 499,566 | 510,103 | 523,997 | 528,383 |
| Other revenues | 44,273 | 49,682 | 63,228 | 60,481 | 54,717 |
| TOTAL REVENUES | <u>\$ 2,979,817</u> | <u>\$ 3,103,437</u> | <u>\$ 3,280,752</u> | <u>\$ 3,484,817</u> | <u>\$ 3,700,974</u> |
| EXPENDITURES | | | | | |
| General government | \$ 130,989 | \$ 118,662 | \$ 120,724 | \$ 120,250 | \$ 137,936 |
| Public protection | 1,328,734 | 1,382,395 | 1,477,295 | 1,573,840 | 1,591,388 |
| Public ways and facilities | - | - | - | - | - |
| Health and sanitation | 543,976 | 558,905 | 627,950 | 656,502 | 728,702 |
| Public assistance | 916,191 | 934,641 | 1,010,175 | 1,011,834 | 1,057,631 |
| Education | 628 | 678 | 628 | 490 | 512 |
| Recreation and cultural | 483 | 1,959 | 2,111 | 1,980 | 2,369 |
| Capital Outlay | 6,486 | 6,287 | 24,409 | 6,215 | 26,118 |
| Debt service | 17,357 | 23,422 | 29,400 | 28,292 | 21,175 |
| TOTAL EXPENDITURES | <u>\$ 2,944,844</u> | <u>\$ 3,026,949</u> | <u>\$ 3,292,692</u> | <u>\$ 3,399,403</u> | <u>\$ 3,565,831</u> |
| Excess (deficit) of revenues over (under) expenditures | 34,973 | 76,488 | (11,940) | 85,414 | 135,143 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from other reserves | \$ 108,979 | \$ 114,208 | \$ 158,712 | \$ 289,535 | \$ 133,658 |
| Transfer to other funds | (129,087) | (154,164) | (179,954) | (215,946) | (178,583) |
| Proceeds from sale of capital assets | - | - | - | - | - |
| Capital Leases | 6,486 | 6,287 | 24,409 | 6,215 | 26,118 |
| Total other Financing Sources (Uses) | <u>\$ (13,622)</u> | <u>\$ (33,669)</u> | <u>\$ 3,167</u> | <u>\$ 79,804</u> | <u>\$ (18,807)</u> |
| NET CHANGE IN FUND BALANCES | \$ 21,351 | \$ 42,819 | \$ (8,773) | \$ 165,218 | \$ 116,336 |
| FUND BALANCE, END OF YEAR | \$ 369,582 | \$ 410,455 ⁽²⁾ | \$ 401,682 | \$ 564,179 ⁽³⁾ | \$ 680,515 |

⁽¹⁾ Decrease in use of money and property–interest reflects interest income of approximately \$2.7 million and an unrealized investment loss of approximately \$22.2 million on securities held by the County due to increasing interest rates.

⁽²⁾ Fund balance does not foot because of subsequent restatement to reflect the prior period cost related to the implementation of GASB Statement No. 84 for Fiduciary Activities.

⁽³⁾ Fund balance does not foot because of subsequent restatement to reflect a prior year advance received from grantor that was incorrectly recorded as revenue before the eligibility requirements had been met.

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balance sheets for the last five Fiscal Years.

TABLE 33
COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2018 THROUGH JUNE 30, 2022
(In Thousands)

| | <i>2017-18</i> | <i>2018-19</i> | <i>2019-20</i> | <i>2020-21</i> | <i>2021-22</i> |
|--|----------------|----------------|----------------|----------------|----------------|
| ASSETS: | | | | | |
| Cash & Marketable Securities | \$ 123,884 | \$ 207,950 | \$ 308,199 | \$ 362,675 | \$ 442,471 |
| Taxes Receivable | 9,025 | 10,499 | 12,206 | 8,813 | 8,101 |
| Accounts Receivable | 12,484 | 15,111 | 18,686 | 8,840 | 11,195 |
| Interest Receivable | 6,560 | 9,624 | 4,046 | 1,426 | 4,582 |
| Lease Receivable | - | - | - | - | 50,601 |
| Advances to Other Funds | 4,869 | 4,869 | 4,869 | 4,869 | 4,869 |
| Due from Other Funds | 11,242 | 9,961 | 20,597 | 8,387 | 8,380 |
| Due from Other Governments | 380,479 | 343,679 | 360,840 | 406,867 | 404,617 |
| Inventories | 2,360 | 2,087 | 2,075 | 2,390 | 3,465 |
| Prepaid items | 781 | - | 62 | 46 | 47 |
| Restricted Assets | <u>395,407</u> | <u>411,861</u> | <u>417,867</u> | <u>502,449</u> | <u>691,979</u> |
| Total Assets | \$ 947,091 | \$ 1,015,641 | \$ 1,149,447 | \$ 1,306,762 | \$ 1,630,307 |
| LIABILITIES: | | | | | |
| Accounts Payable | \$ 38,969 | \$ 39,870 | \$ 77,946 | \$ 66,145 | \$ 101,682 |
| Salaries & Benefits Payable | 103,293 | 107,031 | 126,347 | 69,780 | 79,499 |
| Due To Other Funds | 1,551 | 13,346 | 51,943 | 2,476 | 299 |
| Due to Other Governments | 76,507 | 64,974 | 126,314 | 131,994 | 123,356 |
| Deferred Revenue | - | - | - | - | - |
| Deposits Payable | 35 | 28 | 14 | 15 | 12 |
| Advances from other funds | - | - | - | - | - |
| Advances from grantors and third parties | <u>305,318</u> | <u>318,534</u> | <u>303,583</u> | <u>403,592</u> | <u>523,727</u> |
| Total Liabilities | \$ 525,673 | \$ 543,783 | \$ 686,147 | \$ 674,002 | \$ 828,575 |
| Deferred inflows of resources | \$ 51,836 | \$ 59,457 | \$ 61,618 | \$ 65,860 | \$ 121,217 |
| FUND BALANCE: | | | | | |
| Nonspendable | \$ 3,470 | \$ 2,416 | \$ 2,466 | \$ 2,756 | \$ 3,843 |
| Restricted | 95,881 | 102,288 | 112,711 | 142,367 | 184,315 |
| Committed | 23,290 | 18,320 | 14,844 | 15,070 | 13,185 |
| Assigned | 12,464 | 14,196 | 13,702 | 35,900 | 39,198 |
| Unassigned | <u>234,477</u> | <u>275,181</u> | <u>257,959</u> | <u>370,807</u> | <u>439,974</u> |
| Fund Balance | \$ 369,582 | \$ 412,401 | \$ 401,682 | \$ 566,900 | \$ 680,515 |
| Total Liabilities and Fund Balance | \$ 947,091 | \$ 1,015,641 | \$ 1,149,447 | \$ 1,306,762 | \$ 1,630,307 |

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balances as of June 30 for the last ten Fiscal Years based on classification.

TABLE 34
COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2013 THROUGH JUNE 30, 2022
(In Thousands)

| <i>June 30,</i> | <i>Nonspendable</i> | <i>Restricted</i> | <i>Committed</i> | <i>Assigned</i> | <i>Unassigned</i> | <i>Total</i> |
|-----------------|---------------------|-------------------|------------------|-----------------|-------------------|--------------|
| 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 |
| 2020 | 2,466 | 112,711 | 14,844 | 13,702 | 257,959 | 401,682 |
| 2021 | 2,756 | 142,367 | 15,070 | 35,900 | 370,807 | 566,900 |
| 2022 | 3,843 | 184,315 | 13,185 | 39,198 | 439,974 | 680,515 |

Source: County Auditor-Controller.

SECTION V – DEBT OBLIGATIONS

Short-Term Obligations of County

On July 3, 2023, the County issued its 2023 Tax and Revenue Anticipation Note (the “2023 TRAN”) in the principal amount of \$360,000,000 to provide funds to meet the County’s Fiscal Year 2023-24 General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2023 TRAN is due on June 28, 2024. The 2023 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County’s 2023-24 Fiscal Year which are legally available for the payment thereof. Delinquent property taxes attributable to prior Fiscal Years are included in the Pledged Taxes pledged to the repayment of the Notes and are not available to pay debt service on the 2023 TRAN. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

On October 19, 2022, the County issued its \$84,055,000 Teeter Plan Obligation Notes 2022 Series A (the “2022 Teeter Notes”) to refund a portion of the County’s 2021 Series A Teeter Obligation Notes (Tax-Exempt) and to fund an advance of unpaid property taxes for Revenue Districts participating in the County’s Teeter Plan. See “SECTION IV—FINANCIAL INFORMATION—Teeter Plan” above. The 2022 Teeter Notes are due on October 19, 2023. Taxes attributable to Fiscal Year 2022-23, which are pledged to the payment of the 2023 TRAN, are not pledged to the 2022 Teeter Notes. It is expected that the 2022 Teeter Notes will be paid from the proceeds of the Notes, together with delinquent taxes received through June 30, 2023. See the caption “ESTIMATED SOURCES AND USES OF FUNDS” in the Official Statement

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 August 1, 2023, the County had \$686,776,829 in direct General Fund obligations and \$748,540,000 in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt.

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 August 1, 2023. 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 35
COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF AUGUST 1, 2023)**

2022-23 Assessed Valuation: \$369,571,924,873 (includes unitary utility valuation)

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 8/1/23</u> |
|---|---------------------|---|
| Metropolitan Water District | 6.634% | \$1,274,723 |
| Community College Districts | 1.186-100. | 1,004,810,182 |
| Unified School Districts | 1.044-100. | 3,661,572,787 |
| Perris Union High School District | 100. | 298,735,042 |
| Elementary School Districts | 100. | 171,913,703 |
| City of Riverside | 100. | 1,740,000 |
| Eastern Municipal Water District Improvement Districts | 100. | 18,630,000 |
| Riverside County Flood Control, Zone 4 Benefit Assessment District | 100. | 5,380,000 |
| San Geronio Memorial Hospital District | 100. | 105,574,780 |
| Community Facilities Districts | 50.225-100. | 3,401,779,388 |
| Riverside County 1915 Act Bonds | 100. | 615,000 |
| City and Special District 1915 Act Bonds (Estimated) | 100. | 128,164,634 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | \$8,800,190,239 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | |
| Riverside County General Fund Obligations | 100. | % \$ 686,776,829⁽¹⁾ |
| Riverside County Pension Obligations | 100. | 748,540,000 |
| School Districts General Fund and Lease Tax Obligations | 1.186-100. | 410,624,580 |
| City of Corona General Fund Obligations | 100. | 24,721,100 |
| City of Moreno Valley General Fund Obligations | 100. | 75,330,773 |
| City of Indio General Fund and Judgment Obligation Bonds | 100. | 145,335,000 |
| City of Palm Springs Certificates of Participation and Pension Obligation Bonds | 100. | 117,724,005 |
| City of Riverside Certificates of Participation | 100. | 175,115,220 |
| City of Riverside Pension Obligation Bonds | 100. | 425,275,000 |
| Other City General Fund Obligations | 100. | 413,876,857 |
| Other Special District Certificates of Participation | 100. | 5,707,719 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$3,229,027,083 |
| <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u> | | \$1,890,062,319 |
| COMBINED TOTAL DEBT | | \$13,919,279,641⁽²⁾ |

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:

| | |
|--|--------------|
| Overlapping Tax and Assessment Debt | 2.38% |
| Combined Direct Debt (\$1,435,316,829)..... | 0.39% |
| Combined Total Debt..... | 3.77% |

Ratios to Successor Agency Redevelopment 2022-23 Incremental Valuation (\$107,135,377,313):

| | |
|--|-------|
| Total Overlapping Tax Increment Debt | 1.76% |
|--|-------|

Source: California Municipal Statistics, Inc.

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 August 1, 2023. In addition, as discussed below under “— Facilities Lease Agreements,” the County has other substantial lease obligations payable from the General Fund.

**TABLE 36
COUNTY OF RIVERSIDE
SUMMARY OF PUBLICLY OFFERED LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY’S GENERAL FUND — (AS OF AUGUST 1, 2023))**

| | <i>Final Maturity Year</i> | <i>Original Lease Amount</i> | <i>Outstanding Obligations</i> | <i>Annual Base Rental</i> |
|---|------------------------------------|----------------------------------|------------------------------------|-------------------------------|
| Riverside County Hospital Project, Leasehold Revenue Bonds: 1997 Series A | 2026 | \$ 41,170,073 | \$ 10,976,829 | \$ 3,877,594 |
| County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects) ⁽¹⁾ | 2039 | 45,685,000 | 4,695,000 | 170,000 |
| County of Riverside Infrastructure Financing Authority (2015 A Lease Revenue Refunding Bonds) ⁽²⁾ | 2037 | 72,825,000 | 43,390,000 | 3,265,000 |
| County of Riverside Infrastructure Financing Authority (2016 A) ⁽³⁾ | 2031 | 39,985,000 | 26,720,000 | 2,520,000 |
| County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) ⁽⁴⁾ | 2044 | 46,970,000 | 41,245,000 | 1,225,000 |
| County of Riverside Infrastructure Financing Authority (2017 B & 2017 C Lease Revenue Bonds) ⁽⁵⁾ | 2047 | 22,205,000 | 18,710,000 | 685,000 |
| County of Riverside Asset Leasing Corporation (2019 A Technology Refunding Projects) ⁽⁶⁾ | 2043 | 12,875,000 | 11,655,000 | 425,000 |
| County of Riverside Infrastructure Financing Authority (2021 A & 2021 B Lease Revenue Refunding Bonds) ⁽⁷⁾ | 2045 | <u>499,800,000</u> | <u>479,380,000</u> | <u>21,150,000</u> |
| TOTAL | | \$ 781,515,073 | \$ 636,771,829 | \$ 33,317,594 |

⁽¹⁾ The 2009 Public Safety Communication and Woodcrest Library Refunding Project refunded the 2007B Public Safety Communication Refunding Project and the 2006 Capital Appreciation Notes.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ 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).

⁽⁵⁾ 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.

⁽⁶⁾ 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).

⁽⁷⁾ The County of Riverside Infrastructure Financing Authority (2021 A & 2021 B Lease Revenue Refunding Bonds) refunded, through redemption or defeasance as applicable, all of the outstanding: County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding); County of Riverside Asset Leasing Corporation Lease Revenue Bonds (2012 County Administrative Center Refunding Project); County of Riverside Asset Leasing Corporation Lease Revenue Bonds, 2012 Series A (County of Riverside Capital Projects); Riverside County Public Financing Authority Lease Revenue Refunding Bonds (County Facilities Projects), Series 2012; County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Projects); County of Riverside Asset Leasing Corporation Lease Revenue Refunding Bonds (Court Facilities Project), Series 2014A; and Riverside County Public Financing Authority Lease Revenue Bonds (Capital Facilities Project), Series 2015.

Source: County Executive Office.

Facilities Lease Agreements

[TO BE UPDATED TO AUGUST 1, 2023] 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, 2023. More information is provided below.

**TABLE 37
COUNTY OF RIVERSIDE
SUMMARY OF NON-PUBLICLY OFFERED LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY’S GENERAL FUND — (AS OF MAY 1, 2023) ⁽¹⁾**

| | <i>Year Incurred</i> | <i>Final Maturity Year</i> | <i>Original Obligations*</i> | <i>Outstanding Obligations⁽²⁾</i> | <i>Annual Rent</i> |
|---|----------------------|----------------------------|------------------------------|--|--------------------|
| County and Corona Medical Arts Plaza, LLC (Corona Care Clinic) ⁽³⁾ | 2017 | 2032 | \$42,573,904 | \$29,175,131 | \$2,532,758 |
| Jurupa Valley Medical Partners, LLC (Jurupa Valley Care Clinic) ⁽⁴⁾ | 2017 | 2039 | 47,575,096 | 37,904,174 | 2,101,308 |
| TC Riverside MOB, LLC (RUHS-Medical and Surgical Outpatient Office Bldg) ⁽⁵⁾ | 2017 | 2044 | 438,469,834 | 393,733,035 | 13,010,138 |
| CFP Riverside, LLC (Libraries) ⁽⁷⁾ | 2019 | 2051 | 116,661,024 | 110,514,842 | 2,808,000 |
| Sunquitz EMC, LLC (RUHS-Palm Springs Clinic) ⁽⁷⁾ | 2019 | 2051 | 73,070,212 | 69,468,366 | 2,225,724 |

⁽¹⁾ Amounts are rounded to the nearest dollar. As discussed below, the Leases for the Corona Care Clinic, Jurupa Valley Care Clinic, and the Libraries projects are comprised of leases that do not distinguish between principal component and components, however they include ongoing management/administrative expenses. The Lease for the RUHS Medical and Surgical Center (MSC) 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 MSC Lease. CFP Riverside lease payments are fixed for ten years and adjust every ten years thereafter. Sunquitz EMC, LLC is subject to a separate ground lease paid for by Sublessor.

⁽²⁾ Includes base rent, tenant improvements, furniture rent, operating expenses, RCIT costs, utility costs and FM fees.

⁽³⁾ Annual payments escalate by 2.75% annually.

⁽⁴⁾ Annual payments escalate by 2.00% annually.

⁽⁵⁾ Annual payments escalate by 4.00% annually.

⁽⁶⁾ Base rent is scheduled to commence in Fiscal Year 2020-21 at \$2.03 million per year, escalating to \$3.261 million in Fiscal Year 2050-51.

⁽⁷⁾ Base rent is scheduled to commence in Fiscal Year 2021-22 at \$1.94 million, escalating to \$5.95 million in Fiscal Year 2050-51.

Source: County of Riverside Facilities Management.

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 5.28% to Riverside County Facilities Management. 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 5.28% to Riverside County Facilities Management. 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. The initial year's lease payment (Fiscal Year 2020-21) was 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 5.28% to Riverside County Facilities Management. 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. The construction of the Libraries was completed in May 2021. Upon completion and delivery of the Libraries to the County, the County commenced making rental payments on 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 was approximately \$2.036 million, escalating to \$3.261 million in Fiscal Year 2050-51.

On November 19, 2019, the County entered into a Facilities Sub-Lease Agreement with Sunquitz EMC, LLC, a California limited liability company for the design, construction and property management services for an approximately 35,000 square community health clinic located in the City of Palm Springs. The principal component of the lease obligation is \$73,070,212. The County commenced making rental payments on June 29, 2021. The County's lease obligations with respect to the clinic will continue for 30 years thereafter, subject to County's right to purchase the improvements based upon the pricing provisions specified in the sublease agreement. Annual lease payments include utilities, operating costs, one-time technology fees and an ongoing management fee of 5.28% to Riverside County Facilities Management. The initial year's base rent payment in Fiscal Year 2021-22 was approximately \$1.94 million, escalating to \$5.95 million in Fiscal Year 2050-51.

Lease Lines of Credit

Lease line of credit agreements are reviewed and approved by the Debt Advisory Committee, and then presented to the Board of Supervisors for their final approval. The County may utilize the lines of credit to finance capital assets for a period of 24 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.

The County has entered into several multi-year lease lines of credit with Banc of America Public Capital Corporation in connection with various capital and capital equipment purchases, on the dates and in the original principal amounts as further described in the following table.

On October 25, 2022, the County entered into a \$50 million multi-year lease line of credit with JPMorgan Chase Bank, N.A. (in increments of \$25 million).

TABLE 38
COUNTY OF RIVERSIDE
SUMMARY OF LEASE LINES OF CREDIT
(PAYABLE FROM THE COUNTY'S GENERAL FUND — (AS OF AUGUST 1, 2023) ⁽¹⁾

| <i>Date Incurred</i> | <i>Original Principal Amount</i> | <i>Outstanding Principal Amount⁽¹⁾</i> | <i>Outstanding Interest⁽¹⁾</i> | <i>Total Outstanding Obligations⁽¹⁾</i> |
|----------------------------------|----------------------------------|---|---|--|
| February 4, 2014 ⁽²⁾ | \$ 40,000,000 | \$ 771,161 | \$ 19,788 | \$ 790,949 |
| December 15, 2015 ⁽³⁾ | 40,000,000 | 3,533,402 | 194,431 | 3,727,833 |
| July 31, 2018 ⁽⁴⁾ | 75,000,000 | 19,250,793 | 828,619 | 20,079,412 |
| June 9, 2020 ⁽⁵⁾ | 40,000,000 | 27,674,398 | 2,220,259 | 29,894,657 |
| October 25, 2022 ⁽⁶⁾ | 50,000,000 | 22,105,775 | 2,133,161 | 24,238,936 |
| Total | \$ 245,000,000 | \$ 73,335,529 | \$ 5,396,258 | \$ 78,731,787 |

⁽¹⁾ Outstanding amounts as of May 1, 2023.

⁽²⁾ This line of credit was exhausted in March 2016.

⁽³⁾ This line of credit was exhausted in December 2018.

⁽⁴⁾ Original principal amount of \$50 million increased to \$75 million with County approval in April 2019. This line of credit was exhausted on June 3, 2020.

⁽⁵⁾ As of August 1, 2023, the County has drawn down \$39.9 million of this \$40 million lease line of credit.

⁽⁶⁾ As of August 1, 2023, the County has drawn down \$22.9 million of this \$50 million lease line of credit.

Capital Lease Purchase Agreements

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 August 1, 2023, approximately \$46,815,196 principal amount remained outstanding, which is scheduled to be repaid in full by August 30, 2035.

On June 15, 2019, the County entered into a subsequent Master Equipment Lease Purchase Agreement to finance Cisco SMARTnet for an additional amount of \$5,107,584 which is scheduled to be repaid in full by Fiscal Year 2023-24. As of August 1, 2023, approximately \$1,021,517 principal amount of this Master Equipment Lease Purchase Agreement remained outstanding.

On June 11, 2021, the County entered into an Equipment Lease Purchase Agreement to finance replacement Cisco network equipment and provide maintenance, support, and software fixes in an additional amount of \$3,613,826, which is scheduled to be repaid in full by Fiscal Year 2025-26. As of August 1, 2023, approximately \$1,445,530 principal amount of this Lease Purchase Agreement remained outstanding.

On September 30, 2021, the County entered into a Lease Purchase Agreement to finance the renewal of the Cisco Flex Enterprise License Agreement in the amount of \$4,014,486, which is scheduled to be repaid in full by Fiscal Year 2025-26. As of August 1, 2023, approximately \$1,907,243 principal amount of this Lease Purchase Agreement remained outstanding.

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

TABLE 39
COUNTY OF RIVERSIDE
SUMMARY OF EQUIPMENT LEASE OBLIGATIONS
AS OF AUGUST 1, 2023

| | <i>Final Maturity Year</i> | <i>Original Lease Amount</i> | <i>Outstanding Obligations</i> | <i>Annual Base Rental</i> |
|--|------------------------------------|----------------------------------|------------------------------------|-------------------------------|
| Lease Purchase Agreement – Solar Equipment Master Equipment Lease Purchase Agreement (6/15/2019) | 2035 | \$57,977,325 ⁽¹⁾ | \$46,815,196 | \$3,155,289 |
| Master Equipment Lease Purchase Agreement (6/11/2021) | 2023 | 5,107,584 | 1,021,517 | 1,021,517 |
| Master Equipment Lease Purchase Agreement (9/30/2021) | 2025 | 3,613,826 | 1,445,530 | 722,765 |
| Master Equipment Lease Purchase Agreement (9/30/2021) | 2025 | 4,014,486 | 1,907,243 | 953,621 |

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