

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020**NEW ISSUE – BOOK-ENTRY ONLY****INSURED RATING: Standard & Poor's: "____"**
UNDERLYING RATING: Standard & Poor's: "____"
(See "RATINGS")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Local Agencies, 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, the interest on the Installment Sale Payments paid by each Local Agency under the applicable 2020 Installment Sale Agreement and received by the owners of the Certificates is exempt from State of California personal income taxes. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of the interest on, the Installment Sale Payments. See "TAX MATTERS."

§ _____*

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020
(FEDERALLY TAXABLE) (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)
Evidencing Proportionate and Undivided Interest of the Owners Thereof
in Installment Sale Payments to be Made by
Participating Local Agencies
Pursuant to Certain 2020 Installment Sale Agreements

Dated: Date of Delivery**Due: June 1, as shown on inside cover**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE CERTIFICATES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the "Certificates"), are being executed and delivered in the aggregate principal amount of \$ _____* by Wilmington Trust, N.A., as trustee (the "Trustee"), pursuant to the provisions of a Trust Agreement, dated as of _____ 1, 2020 (the "Trust Agreement"), by and among the California Statewide Communities Development Authority (the "Authority"), the Trustee, and the local agencies named therein (each, a "Local Agency" and, collectively, the "Local Agencies"). Capitalized terms used on this cover page and not otherwise defined shall have the meanings ascribed to them elsewhere in this Official Statement. See in particular "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions."

The proceeds from the sale of the Certificates will be used to (i) refinance the design, acquisition, and construction of certain local roadway and street improvement projects within the jurisdiction of each Local Agency, as applicable (each, a "Project" and, collectively, the "Project"), (ii) purchase insurance policies that constitute Qualified Reserve Instruments (as defined herein) in lieu of the required deposit to the applicable reserve subaccounts for each Local Agency within the reserve fund for the Certificates, and (iii) pay the costs incurred in connection with the execution, sale, and delivery of the Certificates. The Authority will sell each Project to the applicable Local Agency pursuant to a 2020 Installment Sale Agreement, each dated as of _____ 1, 2020 (each, a "2020 Installment Sale Agreement" and, collectively, the "2020 Installment Sale Agreements"), by and between the Authority and the applicable Local Agency. See "ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS," "THE LOCAL AGENCIES," and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund."

Each Local Agency is required under its 2020 Installment Sale Agreement to make installment sale payments (collectively, the "Installment Sale Payments") to the Authority, which Installment Sale Payments are payable from a first lien on all Measure A Receipts (as defined herein), generally consisting of certain amounts received by the Local Agency from a 0.5% sales tax that will be collected in the County of Riverside, California, for a thirty-year period ending on June 30, 2039, to the extent the applicable Project constitutes a Measure A Project (as defined herein), in an amount not greater than the Installment Sale Payments related to such Measure A Project. The Installment Sale Payments required to be paid by the City of Desert Hot Springs and the City of Menifee, each a Local Agency, to the Authority are also payable from a first lien on all Gas Tax Revenues (as defined herein), generally consisting of certain amounts received by each such Local Agency from taxes imposed on the sale of motor vehicle fuels. Installment Sale Payments are scheduled in an amount sufficient to pay, when due, the annual principal and interest with respect to the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "MEASURE A REVENUES; MEASURE A RECEIPTS," and "RISK FACTORS." The Measure A Receipts are the sole source of payment of the Installment Sale Payments. Neither the general fund of any Local Agency nor any other moneys of any Local Agency are available to pay or secure the Installment Sale Payments or the Certificates. **The obligation of each Local Agency to pay its Installment Sale Payments is not subject to abatement.**

The Certificates will be executed and delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates. Individual purchases of Certificates may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Certificates purchased. See "THE CERTIFICATES – Book-Entry Only System."

Payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Certificates as described herein. Interest with respect to the Certificates is payable semiannually each June 1 and December 1, commencing _____ 1, 20____, until the maturity or the earlier prepayment thereof. Principal with respect to the Certificates will be paid on each June 1, commencing _____ 1, 20____, upon surrender of such Certificate at the principal corporate office of the Trustee upon maturity or the earlier prepayment thereof.

The Certificates are subject to optional, mandatory, and mandatory sinking fund prepayment prior to their stated principal payment dates as described herein.

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by _____. See "CERTIFICATE INSURANCE POLICY" and "APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

[insurer logo]

THE OBLIGATION OF EACH LOCAL AGENCY TO MAKE INSTALLMENT SALE PAYMENTS UNDER ITS 2020 INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF SUCH LOCAL AGENCY PAYABLE SOLELY FROM MEASURE A RECEIPTS AND, IN THE CASE OF THE CITY OF DESERT HOT SPRINGS AND THE CITY OF MENIFEЕ, ALSO GAS TAX REVENUES, AND DOES NOT CONSTITUTE A DEBT OF SUCH LOCAL AGENCY, ANY OTHER LOCAL AGENCY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE LOCAL AGENCY, ANY OTHER LOCAL AGENCY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE LOCAL AGENCY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

[See Maturity Schedule on Inside Cover]

The Certificates are offered when, as, and if executed and delivered to and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel to the Local Agencies. Certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, for the City of Desert Hot Springs by Stream Kim Hicks Wragge & Alfaro, P.C., Riverside, California, its City Attorney, for the City of Menifee by its City Attorney, for the City of Moreno Valley by its City Attorney, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriter's Counsel. It is anticipated that the Certificates in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2020.

STIFEL

Dated: _____, 2020

* Preliminary; subject to change.

MATURITY SCHEDULE

Maturity Date <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽¹⁾No.</u>	Maturity Date <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽¹⁾No.</u>
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\$ _____ % Term Certificates due June 1, 20__ ; Yield: _____ %; Price: _____ ; CUSIP⁽¹⁾No. _____

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. None of the Authority, the Local Agencies, or the Underwriter are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Local Agencies, or the Underwriter and are included solely for the convenience of the registered owners of the Certificates. None of the Authority, the Local Agencies, or the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness with respect to the Certificates or as included herein. The CUSIP number for a specific maturity of Certificate is subject to being changed after the execution and delivery of the Certificates 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 Certificates.

PARTICIPATING LOCAL AGENCIES

City of Desert Hot Springs, California

Scott Matas, *Mayor*
Robert Griffith, *Mayor Pro-Tem*
Russell Betts, *Council Member*
Gary Gardner, *Council Member*
Jan Pye, *Council Member*

Chuck Maynard, *City Manager*
Geoffrey Buchheim, *Finance Director*
Jerryl Soriano, *City Clerk*

City of Menifee, California

Bill Zimmerman, *Mayor*
Matt Leisemeyer, *Mayor Pro-Tem*
Greg August, *Council Member*
Dean Deines, *Council Member*
Lisa Sobek, *Council Member*

Armando G. Villa, *City Manager*
Wendy Preece, *Deputy Finance Director*
Sarah Manwaring, *City Clerk*

City of Moreno Valley, California

Dr. Yxstian Gutierrez, *Mayor*
Victoria Baca, *Vice Mayor*
Ulises Cabrera, *Councilmember*
David Marquez, *Councilmember*
Dr. Carla J. Thornton, *Councilmember* Mike Lee,
City Manager
Marshall Eyerman, *Chief Financial Officer/City*
Treasurer
Pat Jacquez-Nares, *City Clerk*

PROFESSIONAL SERVICES

Special Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Underwriter's Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee

Wilmington Trust, N.A.
Costa Mesa, California

Municipal Advisor

Urban Futures, Inc.
Orange, California

Verification Agent

_____ , _____

No dealer, broker, salesperson, or other person has been authorized by any Local Agency, the Authority, or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Certificates, nor shall there be any sale of the Certificates, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

The information set forth in this Official Statement has been obtained from each Local Agency, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by any such Local Agency or the Authority. 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 will, under any circumstances, create any implication that there has been no change in the affairs of any Local Agency or the Authority since the date of this Official Statement.

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

This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

_____ (“___” or the “Certificate Insurer”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, ___ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ___ supplied by ___ and presented under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” “CERTIFICATE INSURANCE POLICY,” and “APPENDIX E – Specimen Municipal Bond Insurance Policy.”

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OFFICIAL STATEMENT

\$ _____*

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020
(FEDERALLY TAXABLE) (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)
Evidencing Proportionate and Undivided Interest of the Owners Thereof
in Installment Sale Payments to be Made by
Participating Local Agencies
Pursuant to Certain 2020 Installment Sale Agreements**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the execution and delivery of the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), in an aggregate principal amount of \$ _____. Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Certificates to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions.”

Description of the Certificates

The Certificates will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Certificates.

The Certificates evidence proportionate and undivided interests of the registered owners thereof (the “Owners”) in installment sale payments (the “Installment Sale Payments”) to be made by each Local Agency (as defined herein) to the California Statewide Communities Development Authority (the “Authority”), as the purchase price for certain local roadway and street resurfacing projects throughout the geographic boundaries of each Local Agency (each, a “Project” and, collectively, the “Projects”) pursuant to certain 2020 Installment Sale Agreements, each dated as of _____ 1, 2020 (each, a “2020 Installment Sale Agreement” and, collectively, the “2020 Installment Sale Agreements”), each by and between the Authority and the applicable Local Agency. The Local Agencies consist of the City of Desert Hot Springs, California (the “City of Desert Hot Springs”), the City of Menifee, California (the “City of Menifee”), and the City of Moreno Valley, California (the “City of Moreno Valley”). The City of Desert Hot Springs, the City of Menifee, and the City of Moreno Valley are each defined herein as a

* Preliminary; subject to change.

“Local Agency” and collectively defined herein as the “Local Agencies.” See “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” and “THE LOCAL AGENCIES.”

Authorization

The Certificates are being executed and delivered by Wilmington Trust, N.A., as trustee (the “Trustee”), pursuant to (i) a Trust Agreement, dated as of _____ 1, 2020 (the “Trust Agreement”), by and among the Authority, the Trustee, and each Local Agency, and (ii) a resolution adopted by the Authority on _____, 2020, a resolution adopted by the City of Desert Hot Springs on _____, 2020, a resolution adopted by the City of Menifee on _____, 2020, and a resolution adopted by the City of Moreno Valley on _____, 2020 (collectively, the “Resolutions”). See “THE CERTIFICATES – Authorization” and Registration of Certificates” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Judicial Validations

Each of the Local Agencies previously obtained judgments in their favor in the Superior Court of the State of California for the County of Riverside (the “Riverside County Superior Court”) pursuant to California Government Code Section 53510 *et seq.* and California Code of Civil Procedure Section 860 *et seq.* (collectively, the “Validation Law”) seeking to validate certain issues raised by the proposed execution and delivery of certificates of participation previously executed and delivered for their respective benefit. Such judgments validate not only such previously issued certificates of participation but also indebtedness incurred to prepay such prior certificates of participation for savings, and Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel, in issuing its final approving opinion on the Certificates, will rely, among other things, on such judgments. See “The CERTIFICATES – Judicial Validations.”

Use of Certificate Proceeds

The proceeds from the sale of the Certificates will be used to:

(i) refinance the design, acquisition, and construction of the Projects of the City Desert Hot Springs by prepaying all of the outstanding California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012A (T.R.I.P. – Total Road Improvement Program) (the “Desert Hot Springs 2012 Certificates”), which evidence proportionate and undivided interests in installment sale payments (the “Desert Hot Springs 2012 Installment Sale Payments”) payable by the City of Desert Hot Springs under a 2012 Installment Sale Agreement, dated as of February 1, 2012 (the “Desert Hot Springs 2012 Installment Sale Agreement”), by and between the Authority and the City of Desert Hot Springs;

(ii) refinance the design, acquisition, and construction of the Projects of the City Menifee by prepaying all of the outstanding California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012B (T.R.I.P. – Total Road Improvement Program) (the “Menifee 2012 Certificates”), which evidence proportionate and undivided interests in installment sale payments (the “Menifee 2012 Installment Payments”) payable by the City of Menifee under a 2012 Installment Sale Agreement, dated as of May 1, 2012 (the “Menifee 2012 Installment Sale Agreement”), by and between the Authority and the City of Menifee;

(iii) refinance the design, acquisition, and construction of the Projects of the City Moreno Valley by prepaying all of the outstanding California Communities Local Measure A Sale Tax Revenues (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total

Road Improvement Program) (the “Moreno Valley 2013 Certificates”), which evidence proportionate and undivided interests in installment sale payments (the “Moreno Valley 2013 Installment Payments”) payable by the City of Moreno Valley under a 2013 Installment Sale Agreement, dated as of August 1, 2013 (the “Moreno Valley 2013 Installment Sale Agreement” and together with the Desert Hot Springs 2012 Installment Sale Agreement and the Menifee 2012 Installment Sale Agreement, the “Prior Installment Sale Agreements”), by and between the Authority and the City of Moreno Valley;

(iv) purchase insurance policies that constitute Qualified Reserve Instruments (as defined herein) in lieu of the required deposit to the applicable reserve subaccounts (each, a “Reserve Subaccount” and, collectively, the “Reserve Subaccounts”) within the reserve fund for the Certificates (the “Reserve Fund”); and

(v) pay the costs incurred in connection with the execution, sale, and delivery of the Certificates, including, but not limited to, the cost of the Certificate Insurance Policy (as defined herein).

See “REFUNDING PLAN,” “ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS,” “THE LOCAL AGENCIES” and “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund.”

Payment of Principal and Interest

Interest with respect to the Certificates is payable semiannually on June 1 and December 1, commencing _____ 1, 2020 (each, an “Interest Payment Date”), and is payable by check mailed by first class mail on the date such interest is due to the Owner at his address as it appears on the registration books maintained by the Trustee; provided, however, that an Owner of \$1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the 15th day after receipt of such request until such request is rescinded. Principal with respect to the Certificates will be payable on June 1 of each year, commencing _____ 1, 20__ (each, a “Certificate Payment Date”), upon surrender of such Certificate at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier prepayment thereof. See “THE CERTIFICATES.”

Prepayment of Certificates

The Certificates are subject to optional, mandatory, and mandatory sinking fund prepayment under certain circumstances as described herein. See “THE CERTIFICATES – Prepayment of Certificates.”

Security and Sources of Payment for the Certificates

Installment Sale Payments. Pursuant to the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee, the City of Desert Hot Springs and the City of Menifee are required to pay to the Trustee, from a first lien on the Gas Tax Revenues and Measure A Receipts (each as defined below), the Installment Sale Payments attributable to each such Local Agency. Pursuant to the 2020 Installment Sale Agreement with the City of Moreno Valley, the City of Moreno Valley is required to pay to the Trustee, from a first lien on the Measure A Receipts (as defined below), the Installment Sale Payments attributable to the City of Moreno Valley. The Installment Sale Payments, when added to the Installment Sale Payments received from the other Local Agencies, are designed to be sufficient, in both

time and amount, to pay, when due, the principal and interest evidenced and represented by the Certificates. Each Local Agency is solely responsible for the payment of the Installment Sale Payments required to be paid pursuant to its 2020 Installment Sale Agreement, and no Local Agency is responsible for the payment of any Installment Sale Payments attributable to any other Local Agency.

The term “Gas Tax Revenues” is defined in the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee to mean all amounts received by the applicable Local Agency from the State in accordance with Streets and Highways Code Sections 2103, 2104(d), (e) and (f), 2105, 2106 and 2107, as such provisions may be amended, and all other revenues (except revenues received by the applicable Local Agency in accordance with Streets and Highways Code Section 2107.5), if any, received by the applicable Local Agency from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions or reimbursements received by the applicable Local Agency from the State in lieu of such revenues.

The term “Measure A Receipts” is defined in the 2020 Installment Sale Agreements to mean Measure A Revenues (as defined below) allocated by the Riverside County Transportation Commission (the “Commission”) to the applicable Local Agency pursuant to the Measure A Ordinance, to the extent the applicable Project constitutes a Measure A Project (as defined below), in an amount not greater than the Installment Sale Payments related to such Measure A Project. The term “Measure A Revenues” is defined in each 2020 Installment Sale Agreement to mean revenues of the Commission derived from a retail transactions and use tax (the “Measure A Sales Tax”) imposed in the County of Riverside, California (the “County”) pursuant to the Riverside County Transportation Sales Tax Act, Division 25 (Section 240000 *et seq.*) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented (the “Measure A Sales Tax Act”), and the Measure A Ordinance. The term “Measure A Ordinance” is defined in each 2020 Installment Sale Agreement to mean Ordinance No. 02-001, the Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance, adopted by the Commission on May 8, 2002, and approved by at least two-thirds of electors voting on such proposition in the November 5, 2002 election, as supplemented and amended. The term “Measure A Project” is defined in each 2020 Installment Sale Agreement to mean a capital project for which Measure A Receipts may be expended. The City of Desert Hot Spring’s entire Project constitutes a Measure A Project, the City of Menifee’s entire Project constitutes a Measure A Project, and the City of Moreno Valley’s entire Project constitutes a Measure A Project. All such Projects have been completed.

A portion of Measure A Revenues are allocated by the Commission to the Local Agencies for the Local Agency’s local streets and roads program on a basis that is subordinate to the Commission’s payment of its Senior Lien Measure A Obligations, as described herein. See “MEASURE A REVENUES; MEASURE A RECEIPTS – Senior Lien Measure A Obligations” and “ – Collection and Allocation of Measure A Revenues” and “RISK FACTORS – Senior Lien Measure A Obligations.” In addition, only the portion of Measure A Revenues allocated by the Commission to the Local Agencies constituting Measure A Receipts may be applied to pay the Installment Sale Payments attributable to the Local Agencies. In addition, while Measure A Revenues will be collected in the County for a thirty-year period ending on June 30, 2039, Installment Sale Payments will be payable by the Local Agencies through and including June 1, 2042. Investors should be aware that no Measure A Revenues will be allocated by the Commission to each Local Agency and be available to make Installment Sale Payments in fiscal years 2040, 2041, and 2042. See “RISK FACTORS – Limitations on Use of Measure A Revenues.”

Pursuant to the Trust Agreement, the Authority will assign to the Trustee all of the Authority’s rights and remedies under the 2020 Installment Sale Agreements, including, but not limited to, the Authority’s security interest in and lien upon the Gas Tax Revenues received by the City of Desert Hot Springs and Measure A Receipts received by all three of the Local Agencies. See “SECURITY AND

SOURCES OF PAYMENT FOR THE CERTIFICATES,” “MEASURE A REVENUES; MEASURE A RECEIPTS,” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Reserve Fund and Reserve Subaccounts. Pursuant to the Trust Agreement, the Trustee is required to maintain amounts on deposit in the applicable Reserve Subaccount of the Reserve Fund for each Local Agency, which amounts are held by the Trustee and pledged to the payment of principal and interest with respect to the Certificates, in amounts equal to each such Local Agency’s Reserve Fund Requirement (as defined herein) for such Reserve Subaccount. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund” and “– Reserve Policies” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement.”

Certificate Insurance Policy. Concurrently with the execution and delivery of the Certificates, _____ (the “Certificate Insurer”) will issue its Municipal Bond Insurance Policy for the Certificates (the “Certificate Insurance Policy”). The Certificate Insurance Policy guarantees the scheduled payment of principal and interest with respect to the Certificates when due as set forth in the form of the Certificate Insurance Policy included as Appendix E to this Official Statement. See “CERTIFICATE INSURANCE POLICY.”

Special, Limited Obligation of the Local Agencies

THE OBLIGATION OF EACH LOCAL AGENCY TO MAKE INSTALLMENT SALE PAYMENTS UNDER ITS 2020 INSTALLMENT SALE AGREEMENT IS A SPECIAL OBLIGATION OF SUCH LOCAL AGENCY PAYABLE SOLELY FROM MEASURE A RECEIPTS AND, IN THE CASE OF THE CITY OF DESERT HOT SPRINGS AND THE CITY OF MENIFEE, ALSO GAS TAX REVENUES, AND DOES NOT CONSTITUTE A DEBT OF SUCH LOCAL AGENCY, ANY OTHER LOCAL AGENCY, THE AUTHORITY, THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH SUCH LOCAL AGENCY, ANY OTHER LOCAL AGENCY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH SUCH LOCAL AGENCY, ANY OTHER LOCAL AGENCY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Certificate Insurance

Concurrently with the execution and delivery of the Certificates, _____ (the “Certificate Insurer”) will issue its Municipal Bond Insurance Policy for the Certificates (the “Certificate Insurance Policy”). The Certificate Insurance Policy guarantees the scheduled payment of principal and interest with respect to the Certificates when due as set forth in the form of the Certificate Insurance Policy included as Appendix E to this Official Statement. See “CERTIFICATE INSURANCE POLICY.”

Continuing Disclosure

In connection with the execution and delivery of the Certificates, each Local Agency will covenant in a separate continuing disclosure agreement (each, a “Continuing Disclosure Agreement” and, collectively, the “Continuing Disclosure Agreements”), executed for the benefit of Owners, to provide certain financial information and operating data and notices of certain events. See “CONTINUING DISCLOSURE” and “APPENDIX D – FORM OF LOCAL AGENCY CONTINUING DISCLOSURE AGREEMENT.”

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “propose,” “estimate,” “project,” “budget,” “anticipate,” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the 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. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

COVID-19 Pandemic

The information regarding the Local Agencies, including without limitation, Gas Tax Revenues, and Measure A Revenues, as applicable, and information regarding the County contained in this Official Statement is the latest available, but unless otherwise indicated are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the Local Agencies, the County and the region. See, in particular, “RISK FACTORS – Public Health Emergencies.”

Risk Factors Associated with Purchasing the 2020 Bonds

Investment in the Certificates involves risks that may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors which should be considered, including the potential impact of the COVID-19 pandemic, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Certificates.

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Official Statement do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

REFUNDING PLAN

Refunding of Desert Hot Springs 2012 Certificates

The Desert Hot Springs 2012 Certificates were executed and delivered for the purpose of financing the City of Desert Hot Springs' Project and are currently outstanding in the principal amount of \$4,955,000.

A portion of the proceeds of the Certificates, together with certain funds made available through the prepayment of the outstanding Desert Hot Springs 2012 Certificates, will be deposited in an escrow fund (the "Desert Hot Springs 2012 Certificates Escrow Fund") with Wells Fargo Bank, N.A., as escrow agent (the "Desert Hot Springs 2012 Certificates Escrow Agent"), pursuant to an Escrow Agreement, dated as of _____ 1, 2020, by and between the City of Desert Hot Springs and the Desert Hot Springs 2012 Certificates Escrow Agent. A portion of the amounts so deposited will be invested by the Desert Hot Springs 2012 Certificates Escrow Agent in federal securities, and the remainder will be held in cash, uninvested. From the proceeds on deposit in the Desert Hot Springs 2012 Certificates Escrow Fund, the Desert Hot Springs 2012 Certificates Escrow Agent will pay when due (i) the interest and principal coming due with respect to the Desert Hot Springs 2012 Certificates on and prior to June 1, 2022 and (ii) to prepay on the Prepayment Date the Desert Hot Springs 2012 Certificates maturing on and after June 1, 2022 at the principal evidenced and represented by the Desert Hot Springs 2012 Certificates plus accrued interest to the Prepayment Date, without premium.

Refunding of Menifee 2012 Certificates

The Menifee 2012 Certificates were executed and delivered for the purpose of financing the City of Menifee's Project and are currently outstanding in the principal amount of \$17,025,000.

A portion of the proceeds of the Certificates, together with certain funds made available through the prepayment of the outstanding Menifee 2012 Certificates, will be deposited in an escrow fund (the "Menifee 2012 Certificates Escrow Fund") with Wells Fargo Bank, N.A., as escrow agent (the "Menifee 2012 Certificates Escrow Agent"), pursuant to an Escrow Agreement, dated as of _____ 1, 2020, by and between the City of Menifee and the Menifee 2012 Certificates Escrow Agent. A portion of the amounts so deposited will be invested by the Menifee 2012 Certificates Escrow Agent in federal securities, and the remainder will be held in cash, uninvested. From the proceeds on deposit in the Menifee 2012 Certificates Escrow Fund, the Menifee 2012 Certificates Escrow Agent will pay when due (i) the interest and principal coming due with respect to the Menifee 2012 Certificates on and prior to June 1, 2022 the Prepayment Date and (ii) to prepay on the Prepayment Date the Menifee 2012 Certificates maturing on and after June 1, 2022 at the principal evidenced and represented by the Menifee 2012 Certificates plus accrued interest to June 1, 2022, without premium.

Refunding of Moreno Valley 2013 Certificates

The Moreno Valley 2013 Certificates were executed and delivered for the purpose of financing the City of Moreno Valley's Project and are currently outstanding in the principal amount of \$17,885,000.

A portion of the proceeds of the Certificates, together with certain funds made available through the prepayment of the outstanding Moreno Valley 2013 Certificates, will be deposited in an escrow fund (the "Moreno Valley 2013 Certificates Escrow Fund") with Wells Fargo Bank, N.A., N.A., as escrow agent (the "Moreno Valley 2013 Certificates Escrow Agent"), pursuant to an Escrow Agreement, dated as of _____ 1, 2020, by and between the City of Moreno Valley and the Moreno Valley 2013 Certificates Escrow Agent. A portion of the amounts so deposited will be invested by the Moreno Valley

2013 Certificates Escrow Agent in federal securities, and the remainder will be held in cash, uninvested. From the proceeds on deposit in the Menifee 2012 Certificates Escrow Fund, the Menifee 2012 Certificates Escrow Agent will pay when due (i) the interest and principal coming due with respect to the Moreno Valley 2013 Certificates on and prior to June 1, 2023 and (ii) to prepay on the Prepayment Date the Moreno Valley 2013 Certificates maturing on and after June 1, 2023 at the principal evidenced and represented by the Moreno Valley 2013 Certificates plus accrued interest to June 1, 2023, without premium.

Verification of Mathematical Accuracy

The sufficiency of the deposits in the Desert Hot Springs 2012 Certificates Escrow Fund, Menifee 2012 Certificates Escrow Fund, and the Moreno Valley 2013 Certificates Escrow Fund for the purposes described above will be verified by _____, _____, _____ (the “Verification Agent”). Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in Desert Hot Springs 2012 Certificates Escrow Fund, Menifee 2012 Certificates Escrow Fund, and the Moreno Valley 2013 Certificates Escrow Fund, the obligations of each of the Local Agency under their respective Prior Installment Sale Agreement will be discharged.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS

The following table details the estimated sources and uses of Certificate proceeds.

Estimated Sources:

Principal Amount Represented by Certificates	\$
[Plus/Less]: Net Original Issue [Premium/Discount]	
Less: Underwriter’s Discount	
Total Sources	\$

Estimated Uses:

Deposit into the Costs of Issuance Fund ⁽¹⁾	\$
Deposit into the Desert Hot Springs 2012 Certificates Escrow Fund ⁽²⁾	
Deposit into the Menifee 2012 Certificates Escrow Fund ⁽²⁾	
Deposit into the Moreno Valley 2013 Certificates Escrow Fund ⁽²⁾	
Total Uses	\$

⁽¹⁾ Moneys in the Costs of Issuance Fund are expected to be used to pay the fees and expenses of Special Counsel, Underwriter’s Counsel, the Trustee, the Municipal Advisor, premiums on the Certificate Insurance Policy and Reserve Policies, and the rating agency, as well as printing and other miscellaneous costs.

⁽²⁾ See “REFUNDING PLAN” above.

THE CERTIFICATES

Authorization and Registration of Certificates

The Certificates are being executed and delivered by the Trustee pursuant to the Trust Agreement and the Resolutions. The Certificates will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Certificates. See “THE CERTIFICATES – Book-Entry Only System” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement.”

Judicial Validations

City of Desert Hot Springs Validation. The City of Desert Hot Springs filed the complaint (the “Desert Hot Springs Validation Action”) in the Riverside County Superior Court pursuant to the Validation Law seeking to validate certain issues raised by the proposed execution and delivery of the Desert Hot Springs 2012 Certificates, which evidence proportionate and undivided interests in the Desert Hot Springs 2012 Installment Payments. The City of Desert Hot Springs filed the Desert Hot Springs Validation Action on August 29, 2011. There was no answering party in the action and, on November 18, 2011, the City of Desert Hot Springs obtained a judgment in its favor that enjoins the institution of any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Riverside County Superior Court within 30 days after the entry of such judgment (i.e., by no later than December 18, 2011) and, since there was no answering party in the action, only issues related to the jurisdiction of the Riverside County Superior Court to enter a judgment in the action could be raised during such period. The appeal period for such action expired on December 18, 2011.

The above-described judgment validate not only the Desert Hot Springs 2012 Certificates but also indebtedness incurred to prepay such prior certificates of participation for savings, and Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel, in issuing its final approving opinion on the Certificates, will rely, among other things, on the above-described judgment. As with any judgment, there can be no assurance that these judgments will not be challenged in the future, although no such challenge has been filed, and the City of Desert Hot Springs is unaware of any threatened challenge to such judgment.

City of Menifee Validation. The City of Menifee filed the complaint (the “Menifee Validation Action”) in the Riverside County Superior Court pursuant to the Validation Law seeking to validate certain issues raised by the proposed execution and delivery of the 2012 Menifee Certificates, which evidence proportionate and undivided interests in the Menifee 2012 Installment Payments. The City of Menifee filed the Menifee Validation Action on September 9, 2011. There was no answering party in the action and, on November 18, 2011, the City of Menifee obtained a judgment in its favor that enjoins the institution of any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Riverside County Superior Court within 30 days after the entry of such judgment (i.e., by no later than December 19, 2011) and, since there was no answering party in the action, only issues related to the jurisdiction of the Riverside County Superior Court to enter a judgment in the action could be raised during such period. The appeal period for such action expired on December 19, 2011.

The above-described judgment validate not only the Menifee 2012 Certificates but also indebtedness incurred to prepay such prior certificates of participation for savings, and Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel, in issuing its final approving opinion on the

Certificates, will rely, among other things, on the above-described judgment. As with any judgment, there can be no assurance that these judgments will not be challenged in the future, although no such challenge has been filed, and the City of Menifee is unaware of any threatened challenge to such judgment.

City of Moreno Valley Validation. The City of Moreno Valley filed the complaint (the “Moreno Valley Validation Action”) in the Riverside County Superior Court pursuant to the Validation Law seeking to validate certain issues raised by the proposed execution and delivery of the Moreno Valley 2013 Certificates, which evidence proportionate and undivided interests in the Moreno Valley 2013 Installment Payments. The City of Moreno Valley filed the Moreno Valley Validation Action on January 20, 2012. There was no answering party in the action and, on March 21, 2012, the City of Moreno Valley obtained a judgment in its favor that enjoins the institution of any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Riverside County Superior Court within 30 days after the entry of such judgment (i.e., by no later than April 21, 2012) and, since there was no answering party in the action, only issues related to the jurisdiction of the Riverside County Superior Court to enter a judgment in the action could be raised during such period. A resident appealed the judgment of the Superior Court and, on May 14, 2013, the judgment was affirmed by the California Court of Appeal. Judgment on appeal in favor of the City and affirmation of the judgment of the Riverside County Superior Court was granted on July 16, 2013, and the judgment of the Riverside County Superior Court is final.

The above-described judgment validate not only the Moreno Valley 2013 Certificates but also indebtedness incurred to prepay such prior certificates of participation for savings, and Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel, in issuing its final approving opinion on the Certificates, will rely, among other things, on the above-described judgment. As with any judgment, there can be no assurance that these judgments will not be challenged in the future, although no such challenge has been filed, and the City of Moreno Valley is unaware of any threatened challenge to such judgment.

Payment of Certificates

The Certificates will be executed and delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Certificates. Individual purchases of Certificates may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Certificates purchased. Payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Certificates as described herein. Interest with respect to the Certificates is payable semiannually on each Interest Payment Date, commencing _____ 1, 20__, until the maturity or the earlier prepayment thereof. Principal and any prepayment premiums with respect to each Certificate will be paid on each Certificate Payment Date upon surrender of such Certificate at the principal corporate office of the Trustee upon maturity or the earlier prepayment thereof. See “THE CERTIFICATES – Book-Entry Only System.”

Prepayment of Certificates

Optional Prepayment of Certificates. The Certificates maturing on or before June 1, 20__, are not subject to optional prepayment prior the respective stated maturities. The Certificates maturing on or after June 1, 20__, will be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of a Local Agency, on or after June 1, 20__, in whole or in part (by lot within any maturity), on any date, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. Each respective Local Agency is required to

provide written notice to the Authority and the Trustee at least 45 days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the Installment Sale Payments to be prepaid.

[Only the principal amount of Certificates allocable to the portion of the Installment Sale Payments being prepaid by the applicable Local Agency shall be prepaid, and such prepayment shall have no effect on the Installment Sale Payments payable by any other Local Agency that is not prepaying the Installment Sale Payments attributable to such other Local Agency.]

Mandatory Prepayment of Certificates Upon Acceleration. The Certificates are subject to mandatory prepayment prior to maturity, in whole or in part (by lot among Certificates with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate), on any date, from amounts received upon the acceleration of Installment Sale Payments upon the occurrence of an event of default under any 2020 Installment Sale Agreement, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Only the principal amount of Certificates allocable to the portion of the Installment Sale Payments being accelerated upon the occurrence of an event of default under the applicable 2020 Installment Sale Agreement shall be prepaid, and such prepayment shall have no effect on the Installment Sale Payments payable by any other Local Agency that is not in default under its applicable 2020 Installment Sale Agreement.

Mandatory Sinking Fund Prepayment. The Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Mandatory Prepayment Date (June 1)	<u>Principal Amount</u>
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(Maturity)

The amount of each such prepayment shall be reduced in the event and to the extent that Installment Sale Payments payable on the corresponding 2020 Installment Sale Payment Date are optionally prepaid by a Local Agency pursuant to its respective 2020 Installment Sale Agreement and applied to the prepayment of Certificates maturing on June 1, 20__.

Purchase of Certificates in Lieu of Prepayment

In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund held under the Trust Agreement, or in any sinking account therein, may also be used and withdrawn by the Trustee at any time, upon the written request of the Authority, for the purchase of such Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest that is payable from the Interest Fund) as the Authority, upon direction of the respective Local

Agency, may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount represented by any Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Certificate Payment Date in any year will be credited towards and shall reduce the principal amount represented by any Certificates required to be prepaid on such Certificate Payment Date in such year.

Selection of Certificates for Prepayment

Whenever provision is made in the Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee will, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates subject to prepayment or purchase or such given portion thereof equal to a multiple of \$5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any optional prepayment pursuant to the Trust Agreement, or receipt of moneys resulting in a mandatory prepayment pursuant to the Trust Agreement, the Trustee will request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Certificates to be prepaid. The Trustee will promptly notify the Authority in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.

Notice of Prepayment; Effect of Notice

So long as DTC is acting as securities depository for the Certificates, notice of redemption, containing the information required by the Trust Agreement, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Certificates designated for redemption) not less than thirty (30) nor more than sixty (60) days prior to the prepayment or purchase date, or, if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (“EMMA”) System. Each notice of prepayment or purchase shall state the date of such notice, the date of initial execution and delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each Certificate Payment Date or Dates, and, if less than all of the Certificates of any such Certificate Payment Date, the distinctive certificate numbers of the Certificates with such Certificate Payment Date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice. Conditional notice of prepayment may be given at the direction of the Authority and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee.

Conditional notice of optional prepayment may be given at the direction of the Authority and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee. If at the time of mailing of notice, funds are not then on deposit with the Trustee, such notice shall state that it is conditional upon the deposit of the funds not later than the opening of business on the date of prepayment of the Certificates, and such notice shall be of no effect unless such moneys are so deposited.

Failure by the Trustee to give notice to EMMA or the Securities Depositories, or failure by the Trustee to mail notice of prepayment or purchase to any one or more of the respective Owners of any Certificates designated for prepayment or purchase, shall not affect the sufficiency of the proceedings for prepayment or purchase.

Partial Prepayment or Purchase of Certificates

Upon surrender of any Certificate to be prepaid or purchased in part only, the Trustee will execute and deliver to the registered owner thereof, at the expense of the Authority, a new Certificate or Certificates of authorized denominations, and having the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid or unpurchased portion of the Certificate surrendered.

Effect of Prepayment

Notice of prepayment having been duly given as described above, and moneys for payment of the principal and prepayment premium, if any, represented by the Certificates (or portions thereof) so called for prepayment (the “Prepayment Price”), together with interest accrued to the prepayment date with respect to such Certificates (or portions thereof) so called for prepayment, being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and interest accrued with respect thereto to the prepayment date, interest with respect to the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

Book-Entry Only System

The following information regarding DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Authority or any Local Agency, and neither the Authority nor any Local Agency shall have any liability with respect thereto. Neither the Authority nor any Local Agency shall have any responsibility or liability for any aspects of the records maintained by DTC relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Certificates.

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered 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 certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate, and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the Authority or any Local Agency and is not incorporated in this Official Statement by reference.*

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

To facilitate subsequent transfers, all Certificates 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 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Prepayment notices shall be sent to DTC. If less than all of the Certificates within an issue are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under

its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Certificates 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 Authority or the Trustee, on the 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 nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered in accordance with the terms of the Trust Agreement.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC in accordance with the terms of the Trust Agreement.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE AUTHORITY GIVES NO ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE CERTIFICATES RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY PREPAYMENT NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Debt Service

The table below presents the annual debt service with respect to the Certificates (including sinking account prepayments), assuming that there are no optional prepayments, for the year ending on June 1 in the years shown below:

Debt Service Schedule

<u>Date</u> <u>(June 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Source: Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Installment Sale Payments

The Certificates evidence proportionate and undivided interests of the Owners thereof in the Installment Sale Payments to be made by the Local Agencies pursuant to the 2020 Installment Sale Agreements. Pursuant to the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee, the City of Desert Hot Springs and the City of Menifee are required to pay to the Trustee, from a first lien on the Gas Tax Revenues and Measure A Receipts, the Installment Sale Payments attributable to each such Local Agency. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Pledge of Gas Tax Revenues” and “– Pledge of Measure A Receipts.”

Pursuant to the 2020 Installment Sale Agreement with the City of Moreno Valley, the City of Moreno Valley is required to pay to the Trustee, from a first lien on the Measure A Receipts, the Installment Sale Payments attributable to the City of Moreno Valley. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Pledge of Measure A Receipts.”

The Installment Sale Payments, when added to the Installment Sale Payments received from the other Local Agencies, are designed to be sufficient, in both time and amount, to pay, when due, the principal and interest evidenced and represented by the Certificates. Each Local Agency is solely responsible for the payment of the Installment Sale Payments required to be paid pursuant to its 2020 Installment Sale Agreement, and no Local Agency is responsible for the payment of any Installment Sale Payments attributable to any other Local Agency. “See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.”

Pursuant to the Trust Agreement, the Authority will assign to the Trustee, for the benefit of the Owners, its rights under the 2020 Installment Sale Agreements, including, but not limited to, the Authority’s security interest in and lien upon the Gas Tax Revenues (with respect to the City of Desert Hot Springs and the City of Menifee) and Measure A Receipts (with respect to all three Local Agencies). See “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Pledge of Gas Tax Revenues

All Gas Tax Revenues received by the City of Desert Hot Springs and the City of Menifee and any other amounts (including proceeds of the sale of the Certificates) held by the Trustee in any fund or account established under the Trust Agreement will be irrevocably pledged to the payment of the principal, interest, and prepayment premium, if any, evidenced and represented by the Certificates as provided in the Trust Agreement, and the Gas Tax Revenues will not be used for any other purpose while any of the Certificates remain outstanding; provided, however, that out of the Gas Tax Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. Such pledge will constitute a first pledge of and charge and lien upon the Gas Tax Revenues and all other moneys on deposit in the funds and accounts established under the Trust Agreement for the payment of the interest and principal with respect to the Certificates in accordance with the terms of the Trust Agreement. Pursuant to the Trust Agreement, the Authority will assign to the Trustee all of the Authority’s rights and remedies under the 2020 Installment Sale Agreement, including, but not limited to, the Authority’s security interest in and lien upon the Gas Tax Revenues.

The term “Gas Tax Revenues” is defined in the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee to mean all amounts received by the applicable Local Agency from the State in accordance with Streets and Highways Code Sections 2103, 2104(d), (e) and (f), 2105, 2106 and 2107, as such provisions may be amended, and all other revenues (except revenues

received by the applicable Local Agency in accordance with Streets and Highways Code Section 2107.5), if any, received by the applicable Local Agency from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions or reimbursements received by the applicable Local Agency from the State in lieu of such revenues.

For more information regarding the Gas Tax Funds and the historical Gas Tax Revenues, see “GAS TAX REVENUES.” See also “RISK FACTORS.”

Pledge of Measure A Receipts

All Measure A Receipts held by the Trustee in any fund or account established under the Trust Agreement will be irrevocably pledged to the payment of the principal, interest, and prepayment premium, if any, evidenced and represented by the Certificates as provided in the Trust Agreement, and the Measure A Receipts will not be used for any other purpose while any of the Certificates remain outstanding; provided, however, that out of the Measure A Receipts there may be applied such sums for such purposes as are permitted under the Trust Agreement and the 2020 Installment Sale Agreements. Such pledge will constitute a first pledge of and charge and lien upon the Measure A Receipts on deposit in the funds and accounts established under the Trust Agreement for the payment of the interest and principal with respect to the Certificates in accordance with the terms of the Trust Agreement. Pursuant to the Trust Agreement, the Authority will assign to the Trustee all of the Authority’s rights and remedies under the 2020 Installment Sale Agreements, including, but not limited to, the Authority’s security interest in and lien upon the Measure A Receipts.

The term “Measure A Receipts” is defined in the 2020 Installment Sale Agreements to mean Measure A Revenues allocated by the Commission to the applicable Local Agency pursuant to the Measure A Ordinance, to the extent the applicable Project constitutes a Measure A Project, in an amount not greater than the Installment Sale Payments related to such Measure A Project.

The term “Measure A Revenues” is defined in each 2020 Installment Sale Agreement to mean revenues of the Commission derived from the Measure A Sales Tax imposed in the County pursuant to the Measure A Sales Tax Act, and the Measure A Ordinance. Measure A Revenues are allocated by the Commission to the Local Agencies on a basis that is subordinate to the Commission’s payment with respect to its Senior Lien Measure A Obligations, as described herein. See “MEASURE A REVENUES; MEASURE A RECEIPTS – Senior Lien Measure A Obligations” and “ – Collection and Allocation of Measure A Revenues” and “RISK FACTORS – Senior Lien Measure A Obligations.” Only the portion of Measure A Revenues allocated by the Commission to each Local Agency constituting Measure A Receipts may be applied to pay the applicable Installment Sale Payments. See “RISK FACTORS – Limitations on Use of Measure A Revenues.”

For more information regarding the portion of Measure A Revenues historically allocated by the Commission to each Local Agency, see “MEASURE A REVENUES; MEASURE A RECEIPTS.” See also “RISK FACTORS.”

Pledged Tax Fund

In order to carry out and effectuate the pledge, charge, and lien contained in the Trust Agreement, the Authority will covenant that all Gas Tax Revenues and Measure A Receipts when and as received shall be received by the Authority in trust for the benefit of the Owners and shall be deposited when and as received by the Authority in the Revenue Fund created and maintained by the Trustee under the Trust Agreement. All Gas Tax Revenues and Measure A Receipts shall be accounted separately for each Local Agency and held in trust in the Revenue Fund.

The following funds and accounts will be established within the Revenue Fund: (i) Interest Fund and, within the Interest Fund, an Interest Payment Account for each Local Agency; (ii) Principal Fund and, within the Principal Fund, a Principal Payment Account for each Local Agency; (iii) Reserve Fund and, within the Reserve Fund, a Reserve Subaccount for each Local Agency; (iv) Administration Fund and, within the Administration Fund, an Administration Subaccount for each Local Agency; and (v) Surplus Account.

In order to carry out and effectuate the obligation of each Local Agency contained in its 2020 Installment Sale Agreement to pay the Installment Sale Payments and the Administration Fee (as defined below), each Local Agency will agree and covenant in its 2020 Installment Sale Agreement that it has established a Pledged Tax Fund (each, a "Pledged Tax Fund") and within each Pledged Tax Fund, a "Measure A Receipts Account." In addition, the City of Desert Hot Springs and the City of Menifee will agree and covenant in its 2020 Installment Sale Agreement to maintain within their respective Pledged Tax Fund, a Gas Tax Fund (each, a "Gas Tax Fund"). Each Local Agency will agree and covenant to maintain such fund and accounts, as applicable, so long as any Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided in the applicable 2020 Installment Sale Agreement.

Each Local Agency will agree and covenant that all Measure A Receipts received by it shall be deposited when and as received in the Local Agency's Measure A Receipts Account. Additionally, the City of Desert Hot Springs and the City of Menifee will agree and covenant that all Gas Tax Revenues received by it shall be deposited when and as received in the Local Agency's Gas Tax Account. All of the Revenues (which term is defined in the 2020 Installment Sale Agreements for the City of Desert Hot Springs and the City of Menifee to mean all Gas Tax Revenues and Measure A Receipts, and in the 2020 Installment Sale Agreement for the City of Moreno Valley to mean only Measure A Receipts) and all money in the Pledged Tax Fund and in the funds or accounts so specified and provided for the 2020 Installment Sale Agreements will be irrevocably pledged to the punctual payment of the Installment Sale Payments and the Administration Fee, and the Revenues and such other money shall not be used for any other purpose while any of the Installment Sale Payments remain outstanding; subject to the provisions of the 2020 Installment Sale Agreements permitting application thereof for the purposes and on the terms and conditions set forth therein. Such pledge shall constitute a first lien on the Revenues and such other money for the payment of the Installment Sale Payments and the Administration Fee in accordance with the terms of the 2020 Installment Sale Agreements..

Notwithstanding the foregoing, each Local Agency may satisfy its obligation to deposit Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee, and, if and when so deposited, such Other Available Revenues shall be irrevocably pledged to the payment of Installment Sale Payments. The term "Other Available Revenues" is defined in the 2020 Installment Sale Agreements as revenues, other than Gas Tax Revenues and/or Measure A Receipts, as applicable, legally available to the applicable Local Agency to make Installment Sale Payments.

Pursuant to the 2020 Installment Sale Agreements, all Revenues on deposit in the applicable Pledged Tax Fund shall be set aside and deposited by the applicable Local Agency in the various funds and accounts within the Revenue Fund at the following times in the following order of priority:

Interest Fund and Principal Fund Deposits. On or before the 15th day preceding each Interest Payment Date, each Local Agency shall, from the Revenues in the applicable Pledged Tax Fund, transfer to the Trustee for deposit in such Local Agency's Interest Payment Account in the Interest Fund within the Revenue Fund, a sum equal to the interest becoming due and payable on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in such Interest Payment Account equal to the amount of interest

becoming due and payable with respect to such Local Agency on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Certificate Payment Date, such Local Agency shall, from the Revenues in the applicable Pledged Tax Fund, transfer to the Trustee for deposit in such Local Agency's Principal Payment Account in the Principal Fund within the Revenue Fund, a sum equal to the principal becoming due and payable on the next succeeding Certificate Payment Date, except that no such deposit need be made if the Trustee then holds money in such Principal Payment Account equal to the amount of principal becoming due and payable with respect to such Local Agency on the next succeeding Certificate Payment Date.

Reserve Fund Deposit. On or before the 15th day of each month, each Local Agency shall, from the Revenues in the applicable Pledged Tax Fund, transfer to the Trustee for deposit in such Local Agency's Reserve Subaccount in the Reserve Fund within the Revenue Fund that sum, if any, necessary to restore such Reserve Subaccount to an amount equal to the Reserve Fund Requirement, all in accordance with and subject to the terms and conditions of the Trust Agreement. All money in the Reserve Subaccount shall be used and withdrawn by the Trustee for the purposes specified in the Trust Agreement. Each Local Agency further agrees to pay to the Insurer all amounts owed to it under the Insurance Agreement in connection with any draw on the Local Agency's Reserve Policy, and all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate, in each case solely from available Revenues and subject to the first pledge of and lien upon the Local Agency's Revenues for the payment of the Certificates.

Administration Fund Deposit. On or before the 15th day preceding each Certificate Payment Date, each Local Agency shall, from the remaining Revenues on deposit in the applicable Pledged Tax Fund, transfer to the Trustee for deposit in such Local Agency's Administration Subaccount in the Administration Fund within the Revenue Fund, a sum equal to the Administration Fee becoming due and payable under the Trust Agreement on the next Certificate Payment Date, and all money on deposit in the Administration Subaccount shall be used to pay the Administration Fee due on such Certificate Payment Date, in accordance with the terms of the Trust Agreement. "Administration Fee" means an amount equal to the sum of the respective annual administration fees charged by the Authority, the Trustee[, and the Rebate Analyst,] payable on the 15th day of the month preceding each Principal Payment Date.

Notwithstanding the foregoing, provided all transfers described above under the subheadings "Reserve Fund Deposit" and "Administrative Fund Deposit" have been made, on any Business Day moneys on deposit in the applicable Pledged Tax Fund in excess of the sum of (i) interest becoming due and payable under a Local Agency's 2020 Installment Sale Agreement on the next succeeding Interest Payment Date (less amounts then held by the Trustee in the Interest Payment Account) and (ii) the Pro Rata Share of Principal (less amounts then held by the Trustee in the Principal Payment Account) may be expended by such Local Agency at any time for any purpose permitted by law. "Pro Rata Share of Principal" is defined in each 2020 Installment Sale Agreement to mean, during any month, an amount of principal becoming due and payable thereunder on the next succeeding Certificate Payment Date that would have accrued if such principal were deemed to accrue monthly in equal amounts from the preceding Certificate Payment Date.

Deposit of Other Available Revenues

Notwithstanding the pledge of Gas Tax Revenues by the City of Desert Hot Springs and City of Menifee and the pledge of Measure A Receipts by all three Local Agencies as described above, each Local Agency may satisfy its obligation to deposit Installment Sale Payments with the Trustee by

depositing Other Available Revenues with the Trustee and, if and when so deposited, such Other Available Revenues shall be irrevocably pledged to the payment of Installment Sale Payments. Unless and until deposited with the Trustee, such Other Available Revenues are not pledged to the payment of Installment Sale Payments. The term “Other Available Revenues” is defined in the applicable 2020 Installment Sale Agreement as revenues, other than Measure A Receipts, legally available to such Local Agency to make Installment Sale Payments.

Additional Contracts

So long as each Local Agency is not in default under its 2020 Installment Sale Agreement, such Local Agency may at any time execute any installment sale contracts, capital leases, or similar obligations of such Local Agency (each, a “Contract”), authorized and executed by such Local Agency under and pursuant to applicable law, that constitute additional charges against its Measure A Receipts without the consent of Owners of the Certificates. See “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Installment Sale Payments; Administration Fee – Additional Contracts.” To the extent that other Contracts are executed by a Local Agency, the funds available to pay the applicable Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of a Local Agency to execute any Contract at any time to refund any outstanding Contract.

Reserve Fund

The Trustee will set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency’s Reserve Subaccount that amount of money (or other authorized deposit of security) that shall be required to maintain such Local Agency’s Reserve Subaccount in the full amount of each Local Agency’s Reserve Fund Requirement. No deposit need be made in the Reserve Subaccount so long as there shall be on deposit therein a sum equal to the applicable Reserve Fund Requirement. All money in each Reserve Subaccount (including all amounts that may be obtained from any insurance policy on deposit in the Reserve Subaccount) shall be used and withdrawn by the Trustee solely for the purpose of replenishing such Local Agency’s Interest Payment Account or the Principal Payment Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest, principal, or prepayment premiums, if any, payable in connection with the applicable 2020 Installment Sale Agreement, except that any cash amounts in any Reserve Subaccounts in excess of the amount required to be on deposit therein shall be withdrawn from the Reserve Subaccounts on each Interest Payment Date and deposited in such Local Agency’s Interest Payment Account.

In lieu of making a Reserve Fund Requirement deposit or in replacement of moneys then on deposit in any Reserve Subaccount (which shall be transferred by the Trustee to the applicable Local Agency upon delivery of an insurance policy satisfying the requirements stated below), a Local Agency may also deliver to the Trustee an insurance policy (a “Qualified Reserve Instrument”) securing an amount, together with moneys or Permitted Investments on deposit in the applicable Reserve Subaccount, no less than the applicable Reserve Fund Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest components of the related 2020 Installment Sale Agreement and whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated in one of the two highest rating categories (without respect to any modifier) of the Rating Agency; provided that in the event of a Qualified Reserve Instrument is downgraded by a rating agency, the related Local Agency is not required to replace the Qualified Reserve Instrument or deposit cash in the Local Agency’s Reserve Subaccount. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Subaccounts shall be applied solely to the payment of debt service due on the Certificates.

[If and to the extent that a Reserve Subaccount has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) shall be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the Qualified Reserve Instrument shall be made prior to any replenishment of any cash (or Permitted Investments). If a Reserve Subaccount is funded, in whole or in part, with more than one Qualified Reserve Instrument, then any draws made against such Qualified Reserve Instrument shall be made pro-rata.]

[Each Local Agency][_____ and _____] has provided a [Reserve Policy] to be credited to the Local Agency's Reserve Subaccount, and the Trustee shall make claims under the respective [Reserve Policy] in accordance with the terms of the [Reserve Policy] and the Insurance Agreement. The [Reserve Policy] is a Qualified Reserve Instrument.]

The term "Reserve Fund Requirement" is defined in the Trust Agreement to mean, as of any date of calculation, separately with respect to each 2020 Installment Sale Agreement, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the Installment Sale Payments under such 2020 Installment Sale Agreement; (ii) 125% of the average annual Installment Sale Payments under such 2020 Installment Sale Agreement; or (iii) the Maximum Annual Debt Service. [Special Counsel to confirm]

See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement."

Certificate Insurance Policy

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under the Certificate Insurance Policy to be issued concurrently with the delivery of the Certificates by the Certificate Insurer. For a more detailed description of the Certificate Insurance Policy and the Certificate Insurer, see "CERTIFICATE INSURANCE POLICY" and "APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

THE LOCAL AGENCIES

The following Local Agencies will execute the Trust Agreement: (1) the City of Desert Hot Springs, (2) the City of Menifee, and (3) the City of Moreno Valley. Certain economic and demographic information regarding each participating Local Agency is included in Appendix B. See "GAS TAX REVENUES" or a discussion of the historical and prospective Gas Tax Revenues allocable to the City of Desert Hot Springs and the City of Menifee. Only the portion of Gas Tax Revenues allocable to the City of Desert Hot Springs may be applied to pay the Installment Sale Payments attributable to the City of Desert Hot Springs, and only the portion of Gas Tax Revenues allocable to the City of Menifee may be applied to pay the Installment Sale Payments attributable to the City of Menifee. No Gas Tax Revenues are pledged as security or otherwise required to be applied to pay the Installment Sale Payments attributable to the City of Moreno Valley. See "MEASURE A REVENUES; MEASURE A RECEIPTS" for a discussion of the portion of Measure A Revenues that has historically been allocated by the Commission to each Local Agency. Only the portion of Measure A Revenues allocated by the Commission to the City of Desert Hot Springs may be applied to pay the Installment Sale Payments attributable to the City of Desert Hot Springs, only the portion of Measure A Revenues allocated by the Commission to the City of Menifee may be applied to pay the Installment Sale Payments attributable to the City of Menifee, and only the portion of Measure A Revenues allocated by the Commission to the City of Moreno Valley may be applied to pay the Installment Sale Payments attributable to the City of Moreno Valley.

GAS TAX REVENUES

Pursuant to the Installment Sale Agreements, the City of Desert Hot Springs and the City of Menifee will pledge their Gas Tax Revenues for the payment of Installment Sale Payments. The term “Gas Tax Revenues” is defined in the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee to mean all amounts received by the applicable Local Agency from the State in accordance with Streets and Highways Code Sections 2103, 2104(d), (e) and (f), 2105, 2106 and 2107, as such provisions may be amended, and all other revenues (except revenues received by the applicable Local Agency in accordance with Streets and Highways Code Section 2107.5), if any, received by the applicable Local Agency from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions or reimbursements received by the applicable Local Agency from the State in lieu of such revenues. Gas Tax Revenues are received by the City of Desert Hot Springs and the City of Menifee and held and maintained in the Gas Tax Fund of such Local Agencies. See “GAS TAX REVENUES – Statewide Gas Tax Apportionments” below.

Statewide Fuel Consumption

The following table details the historical motor vehicle fuel use for the State for calendar years 2010 through 2019. Gas Tax Revenues are received by the City of Desert Hot Springs and the City of Menifee through apportionments of a tax levied by the State on the distribution of net taxable motor vehicle and taxable diesel fuel. The revenues from such tax are collected Statewide, and then apportioned to cities and counties in the State based on specified factors, including population.

HISTORICAL FUEL USE STATE OF CALIFORNIA Statewide Fuel Distributions (Millions of Gallons) Calendar Years 2010 through 2019

<u>Year</u>	<u>Net Taxable Fuel⁽¹⁾</u>	<u>Taxable Diesel Fuel</u>	<u>Total</u>
2010	\$14,868,892,787	\$2,590,655,088	\$17,459,547,875
2011	14,600,133,763	2,622,534,125	17,222,667,888
2012	14,504,794,174	2,603,545,631	17,108,339,805
2013	14,532,944,431	2,740,305,652	17,273,250,083
2014	14,702,632,422	2,776,180,357	17,478,812,779
2015	15,105,348,840	2,824,659,806	17,930,008,646
2016	15,487,956,872	3,005,270,626	18,493,227,498
2017	15,579,525,920	3,123,808,747	18,703,334,667
2018	15,517,383,271	3,073,917,507	18,591,300,778
2019	15,428,040,813	3,068,003,945	18,496,044,758

(1) Includes aviation gasoline, which constitutes less than 1% of total.
Source: California State Controller's Office.

Statewide Gas Tax Apportionments

Apportionment to the City of Desert Hot Springs and the City of Menifee of per gallon taxes that comprise their Gas Tax Revenues is made monthly by the Controller of the State pursuant to Sections 2103, 2105, 2106, and 2107 of the California Streets and Highways Code (respectively, “Section 2103,” “Section 2105,” “Section 2106,” and “Section 2107”). Apportionments under Sections 2104(d), (e),

and (f) of the California Streets and Highways Code apply to counties only; neither the City of Desert Hot Springs nor the City of Menifee receive any Gas Tax Revenues under such Sections.

For purposes of the following statutory apportionment of per gallon taxes, the population of each city is determined for that city by the last federal decennial or special census, or by a subsequent census validated by the population research unit of the State Department of Finance, or (if applicable) by the method described in Section 11105.3 of the California Revenue and Taxation Code or Sections 2107.1 or 2107.2 of the California Streets and Highways Code.

Gas Tax Revenues received by the City of Desert Hot Springs and the City of Menifee pursuant to Section 2107.5 of the California Streets and Highways Code are not included in the definition of Gas Tax Revenues for the City of Desert Hot Springs and the City of Menifee.

Section 2103. Section 2103 was substantially amended by the passage of Assembly Bill No. 9 (ABX8 9), adopted into law along with its companion Assembly Bill No. 6 (ABX8 6) on March 22, 2010, and further amended by Assembly Bill 105 (AB 105), adopted into law on March 24, 2011. Pursuant to Section 2103, as amended, commencing in fiscal year 2010-11, a portion of the revenues from the increased the excise tax on gasoline that became effective on July 1, 2010, will be allocated each month to cities, among other purposes, as set forth in Section 2103. See “– 2010 Gasoline Sales Tax – Gasoline Excise Tax Swap” below.

Section 2105. Pursuant to Section 2105, cities are apportioned a sum equal to 5.8% of the per gallon tax under Section 7360 of the Revenue and Taxation Code, 11.5% of any per gallon tax in excess of \$0.09 per gallon under Section 8651, 8651.5, and 8651.6 of the California Revenue and Taxation Code, and 6.5% of the per gallon tax under Sections 60050 and 60115 of the Revenue and Taxation Code, in the proportion that the total population of the city bears to the total population of all cities in the State.

Section 2106. Pursuant to Section 2106, a sum equal to the net revenue derived from a \$0.0104 per gallon tax under the Motor Vehicle Fuel License Tax Law (Section 7301 et seq. of the California Revenue and Taxation Code) (the “Motor Vehicle Fuel License Tax Law”) is apportioned monthly from the Highway Users Tax Account in the State’s Transportation Tax Fund (the “Highway Users Tax Account”) to cities as follows: (a) \$400 per month is apportioned to each city and city and county, and \$800 per month is apportioned to each county and city and county, (b) \$600,000 per month is transferred to the Bicycle Transportation Account in the State Transportation Fund, and (c) the balance is apportioned as follows: (1) a base sum will be computed for each county by using the same proportions of fee-paid and exempt vehicles as are established for purposes of apportionment of funds under Section 2104(d), (2) within a county, the percentage of the total assessed valuation of tangible property subject to local tax levies within the county which is represented by the assessed valuation of tangible property outside the incorporated cities of the county shall be applied to its base sum, and the resulting amount shall be apportioned to the county, and (3) the difference between the base sum for each county and the amount apportioned to the county will be apportioned to the cities of that county in the proportion that the population of each city bears to the total population of all the cities in the county.

Section 2107. Pursuant to Section 2107, a sum equal to the net revenues derived from 7.3% of the per gallon tax under the Motor Vehicle Fuel License Tax Law, \$0.0259 under the Use Fuel Tax Law (Section 8601 et seq. of the California Revenue and Taxation Code), and 11.5% under the Diesel Fuel Tax Law (Section 60001 et seq. of the California Revenue and Taxation Code), is apportioned monthly to cities from the Highway Users Tax Account as follows: the State Controller allocates annually to each city that has filed a report containing the information prescribed by subdivision (c) of Section 2152 of the California Streets and Highways Code, and that had expenditures in excess of \$5,000 during the preceding fiscal year for snow removal, an amount equal to one-half the amount of its expenditures for

snow removal in excess of \$5,000 during such fiscal year. The balance of such sum is allocated to each city in the proportion that the total population of the city bears to the total population of all cities in the State.

2010 Gasoline Sales Tax – Gasoline Excise Tax Swap. In March 2010, as a part of a special budget session called by the Governor, the Legislature passed, and the Governor signed into law, ABX8 6 and ABX8 9, which contain the provisions for a swap of State sales taxes on gasoline in exchange for a gasoline excise tax. Such legislation: (i) effective July 1, 2010, repealed the State sales tax on gasoline; (ii) effective July 1, 2010, increased the excise tax on gasoline by \$0.173 per gallon and added an annual index that is intended to ensure that the new excise tax keeps pace with the revenues expected from the sales tax on gas; (iii) effective July 1, 2011, imposed an additional 1.75% tax on the sale, storage, use, and consumption of diesel fuel; and (iv) effective July 1, 2011, reduced the excise tax on diesel fuel from \$0.18 to \$0.136 per gallon, subject to annual adjustment. The legislation includes expressed legislative intent to fully replace the local streets and road funds cities and counties would have received under the State sales tax on gasoline with allocations from the increased gasoline excise tax rate.

On November 2, 2010, the California electorate approved Proposition 26, the Supermajority Vote to Pass New Taxes and Fees Act (“Proposition 26”), an initiative amendment to the California Constitution. Proposition 26 requires a two-thirds supermajority vote in the California State Legislature to pass many fees, levies, charges, and tax revenue allocations that under the State’s previous rules could be enacted by a simple majority vote. By its terms, Proposition 26 requires that any State law adopted between January 1, 2010, and November 2, 2010 (the date Proposition 26 was approved), that conflicts with Proposition 26 would be repealed one year after Proposition 26’s approval date. This repeal would not take place, however, if two-thirds of each house of the Legislature passed the law again. Because the State Legislature approved the 2010 gasoline sales tax – gasoline excise tax swap with only a majority vote in March 2010, that legislation would have been repealed in November 2011 unless the State Legislature approved such legislation again with a two-thirds vote in each house. Pursuant to AB 105, however, such legislation was amended and approved with a two-thirds vote in each house in March 2011 and is not subject to repeal under Proposition 26.

Commencing in fiscal year 2011-12 and continuing in fiscal years thereafter, under Section 2103, the revenues from the increased the excise tax on gasoline will be allocated each month as follows, in the following order of priority: (a) first, to the Transportation Debt Service Fund of the State, to reimburse the State’s General Fund for debt service paid with respect to specified State bonding programs; and second, the remainder shall be allocated as follows: (i) 44% to the State Transportation Improvement Program, (ii) 12% to the State Highway Operation and Protection Program, the State’s highway safety improvement program, and (iii) and 44% evenly split between cities and counties using current Highway Users Tax Account formulas.

Section 2103 funds are allocated to cities on a per capita basis and to counties 75 percent based on the proportion of registered vehicles and 25 percent based on the proportion of maintained county road miles.

Neither the Authority nor the City of Desert Hot Springs or the City of Menifee have any control over the methodology, formulas, or rates used by the State to distribute Gas Tax Revenues to cities and counties, including the City of Desert Hot Springs or the City of Menifee, and such methodology or formulas may be changed by the Legislature or as a result of the State initiative process at any time. See “RISK FACTORS – Passive Revenue Sources.”

City of Desert Hot Springs Gas Tax Revenues

Historical Gas Tax Revenues – City of Desert Hot Springs. The following table details the historical Gas Tax Revenues received by the City of Desert Hot Springs, as apportioned under the California Streets and Highway Code to the City of Desert Hot Springs for fiscal years 2015 through 2020.

HISTORIC GAS TAX REVENUES CITY OF DESERT HOT SPRINGS Fiscal Years 2015 through 2020

<u>Fiscal Year</u>	<u>Section 2103</u>	<u>Section 2105</u>	<u>Section 2106</u>	<u>Section 2107</u>	<u>Totals⁽¹⁾</u>
2015	\$288,281	\$165,467	\$106,997	\$212,774	\$773,519
2016	129,203	158,149	100,236	192,781	580,369
2017	73,272	163,559	104,652	215,834	557,317
2018	114,102	155,280	101,725	206,307	577,414
2019	99,938	162,275	106,909	203,933	573,055
2020 ⁽²⁾	225,379	156,242	98,336	195,040	674,997

(1) Does not include California Streets and Highways Code Section 2107.5 revenues.

(2) Unaudited.

Source: City of Desert Hot Springs.

Gas Tax Fund Financial Statements. The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Desert Hot Springs's Gas Tax Fund for the fiscal years ended June 30, 2015 through June 30, 2019.

BALANCE SHEET CITY OF DESERT HOT SPRINGS GAS TAX FUND For the Fiscal Years Ended June 30, 2015 through June 30, 2019

	2015	2016	2017	2018	2019
ASSETS					
Cash and investments	\$286,583	\$348,911	\$193,230	\$13,664	\$ --
Accounts	829	399	1,587	3,304	49,404
Interest	12	23	45	1	--
Due from other governments	76,407	48,612	54,215	51,277	--
Prepaid items	--	--	--	--	2,947
Total Assets	\$363,831	\$397,945	\$249,077	\$68,246	\$52,351
LIABILITIES					
Accounts payable	\$21,736	\$19,314	\$49,418	\$28,280	\$59,478
Accrued liabilities	3,373	--	--	--	--
Due to other funds	--	--	--	--	19,248
Total Liabilities	\$25,109	\$19,314	\$49,418	\$28,280	\$78,726
FUND BALANCE					
Restricted	\$338,722	\$378,631	\$199,659	\$ --	\$ --
Nonspendable	--	--	--	39,966	2,947
Unassigned (deficit)	--	--	--	--	\$(29,322)
Total fund balance (deficit)	\$338,711	\$378,631	\$199,659	\$39,966	(26,375)
Total Liabilities and Fund Balance	\$363,831	\$397,945	\$249,077	\$68,246	\$52,351

Source: City of Desert Hot Springs Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CITY OF DESERT HOT SPRINGS GAS TAX FUND
For the Fiscal Years Ended June 3, 2015 through June 30, 2019**

	2015	2016	2017	2018	2019
REVENUES					
Taxes	\$ --	\$ --	\$ --	\$33,096	\$ --
Intergovernmental	785,519	586,369	563,318	583,414	612,594
Interest	41	92	146	179	4
Total Revenues	\$785,560	\$586,461	\$563,464	\$616,689	\$612,598
EXPENDITURES					
General government	\$180,443	\$141,859	\$224,834	\$ --	\$ --
Public Works	182,079	203,299	212,145	537,828	478,495
Capital outlay	--	--	107,662	39,360	--
Total Expenditures	\$362,522	\$345,158	\$544,641	\$577,188	\$478,495
OTHER FINANCING SOURCES (USES)					
Transfers out	\$(199,346)	\$(201,394)	\$(197,794)	\$(199,194)	\$(200,444)
Total other financing sources (uses)	\$(199,346)	\$(201,394)	\$(197,794)	\$(199,194)	\$(200,444)
NET CHANGES IN FUND BALANCE	\$223,692	\$39,909	\$(178,971)	\$(159,693)	\$(66,341)
FUND BALANCE					
Beginning of year	\$115,030	\$338,722	\$378,631	\$199,659	\$39,966
End of year	\$338,722	\$378,631	\$199,660	\$39,966	\$(26,375)

Source: City of Desert Hot Springs Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The historical Gas Tax Revenues received by the City of Desert Hot Springs, as apportioned under the California Streets and Highway Code to the City of Desert Hot Springs, and Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Desert Hot Springs's Gas Tax Fund in the foregoing tables are the latest available, but are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See "BOND OWNERS' RISK – Public Health Emergencies." Further declines in the economy or other market factors may depress Gas Tax Revenues that are available to be apportioned to the City of Desert Hot Springs in the future.

City of Menifee Gas Tax Revenues

Historical Gas Tax Revenues – City of Menifee. The following table details the historical Gas Tax Revenues received by the City of Menifee, as apportioned under the California Streets and Highway Code to the City of Menifee for fiscal years 2015 through 2020.

HISTORIC GAS TAX REVENUES CITY OF MENIFEE Fiscal Years 2015 through 2020

<u>Fiscal Year</u>	<u>Section 2103</u>	<u>Section 2105</u>	<u>Section 2106</u>	<u>Section 2107</u>	<u>Totals⁽¹⁾</u>
2015	\$774,976	\$453,458	\$284,599	\$580,342	\$2,093,375
2016	438,619	479,394	294,187	624,237	1,836,437
2017	237,556	500,106	308,382	634,054	1,680,098
2018	353,052	491,982	311,914	640,284	1,797,232
2019	307,021	504,232	321,100	634,127	1,766,480
2020 ⁽²⁾	604,405	419,362	258,534	521,379	1,803,680

(1) Does not include California Streets and Highways Code Section 2107.5 revenues.

(2) Unaudited, and receipts are only through April 2020.

Source: City of Menifee.

Gas Tax Fund Financial Statements. The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Menifee's Gas Tax Fund for the fiscal years ended June 30, 2015 through June 30, 2019.

BALANCE SHEET CITY OF MENIFEE GAS TAX FUND For the Fiscal Years Ended June 30, 2015 through June 30, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ASSETS					
Cash and investments	\$174,798	\$537,853	\$599,885	\$1,519,568	\$1,224,295
Accounts	51,293	45,331	42,646	144,748	68,040
Interest	1,512	264	1,367	4,474	4,973
Cash investments with fiscal agents	516,823	224,382	322,897	177,482	--
Prepaid items	--	--	--	--	--
Total Assets	\$744,428	\$807,830	\$966,795	\$1,846,252	\$1,297,308
LIABILITIES					
Accounts payable	\$164,011	\$211,853	\$154,869	\$589,644	\$197,348
Accrued liabilities	70,970	7,475	7,735	9,936	13,509
Total Liabilities	\$234,981	\$219,328	\$162,604	\$599,580	\$210,857
FUND BALANCE					
Restricted	\$509,445	\$588,502	\$804,191	\$1,246,672	\$1,086,451
Total fund balance	\$509,445	\$588,502	\$804,191	\$1,246,672	\$1,086,451
Total liabilities and fund balance	\$744,426	\$807,830	\$966,795	\$1,846,252	\$1,297,308

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CITY OF MENIFEE GAS TAX FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	2015	2016	2017	2018	2019
REVENUES					
Intergovernmental	\$2,168,276	\$1,843,937	\$1,687,598	\$2,465,778	\$1,980,682
Use of money and property	12,562	6,132	2,165	9,831	31,798
Total Revenues	\$2,180,838	\$1,850,069	\$1,689,763	\$2,475,609	\$2,012,480
EXPENDITURES					
Public Works	\$1,487,251	\$1,190,685	\$1,316,366	\$1,916,170	\$1,826,574
Capital outlay	213,872	578,907	157,708	116,958	104,862
Total expenditures	\$1,701,123	\$1,769,592	\$1,474,074	\$2,033,128	\$1,931,436
OTHER FINANCING SOURCES (USES)					
Transfers out	\$(903,000)	\$(1,420)	\$ --	\$ --	\$ --
Total other financing sources (uses)	\$(903,000)	\$(1,420)	\$ --	\$ --	\$ --
NET CHANGES IN FUND BALANCE	\$(423,285)	\$79,057	\$215,689	\$442,481	\$81,044
FUND BALANCE					
Beginning of year	\$932,730	\$509,445	\$588,502	\$804,191	\$1,005,407
End of year	\$509,445	\$588,502	\$804,191	\$1,246,672	\$1,088,451

Source: City of Meniffee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The historical Gas Tax Revenues received by the City of Meniffee, as apportioned under the California Streets and Highway Code to the City of Meniffee, and Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Meniffee’s Gas Tax Fund in the foregoing tables are the latest available, but are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See “BOND OWNERS’ RISK – Public Health Emergencies.” Further declines in the economy or other market factors may depress Gas Tax Revenues that are available to be apportioned to the City of Meniffee in the future.

MEASURE A REVENUES; MEASURE A RECEIPTS

Pledge of Measure A Receipts

Pursuant to the 2020 Installment Sale Agreements, each Local Agency will pledge its Measure A Receipts for the payment of its Installment Sale Payments. The term “Measure A Receipts” is defined in the 2020 Installment Sale Agreements to mean Measure A Revenues allocated by the Commission to the applicable Local Agency pursuant to the Measure A Ordinance, to the extent the applicable Project constitutes a Measure A Project, in an amount not greater than the Installment Sale Payments related to such Measure A Project. See “THE LOCAL AGENCIES.”

The term “Measure A Revenues” is defined in each 2020 Installment Sale Agreement to mean revenues of the Commission derived from the Measure A Sales Tax imposed in the County pursuant to the Measure A Sales Tax Act, and the Measure A Ordinance. In accordance with the Measure A Sales Tax Act, on November 5, 2002, more than two-thirds of the voters of the County voting on the measure approved the Measure A Ordinance, which authorized the imposition of the Measure A Sales Tax, a one-half of one percent (0.5%) retail transaction and use tax on the gross receipts of retailers from the sale of tangible personal property sold in the County and a use tax at the same rate upon the storage, use, or other consumption in the County of such property purchased from any retailer for storage, use, or other consumption in the County, subject to certain limited exceptions described below. The Measure A Sales Tax commenced on July 1, 2009, is administered by the Commission, and will be collected for a thirty-year period ending on June 30, 2039.

For more information regarding the portion of Measure A Revenues historically allocated by the Commission to the Local Agencies, see “– Measure A Revenues – Historical Measure A Revenues – City of Desert Hot Springs, ” “– City of Menifee” and “– City of Moreno Valley.” See also ‘RISK FACTORS.’

The Measure A Sales Tax

The Measure A Tax imposed in the County for transportation purposes and administered by the Commission is in addition to a seven and one-quarter percent sales or use tax levied statewide by the State. In general, the State Sales Tax applies to the gross receipts of retailers from the sale of tangible personal property. The State use tax is imposed on the storage, use, or other consumption in the State of property purchased from a retailer for such storage, use, or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of the State for use within the State.

The Measure A Tax is generally imposed upon the same transactions and items subject to the sales and use tax levied by the State (hereinafter collectively referred to as the “State Sales Tax”), with generally the same exceptions. Many categories of transactions are exempt from the State Sales Tax and the Measure A Tax. The most important of these exemptions are: sales of food products for home consumption, prescription medicine, edible livestock and their feed, seed and fertilizer used in raising food for human consumption, and gas, electricity, and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax and from the Measure A Tax; however, the “Occasional Sales” exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County that are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee, at such point, are exempt from the State Sales Tax and from the Measure A Tax.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the Measure A Tax are imposed. Such changes or amendments could have either an adverse or beneficial effect on Measure A Revenues. The Authority is not currently aware of any proposed legislative change which would have a material adverse effect on Measure A Revenues.

Riverside County Transportation Commission

The State Legislature created the Commission in 1976 as one of four transportation commissions designed to provide more local participation in and control of transportation matters in the southern California area. The Commission is charged with a number of responsibilities in serving the residents of the County, the most prominent of which is administering the sales tax program created by the Measure A Sales Tax Act. The Commission's other responsibilities include: (1) serving as the congestion management agency for the County and (2) serving as the Service Authority for Freeway Emergencies, which operates the freeway service patrol for the County.

Senior Lien Measure A Obligations

The Measure A Ordinance provides that not more than \$975,000,000 in aggregate principal amount of bonds or other evidence of indebtedness issued by the Commission and secured by Measure A Revenues may be outstanding at any one time. The following bonds previously issued by the Commission are outstanding (collectively, the "Senior Lien Bonds"):

- \$64,285,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds) 2008 Series A;
- \$112,370,000 original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds);
- \$462,200,000 original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2013 Series A (the "2013 Bonds");
- \$76,140,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2016 Series A;
- \$158,760,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2017 Series A;
- \$392,730,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2017 Series B; and
- \$64,285,000 original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2018 Series A.

The Senior Lien Bonds are outstanding in the aggregate principal amount of approximately \$[xxx]. All Senior Lien Bonds are secured by a first lien pledge of Measure A Revenues. The Senior Lien Bonds were issued pursuant to an Indenture dated as of June 1, 2008, as supplemented and amended from time to time (collectively, the "Measure A Revenues Indenture"), by and between the Commission and U.S. Bank National Association, as trustee ("the Measure A Revenues Trustee").

Pursuant to the Measure A Revenues Indenture, the Commission may issue from time to time additional bonds or other obligations on a parity with the Senior Lien Bonds (collectively, "Parity

Obligations”). The Commission may also issue from time to time obligations payable out of Measure A Revenues on a basis subordinate to the payment of the principal, premium, interest, and reserve fund requirements for the Senior Lien Bonds and all Parity Obligations (collectively, “Subordinate Obligations”). For example, the Commission has instituted a program pursuant to which it may issue commercial paper notes as Subordinate Obligations in an aggregate principal amount of up to \$120,000,000. [No such Subordinate Obligations are presently outstanding.]

The Commission may in the future enter into swap agreements with respect sales tax revenue bonds issued by it in the future (collectively, the “Swap Agreements”). The Commission’s obligation to make early termination payments under the Swap Agreements may be secured by a pledge of the Measure A Revenues that is subordinate to the pledge in favor of the Senior Lien Bonds, any Parity Obligations, and any Subordinate Obligations. The Commission may also obtain liquidity facilities or credit enhancement (“Liquidity Facilities/Credit Enhancement”) for its Senior Lien Bonds and all Parity Obligations.

All payments with respect to the Senior Lien Bonds, Parity Obligations, Subordinate Obligations, the Swap Agreements, and the Liquidity Facilities/Credit Enhancement (collectively, the “Senior Lien Measure A Obligations”) will be made from Measure A Revenues before any remaining Measure A Revenues will be transferred to the Commission for allocation by the Commission to the Local Agencies. See “ – Collection and Allocation of Measure A Revenues” below. See also ‘RISK FACTORS.’

Collection and Allocation of Measure A Revenues

Collection of the Measure A Tax is administered by the California Department of Tax and Fee Administration (the “CDTFA”), as statutorily created and authorized successor to the former California State Board of Equalization in connection with the collection and disbursement of Measure A Revenues. [The Commission and the CDTFA have entered into an agreement for state administration of district transactions and use taxes to authorize payment of Measure A Revenues directly to the Measure A Revenues Trustee, as trustee under the Measure A Revenues Indenture.] The CDTFA, after deducting amounts payable to itself, is required to remit the balance of amounts received from the Measure A Tax directly to the Measure A Revenues Trustee. The Measure A Revenues Trustee is required to apply the Measure A Revenues to make deposits to the funds and accounts established under the Measure A Revenues Indenture to pay the Senior Lien Bonds and any Parity Obligations and to transfer the remaining amounts to make payments with respect to any Subordinate Obligations and Swap Agreements. After payments have been made with respect to the Senior Lien Measure A Obligations, the remaining unapplied Measure A Revenues, if any, are transferred to the Commission for use for any purpose contemplated by the Ordinance.

Pursuant to the Measure A Ordinance, the Commission, after making a deduction for administration, first allocates such remaining unapplied Measure A Revenues to be applied for transportation purposes to the Western County, Coachella Valley, and Palo Verde Valley areas within the County in proportion to the Measure A Revenues generated within those areas. [Currently, the Commission allocates such remaining unapplied Measure A Revenues as follows: (i) approximately 75.9% to the Western County area; (ii) approximately 23.4% to the Coachella Valley; and (iii) approximately 0.7% to the Palo Verde Valley area.]

The City of Desert Hot Springs is within the Coachella Valley area of the County. Thirty-Five percent (35%) of the portion of the Measure A Revenues allocated by the Commission to the Coachella Valley area is applied to the local streets and roads program within such area. To the extent any portion of the Project constructed by the City of Desert Hot Springs is designated by the Commission as a qualified project for purposes of the local streets and roads program established under the Measure A Ordinance,

such portion will constitute a Measure A Project. The entire City of Desert Hot Springs Project constitutes a Measure A Project. The funds made available in the Coachella Valley area for purposes of the local streets and roads program are distributed to the cities in the Coachella Valley area and the County by a formula based 50% on proportionate dwelling units and 50% on proportionate revenues generated by Measure “A” within each jurisdiction. In order to be eligible for these funds, the City of Desert Hot Springs is required to (i) file a Five-Year Capital Improvement Plan for the use of these funds, updated annually, with the Commission, (ii) participate in a Transportation Uniform Mitigation Fee (“TUMF”) Program developed and administered by the Coachella Valley Association of Governments, and (iii) comply with a maintenance of effort requirement. See “– Measure A Revenues – Historical Measure A Revenues – City of Desert Hot Springs” below for a table setting forth the Measure A Revenues historically allocated by the Commission to the City of Desert Hot Springs for fiscal years 2015 through 2020. The portion of such Measure A Revenues allocated by the Commission to the City of Desert Hot Springs, to the extent the Project constitutes a Measure A Project, in an amount not greater than the Installment Sale Payments related to such Measure A Project, constitutes Measure A Receipts. Measure A Receipts of the City of Desert Hot Springs are pledged to make its Installment Sale Payments.

The City of Menifee and the City of Moreno Valley are within the Western County area of the County. Approximately 29% of the portion of the Measure A Revenues allocated by the Commission to the Western County area is applied to the local streets and roads program within such area. To the extent any portion of the respective Projects to be constructed by the City of Menifee and the City of Moreno Valley are designated by the Commission as a qualified project for purposes of the local streets and roads program established under the Measure A Ordinance, such portion will constitute a Measure A Project.]The entire City of Menifee Project constitutes a Measure A Project, and the entire City of Moreno Valley Project constitutes a Measure A Project. The funds made available in the Western County area for purposes of the local streets and roads program are distributed to the cities in the Western County area and the County by a formula based 75% on proportionate population and 25% on proportionate revenues generated by the Measure A Ordinance within each jurisdiction. In order to be eligible for these funds, the City of Menifee and the City of Moreno Valley are each required to: (i) file a Five-Year Capital Improvement Plan for the use of these, updated annually, with the Commission, (ii) participate in a TUMF Program developed and administered by the Western Riverside Council of Governments, (iii) participate in the Multi-Species Habitat Conservation Plan developed and administered by the Western Riverside County Regional Conservation Authority, and (iv) comply with a maintenance of effort requirement. See “– Measure A Revenues – Historical Measure A Revenues – City of Menifee” and “– Measure A Revenues – Historical Measure A Revenues – City of Moreno Valley” below for a table setting forth the respective portions of the Measure A Revenues historically allocated by the Commission to the City of Menifee and the City of Moreno Valley for fiscal years 2015 through 2020. The respective portions of such Measure A Revenues allocated by the Commission to the City of Menifee and the City of Moreno Valley, to the extent their respective Project constitutes a Measure A Project, for deposit in the Pledged Tax Fund in accordance with the 2020 Installment Sale Agreement, constitutes Measure A Receipts. Measure A Receipts of the City of Menifee and the City of Moreno Valley are pledged to make their respective Installment Sale Payments.

While Measure A Revenues will be collected in the County for a thirty-year period ending on June 30, 2039, Installment Sale Payments will be payable by the Local Agencies through and including June 1, 2042. Investors should be aware that no Measure A Revenues will be allocated by the Commission to the Local Agencies and be available to make Installment Sale Payments in fiscal years 2040, 2041, and 2042. See “RISK FACTORS – Limitations on Use of Measure A Revenues.”

Measure A Revenues

Historical Measure A Revenues – City of Desert Hot Springs. The following table sets forth the Measure A Revenues historically allocated by the Commission to the City of Desert Hot Springs for fiscal years 2015 through 2020.

**MEASURE A REVENUES HISTORICALLY ALLOCATED
TO CITY OF DESERT HOT SPRINGS
Fiscal Years 2015 through 2020**

<u>Fiscal Year</u>	<u>Measure A Revenues Allocated</u>	<u>Percent Change from Prior Fiscal Year</u>
2015	\$477,296	--
2016	482,813	1.16%
2017	464,483	(3.80)
2018	454,537	(2.14)
2019	522,882	15.04
2020 ⁽²⁾		

Source: City of Desert Hot Springs Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The City of Desert Hot Springs is unable to predict if and when annual Measure A Revenues will increase or what portion, if any, of such Measure A Revenues it will receive. For summary of historical taxable retail sales within the City of Desert Hot Springs, see “APPENDIX B – General Information Regarding Participating Local Agencies – Commercial Activity.”

Measure A Fund Financial Statements – City of Desert Hot Springs. The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Fund Balances relating to the City of Desert Hot Spring’s Measure A Fund for the fiscal years ended June 30, 2015 through June 30, 2019.

**BALANCE SHEET
CITY OF DESERT HOT SPRINGS MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ASSETS					
Cash and investments	\$ --	\$104,331	\$ --	\$ --	\$205,056
Accounts	--	--	--	--	24,946
Interest	6	7	--	--	265
Due from other governments	134,181	86,712	90,449	112,681	--
Total Assets	\$134,187	\$191,050	\$90,449	\$112,681	\$290,267
LIABILITIES					
Accounts payable	\$1,318	\$185,856	\$45,566	\$ --	\$175,000
Due to other funds	4,397	--	311	34,294	--
Total Liabilities	\$5,715	\$185,856	\$44,877	\$34,294	\$175,000
FUND BALANCE					
Restricted	\$128,472	\$5,194	\$45,572	\$78,387	\$115,267
Total Fund Balance	\$128,472	\$5,194	\$45,472	\$78,387	\$115,267
Total Liabilities and Fund Balance	\$134,187	\$191,050	\$90,449	\$112,681	\$260,267

Source: City of Desert Hot Springs Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CITY OF DESERT HOT SPRINGS MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	2015	2016	2017	2018	2019
REVENUES					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	477,282	457,775	464,468	454,537	522,385
Interest	14	38	15	--	497
Miscellaneous	--	25,000	--	--	--
Total Revenues	\$477,296	\$482,813	\$464,483	\$454,537	\$522,882
EXPENDITURES					
Public Works	\$202,994	\$32,035	\$ --	\$ --	\$ --
Capital outlay	--	374,056	224,105	221,722	286,002
Total Expenditures	\$202,994	\$406,091	\$224,105	\$221,722	\$286,002
OTHER FINANCING SOURCES (USES)					
Transfers out	\$(200,000)	\$(200,000)	\$(200,000)	\$(200,000)	\$(200,000)
Total Oher Financing Sources (Uses)	\$(200,000)	\$(200,000)	\$(200,000)	\$(200,000)	\$(200,000)
NET CHANGES IN FUND BALANCES	\$74,302	\$(123,278)	\$40,378	\$32,815	\$36,880
FUND BALANCES					
Beginning of year	\$54,170	\$128,472	\$5,194	\$45,572	\$78,387
End of year	\$128,472	\$5,194	\$45,572	\$78,387	\$115,267

Source: City of Desert Hot Springs Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The Measure A Revenues historically allocated by the Commission to the City of Desert Hot Springs, and Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Desert Hot Spring's Measure A Fund in the foregoing tables are the latest available, but are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See "BOND OWNERS' RISK – Public Health Emergencies." Further declines in the economy or other market factors may depress Measure A Revenues that are allocated to the City of Desert Hot Springs.

Historical Measure A Revenues – City of Menifee. The following table sets forth the Measure A Revenues historically allocated by the Commission to the City of Menifee for fiscal years 2015 through 2020.

**MEASURE A REVENUES HISTORICALLY ALLOCATED
TO CITY OF MENIFEE
Fiscal Years 2015 through 2020**

<u>Fiscal Year</u>	<u>Measure A Revenues Allocated</u>	<u>Percent Change from Prior Fiscal Year</u>
2015	\$1,428,290	--
2016	1,532,970	7.33%
2017	1,626,644	6.11
2018	1,943,929	19.51
2019	1,695,570	12.78
2020 ⁽²⁾		

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The City of Menifee is unable to predict if and when annual Measure A Revenues will increase or what portion, if any, of such Measure A Revenues it will receive. For summary of historical taxable retail sales within the City of Menifee, see “APPENDIX B – General Information Regarding Participating Local Agencies – Commercial Activity.”

Measure A Fund Financial Statements – City of Menifee. The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Fund Balances relating to the City of Menifee’s Measure A Fund for the fiscal years ended June 30, 2015 through June 30, 2019.

**BALANCE SHEET
CITY OF MENIFEE MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ASSETS					
Cash and investments	\$3,273,504	\$2,732,119	\$401,131	\$335,660	\$964,603
Accounts	361,207	280,698	315,379	687,023	314,085
Interest	2,075	2,993	784	1,117	1,751
Cash and investments with fiscal agents	387,404	--	--	--	--
Total Assets	\$4,024,190	3,015,810	717,294	1,023,800	1,280,439
LIABILITIES					
Accounts payable	\$29,382	\$224,098	\$30,565	\$14,617	\$67,669
Total Liabilities	\$29,382	\$224,098	\$30,565	\$14,617	\$67,669
FUND BALANCE					
Restricted	\$3,994,808	\$2,791,712	\$686,729	\$1,009,183	\$1,212,770
Total Fund Balance	\$3,994,808	\$2,791,712	\$686,729	\$1,009,183	\$1,212,770
Total Liabilities and Fund Balance	\$4,024,190	\$3,015,810	\$717,294	\$1,023,800	\$1,280,439

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CITY OF MENIFEE MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	2015	2016	2017	2018	2019
REVENUES					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	1,415,536	1,518,623	1,619,512	1,940,029	1,918,407
Use of money and property	12,754	14,347	7,132	3,720	7,542
Total Revenues	1,428,290	1,532,970	1,626,644	1,943,929	1,925,949
EXPENDITURES					
Public Works	\$177,396	\$1,276,478	\$ --	\$306,033	\$415,455
Capital outlay	--	--	2,429,139	14,354	1,408
Total expenditures	\$177,396	\$1,276,478	\$2,429,139	\$320,387	\$416,874
OTHER FINANCING SOURCES (USES)					
Transfers out	\$(516,428)	\$(1,459,588)	\$(1,302,488)	\$(1,301,088)	\$(1,305,488)
Total other financing sources (uses)	\$(516,428)	\$(1,459,588)	\$(1,302,488)	\$(1,301,088)	\$(1,305,488)
NET CHANGES IN FUND BALANCES	\$734,466	\$(1,203,096)	\$(2,104,983)	\$322,454	\$203,587
FUND BALANCES					
Beginning of year	\$3,260,342	\$3,994,808	\$2,791,712	\$686,729	\$1,009,183
End of year	\$3,994,808	\$2,791,712	\$686,729	\$1,009,183	\$1,212,770

Source: City of Meniffee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The Measure A Revenues historically allocated by the Commission to the City of Meniffee, and Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Meniffee Measure A Fund in the foregoing tables are the latest available, but are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See “BOND OWNERS’ RISK – Public Health Emergencies.” Further declines in the economy or other market factors may depress Measure A Revenues that are allocated to the City of Meniffee.

Historical Measure A Revenues – City of Moreno Valley. The following table sets forth the Measure A Revenues (the Measure A Tax became effective on July 1, 2009) historically allocated by the Commission to the City of Moreno Valley for fiscal years 2015 through 2020.

**MEASURE A REVENUES HISTORICALLY ALLOCATED
TO CITY OF MORENO VALLEY
Fiscal Years 2015 through 2020**

<u>Fiscal Year</u>	<u>Measure A Revenues Allocated</u>	<u>Percent Change from Prior Fiscal Year</u>
2015	\$6,214,385	--
2016	5,177,132	17.66%
2017	4,484,235	(12.37)
2018	4,681,451	4.40
2019	4,803,510	2.60
2020 ⁽²⁾		

Source: City of Moreno Valley Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The City of Moreno Valley is unable to predict if and when annual Measure A Revenues will increase or what portion, if any, of such Measure A Revenues it will receive. For summary of historical taxable retail sales within the City of Moreno Valley, see “APPENDIX B – General Information Regarding Participating Local Agencies – Commercial Activity.”

Measure A Fund Financial Statements – City of Moreno Valley. The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Fund Balances relating to the City of Moreno Valley’s Measure A Fund for the fiscal years ended June 30, 2015 through June 30, 2019.

**BALANCE SHEET
CITY OF MORENO VALLEY MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ASSETS					
Cash and investments	\$6,830,059	\$6,794,068	\$4,517,406	\$3,214,347	\$4,799,200
Notes and loans	--	9,220	--	--	--
Due from other governments	2,174,140	1,100,532	677,216	1,014,318	322,577
Total Assets	\$9,004,199	\$7,903,820	\$5,194,622	\$4,228,665	\$5,121,777
LIABILITIES					
Accounts payable	\$616,464	\$187,454	\$59,283	\$207,029	\$12,956
Accrued liabilities	--	--	--	47,274	--
Total Liabilities	\$616,464	\$187,454	\$59,283	\$254,303	\$12,956
FUND BALANCE					
Restricted	\$8,387,735	\$7,716,366	\$5,135,339	\$3,974,362	\$5,108,821
Total Fund Balances	\$8,387,735	\$7,716,366	\$5,135,339	\$3,974,362	\$5,108,821
Total Liabilities and Fund Balance	\$9,004,199	\$7,903,820	\$5,194,622	\$4,228,665	\$5,121,777

Source: City of Moreno Valley Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CITY OF MORENO VALLEY MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019**

	2015	2016	2017	2018	2019
REVENUES					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	6,147,866	5,051,521	4,332,638	4,475,450	4,744,560
Fees and charges for services	--	9,220	--	132,921	--
Interest	--	--	--	--	58,950
Use of money and property	66,080	80,681	76,966	60,680	--
Miscellaneous	419	35,710	74,631	12,400	--
Total Revenues	6,214,365	5,177,132	4,484,235	4,681,451	4,803,510
EXPENDITURES					
Public Works	\$547,808	\$1,581,072	\$1,725,753	\$1,964,659	\$1,991,910
Capital outlay	4,479,561	2,177,126	2,788,087	1,287,073	673,837
Total Expenditures	\$5,027,369	\$3,758,198	\$4,513,840	\$3,251,732	\$2,665,747
OTHER FINANCING SOURCES (USES)					
Transfers in	\$409,664	\$ --	\$ --	\$ --	\$ --
Transfers out	(2,493,566)	(2,090,303)	(2,551,422)	(2,590,697)	(2,542,905)
Total Other Financing Sources (Uses)	(2,083,902)	(2,090,303)	(2,551,422)	(2,590,697)	(2,542,905)
NET CHANGES IN FUND BALANCES	\$(896,906)	\$(671,369)	\$(2,581,027)	\$(1,160,978)	\$(405,142)
FUND BALANCES					
Beginning of year	\$9,284,641	\$8,387,735	\$7,716,366	\$5,134,340	\$3,974,362
End of year	\$8,387,735	\$7,716,366	\$5,135,339	\$3,974,362	\$3,569,220

Source: City of Moreno Valley Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.

The Measure A Revenues historically allocated by the Commission to the City of Moreno Valley, and Balance Sheet and the Schedule of Revenues, Expenditures, and Changes in Fund Balances relating to the City of Moreno Valley Measure A Fund in the foregoing tables are the latest available, but are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See “BOND OWNERS’ RISK – Public Health Emergencies.” Further declines in the economy or other market factors may depress Measure A Revenues that are allocated to the City of Moreno Valley.

MAXIMUM ANNUAL DEBT SERVICE COVERAGE

The following table sets forth the maximum annual debt service coverage with respect to the Certificates. The maximum annual debt service coverage is based upon Gas Tax Revenues allocated to the City of Desert Hot Springs and the City of Menifee plus Measure A Receipts allocated to all three Local Agencies for fiscal year 2019-20. See “GAS TAX REVENUES” and “MEASURE A REVENUES; MEASURE A RECEIPTS.” Measure A Receipts constitute the portion of the Measure A Revenues allocated by the Commission to each Local Agency pursuant to the Measure A Ordinance, to the extent the applicable Project constitutes a Measure A Project, for deposit in such Local Agency’s Pledged Tax Fund in accordance with the applicable 2020 Installment Sale Agreement. The City of Desert Hot Springs’ entire Project constitutes a Measure A Project, the City of Menifee’s entire Project constitutes a Measure A Project, and the City of Moreno Valley’s entire Project constitutes a Measure A Project. All such Projects have been completed.

**MAXIMUM ANNUAL DEBT SERVICE COVERAGE
BASED UPON FISCAL YEAR 2019-20 MEASURE A RECEIPTS
AND GAS TAX REVENUES OF THE CITY OF DESERT HOT SPRINGS**

2019-20 Measure A Revenues ⁽¹⁾	2019-20 Gas Tax Revenues ⁽¹⁾	Maximum Annual Debt Service ⁽²⁾	Debt Service Coverage ⁽²⁾
\$	\$	\$	__X

(1) Source: City of Desert Hot Springs.
(2) Source: Underwriter.

**MAXIMUM ANNUAL DEBT SERVICE COVERAGE
BASED UPON FISCAL YEAR 2019-20 MEASURE A RECEIPTS
AND GAS TAX REVENUES OF THE CITY OF MENIFEE**

2019-20 Measure A Revenues ⁽¹⁾	2019-20 Gas Tax Revenues ⁽¹⁾	Maximum Annual Debt Service ⁽²⁾	Debt Service Coverage ⁽²⁾
\$	\$	\$	__X

(1) Source: City of Menifee.
(2) Source: Underwriter.

**MAXIMUM ANNUAL DEBT SERVICE COVERAGE
BASED UPON FISCAL YEAR 2019-20 MEASURE A RECEIPTS
OF THE CITY OF MORENO VALLEY**

2019-20 Measure A Revenues ⁽¹⁾	Maximum Annual Debt Service ⁽²⁾	Debt Service Coverage ⁽²⁾
\$	\$	__X

(1) Source: City of Moreno Valley.
(2) Source: Underwriter.

CERTIFICATE INSURANCE POLICY

The following information has been furnished by _____ (referred to herein as the “Certificate Insurer” or “___”) for use in this Official Statement. Reference is made to Appendix E for a specimen of the Certificate Insurance Policy.

[To come from Certificate Insurer]

RISK FACTORS

Investment in the Certificates involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Certificates for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. The spread of the novel strain of coronavirus called COVID-19 (“COVID-19”) is having significant negative impacts throughout the world, including within the Local Agencies. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the [Local Agencies], the County, the State and the United States. The purpose of these declarations is to coordinate and formalize emergency actions across federal, State and local governmental agencies and to proactively prepare for a wider spread of COVID-19.

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including schools within the Local Agencies). The United States is also restricting certain non-citizens and permanent residents from entering the country. In addition, financial markets in the United States and globally have been volatile, with significant declines attributed to COVID-19 concerns.

Potential impacts to the Local Agencies associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the respective boundaries of the Local Agencies, cancellations of public events and disruption of the regional and local economy with corresponding decreases in the revenues of the Local Agencies, including Gas Tax Revenues and Measure A Receipts, as applicable, and potential declines in property values which may affect the ability or willingness of homeowners to pay property taxes.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Also uncertain are the actions that may be taken by Federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the finances of the Local Agencies is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the respective operations and finances of the Local Agencies.

None of the Authority, the Local Agencies, the County nor the Underwriter can predict the ultimate effects of the COVID-19 outbreak or whether any such effects will not have material adverse effect on the Authority's ability to pay debt service on the Certificates.

Installment Sale Payments Constitute Limited Obligations

The obligation of each Local Agency to make Installment Sale Payments under the applicable 2020 Installment Sale Agreement is a special obligation of such Local Agency and does not constitute a debt of such Local Agency, any other Local Agency, the Authority, the State, or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which such Local Agency, any other Local Agency, the State, or any political subdivision of the State is obligated to levy or pledge any form of taxation or for which such Local Agency, any other Local Agency, the State, or any political subdivision of the State has levied or pledged any form of taxation. The Authority has no taxing power.

Passive Revenue Source

The payment of principal and interest with respect to the Certificates is secured solely by (i) a pledge by the City Desert Hot Springs and the City of Menifee of their respective Gas Tax Revenues, (ii) a pledge by each Local Agency of such Local Agency's Measure A Receipts, and (iii) certain funds under the Trust Agreement and the 2020 Installment Sale Agreements.

The City Desert Hot Springs and the City of Menifee do not have any control over the amount of Gas Tax Revenues because (1) the amount of Gas Tax Revenues received by the City Desert Hot Springs and the City of Menifee is based on Statewide fuel consumption, (2) such Local Agencies do not have any ability to control such consumption or to increase the rate at which such fuel is taxed within the State, and (3) such Local Agencies do not have any control over the collection or distribution procedures related to any State taxes, including taxes levied in connection with fuel consumption.

Neither the Authority nor the City Desert Hot Springs or the City of Menifee has any control over the methodology, formulas, or rates used by the State to distribute Gas Tax Revenues to cities and counties, including the City Desert Hot Springs and the City of Menifee, and such methodology or formulas may be changed by the Legislature or as a result of the State initiative process at any time. In addition, there can be no assurance that Gas Tax Revenues will be available in the amounts estimated in this Official Statement. A decrease in fuel consumption in the State, which would adversely affect the amount and/or availability of Gas Tax Revenues, could result from a variety of circumstances, including, without limitation, oil shortages or embargos, increased use of alternative fuel sources, or natural disasters. See also "RISK FACTORS – Gasoline Sales Subject to Fluctuation" below.

The Local Agencies do not have any control over the amount of Measure A Receipts to be received by any such Local Agency because (1) Measure A Revenues constitute revenues of the Commission derived from a retail transactions and use tax imposed in the County pursuant to the Measure A Sales Tax Act and the Measure A Ordinance, the number of transactions and revenues generated under which tax a Local Agency has no ability to control, and Measure A Receipts are allocated by the Commission to such Local Agency only after the payment of all Senior Lien Measure A Obligations, and (2) the Local Agencies do not have any control over the collection or distribution procedures related to any State taxes or local retail transactions and use taxes.

There can be no assurance that Measure A Receipts will be available in the amounts estimated in this Official Statement. A decrease in Measure A Revenues would adversely affect the amount and/or availability of Measure A Receipts. In addition, each Local Agency must continuously meet certain

requirements set forth in the Measure A Ordinance in order to be eligible to receive Measure A Revenues from the Commission and apply Measure A Receipts to pay the applicable Installment Sale Payments. See “MEASURE A REVENUES; MEASURE A RECEIPTS.”

Allocation of Measure A Revenues to the Local Agencies is Subordinate to Payment of Senior Lien Measure A Obligations

The CDTFA administers collection of the Measure A Sales Tax [The Commission and the CDTFA have entered into an agreement for state administration of district transactions and use taxes to authorize payment of Measure A Revenues directly to the Measure A Revenues Trustee, as trustee under the Measure A Revenues Indenture.] The CDTFA, after deducting amounts payable to itself, is required to remit the balance of amounts received from the Measure A Tax directly to the Measure A Revenues Trustee. The Measure A Revenues Trustee is required to apply the Measure A Revenues to make deposits to the funds and accounts established under the Measure A Revenues Indenture to pay the Senior Lien Bonds and any Parity Obligations and to transfer the remaining amounts to make payments with respect to any Subordinate Obligations and Swap Agreements. All payments with respect to the Senior Lien Bonds, Parity Obligations, Subordinate Obligations, and the Swap Agreements will be made from Measure A Revenues before any remaining Measure A Revenues will be released by the Measure A Revenues Trustee and transferred to the Commission for allocation by the Commission for use for any purpose contemplated by the Measure A Ordinance, including, without limitation, the allocation of Measure A Revenues to the Local Agencies. The Measure A Ordinance provides that not more than \$975,000,000 in aggregate principal amount of bonds or other evidences of indebtedness issued by the Commission and secured by Measure A Revenues may be outstanding at any one time. See “MEASURE A REVENUES; MEASURE A RECEIPTS.”

Limitations on Use of Measure A Revenues

Not all of the Measure A Revenues allocated by the Commission to the Local Agencies may be applied to pay the Installment Sale Payments. Only the Measure A Receipts may be so applied. See “MEASURE A REVENUES; MEASURE A RECEIPTS.” In addition, while Measure A Revenues will be collected in the County for a thirty-year period ending on June 30, 2039, Installment Sale Payments will be payable by the Local Agencies through and including June 1, 2042. Investors should be aware that no Measure A Revenues will be allocated by the Commission to the Local Agencies and be available to make Installment Sale Payments in fiscal years 2040, 2041, and 2042. See “MEASURE A REVENUES; MEASURE A RECEIPTS – Collection and Allocation of Measure A Revenues.”

Senior Lien Measure A Obligations

Measure A Revenues, and thus Measure A Receipts, are allocated by the Commission to the Local Agencies on a basis that is subordinate to the Commission’s payment of its Senior Lien Measure A Obligations. See “MEASURE A REVENUES; MEASURE A RECEIPTS – Senior Lien Measure A Obligations” and “ – Collection and Allocation of Measure A Revenues.”

Additional Contracts

Subject to certain restrictions, the City of Desert Hot Springs and the City of Menifee are permitted to enter into other Contracts that constitute additional charges against its Gas Tax Revenues without the consent of Owners of the Certificates. Similarly, each Local Agency is permitted to enter into other Contracts that constitute additional charges against its Measure A Receipts without the consent of Owners of the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Additional Contracts.” To the extent that other Contracts are executed by a Local

Agency, the funds available to pay the applicable Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of any Local Agency to execute any Contract at any time to refund any outstanding Contract.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities 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 Certificates, and enforcement of each Local Agency's obligations under its 2020 Installment Sale Agreement, may become subject to 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 that 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, 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 cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the applicable Local Agency and the Commission, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates 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.

Special Counsel has limited its opinion as to the validity and enforceability of the 2020 Installment Sale Agreements and the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of the rights of the Owners.

Constitutional Limitations on Appropriations

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the Local Agencies. See "CONSTITUTIONAL PROVISIONS AFFECTING LOCAL AGENCY REVENUES AND APPROPRIATIONS" herein for a discussion of these limitations.

Previous Diversion of Gas Tax Revenues

Prior to the approval by the California electorate of Proposition 22 (described below) on November 2, 2010, Section 6 of Article XIX of the California Constitution permitted the State to loan to the State General Fund the revenues derived from taxes imposed on gasoline and diesel fuels within the State (collectively, the "Fuel Tax Revenues") if (a) any amount loaned was to be repaid in full during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the State budget bill for the subsequent fiscal year, or (b) any amount loaned was to be repaid in full within three fiscal years from the date on which the loan was made and one of the following had occurred: (1) the Governor had proclaimed a state of emergency and declared that the emergency will result in a significant negative fiscal impact to the State General Fund, or (2) the aggregate amount of State General Fund revenues for the current fiscal year, as projected by the Governor in a report to the State Legislature in May of the current fiscal year, was less than the aggregate amount of State General Fund revenues for the previous fiscal year, adjusted for the change in the cost of

living and the change in population, as specified in the budget submitted by the Governor in the current fiscal year. In recent years, prior to the approval of Proposition 22, on a number of occasions, the State diverted Fuel Tax Revenues that would otherwise have been paid to local governments and repaid such amounts in full without interest at later specified dates.

While the State has, in the past, loaned Gas Tax Revenues to the State General Fund, such amounts have been loaned from the State portion of such Gas Tax Revenues, and not from amounts paid to local governments, and the City of Desert Hot Springs and the City of Menifee have received its full payment of applicable Gas Tax Revenues in each of the last [20 years]. Notwithstanding the foregoing, on February 16, 2008, then Governor Arnold Schwarzenegger signed a six-bill budget package designed to reduce expenses in the State's fiscal year 2007-08. One of the bills enacted into law was Assembly Bill No. 7 ("ABX3 7"), which provided, as it pertained to local agencies, that gas tax revenues collected during the months of March, April, May, June, and July of 2008, and otherwise transferrable to local agencies pursuant to Section 2104, Section 2105, Section 2106, and Section 2107, would be suspended and would instead be transferred to respective local agencies along with the August 2008 Gas Tax Revenues in September 2008.

ABX3 7 also permitted each of the local agencies, for cash management purposes during this five-month suspension period, to use any cash received pursuant to Proposition 1B (the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 of Division 1 of Title 2 of the California Government Code)) for the same purposes for which the gas tax revenues are authorized under Article XIX of the California Constitution; provided that such cash is replaced after the suspended Gas Tax Revenues were received by the local agency in September 2008.

In March 2010, the Legislature amended Section 2103.1 of the Streets and Highways Code to provide that, for the months of July, August, September, October, November, and December 2010, and January, February, and March 2011, no more than \$50,000,000 each month of Fuel Tax Revenues could be deferred and diverted from local governments (excluding certain exempted counties and cities) and instead paid to local governments by April 30, 2011. On November 2, 2010, the California electorate approved Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act of 2010 ("Proposition 22"), an initiative amendment to the California Constitution. Proposition 22 prohibits the State from raiding funds that are allocated to local government, public safety, and transportation purposes, including the local government portion of Fuel Tax Revenues. In December 2010, the California State Controller's Office notified local governments that it had determined that Proposition 22 effectively prohibited such continued deferrals of Fuel Tax Revenues under Section 2103.1 of the Streets and Highways Code and that funds deferred from July through October 2010 would be repaid to local governments by April 30, 2011.

Other issues and uncertainties may arise with respect to the implementation or interpretation of, or the interaction between, the gasoline sales tax – gasoline excise tax swap (see "GAS TAX REVENUES – Statewide Gas Tax Revenues and Apportionments – 2010 Gasoline Sales Tax – Gasoline Excise Tax Swap") and Proposition 22, and additional legislation may be enacted, including legislation purporting to amend or repeal Proposition 22, or litigation may be commenced with respect to those or other such matters. Any such legislation or litigation regarding, affecting, or purporting to amend or repeal such implementation, interpretation, interaction, or other matters may adversely impact Gas Tax Revenues to be received the Local Agency.

Gasoline Sales Subject to Fluctuation

The collection of taxes imposed on the purchase of motor vehicle fuels is necessarily subject to fluctuations in spending which is affected by, among other things, general economic cycles. Gas Tax

Revenues may increase along with the increasing fuel prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of collection of taxes imposed on the purchase of motor vehicle fuels and, particularly, Gas Tax Revenues may be expected to correspond generally to economic cycles, patterns of usage of automobiles and truck transport, alternative transportation and energy sources as may be developed, and changes in population and density, among other factors. Neither the City of Desert of Hot Springs nor the City of Menifee have any control over general economic cycles, alternate energy sources, changes in transportation technology, or changes in usage over time, and is unable to predict what economic factors, demands, changes in use or cycles of collection will occur while the Certificates remain outstanding.

California State Legislature or Electorate May Change Items Subject to Measure A Sales Tax

With limited exceptions, the Measure A Sales Tax will be imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure A Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Measure A Revenues collected and the portion of such Measure A Revenues, and, correspondingly, the portion of Measure A Receipts, allocated by the Commission to the Local Agencies. For a further description of the Measure A Sales Tax, see “MEASURE A REVENUES; MEASURE A RECEIPTS.”

Increases in Sales Tax Rate May Cause Declines in Measure A Revenues

The 0.5% Measure A Sales Tax imposed in the County for transportation purposes and administered by the Commission is in addition to the sales or use tax levied statewide by the State. On November 6, 2012, State voters approved Proposition 30, which, among other things, increased the statewide tax rate by one quarter of one percent (increasing the statewide rate from 7.25% to 7.50%) for four years, effective January 1, 2013, through December 31, 2016, and the total County tax to 8%. Additional future increases, if any, in the State sales tax or the sales tax levied in the County could have an adverse effect on consumer spending decisions and consumption, resulting in a reduction of Measure A Revenues.

No Liability of Authority to Owners

Subject to any provisions in the Trust Agreement to the contrary, the Authority has no obligation or liability to the Owners of the Certificates with respect to the payment when due of the Installment Sale Payments by any Local Agency or with respect to the performance by any Local Agency of other agreements and covenants required to be performed by such Local Agency under the applicable 2020 Installment Sale Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any of the Trustee’s rights or obligations under the Trust Agreement.

Economic, Political, Social, and Environmental Conditions

The level of Measure A Sales Tax revenues collected depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County and the State generally. Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues,

fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

Natural Disasters

The occurrence of any natural disaster in or near the boundaries of the Local Agencies or the County, including, without limitation, fire, earthquake, landslide, high winds, drought or flood, could have an adverse material impact on the economy within the Local Agencies or the County and the generation of sales and use taxes that constitute Gas Tax Revenues and Measure A Revenues. Portions of the City and the County may be at risk of damage or destruction from wildfires or subject to unpredictable seismic activity.

Secondary Market

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that the Certificates can be sold for any particular price. Occasionally, because of general market conditions, adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Risks Associated with Certificate Insurance Policy

In the event that a Local Agency defaults in the payment of principal or interest with respect to Certificates when due, the Owners of the Certificates will have a claim under the Certificate Insurance Policy for such payments. See the caption "CERTIFICATE INSURANCE." In the event that the Certificate Insurer becomes obligated to make payments with respect to the Certificates, no assurance can be given that such event will not adversely affect the market for the Certificates. In the event that the Certificate Insurer is unable to make payments of principal or interest with respect to the Certificates when due under the Certificate Insurance Policy, the Certificates will be payable solely from Gas Tax Revenues and Measure A Receipts and amounts held in certain funds and accounts established under the Trust Agreement, as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

The insured long-term rating on the Certificates is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Certificate Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Certificates. See the caption "RATINGS."

None of the Local Agencies, the Authority or the Underwriter has made an independent investigation of the claims-paying ability of the Certificate Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Certificate Insurer is being made by the Local Agencies, the Authority or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Certificates, potential investors should carefully consider the ability of the Authority to pay principal and interest with respect to the Certificates, assuming that the Certificate Insurance Policy is not available for that purpose, and the claims-paying ability of the Certificate Insurance Policy through final maturity of the Certificates.

So long as the Certificate Insurance Policy remains in effect and the Certificate Insurer is not in default of its obligations thereunder, the Certificate Insurer has certain notice, consent and other rights under the Trust Agreement and will have the right to control all remedies in the event of a default under the Trust Agreement. The Certificate Insurer is not required to obtain the consent of the Owners of the Certificates with respect to the exercise of remedies. See Appendix A.

CONSTITUTIONAL PROVISIONS AFFECTING LOCAL AGENCY REVENUES AND APPROPRIATIONS

Article XIII B of the California Constitution – Limitations on Appropriations

On November 6, 1979, State voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111, which is described below under the caption “Proposition 111.” Article XIII B limits the annual appropriations of the State and of 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 annually for changes in the cost of living, population, and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies, so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIII B allows voters to approve a temporary waiver of a government’s Article XIII B limit. Such a waiver is often referred to as a “Gann limit waiver.” The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to a Local Agency or allow such Local Agency to finance additional services.

Installment Sale Payments are subject to the Article XIII B appropriations limitations. For fiscal year 2020-21, the City of Desert Hot Springs calculated its appropriations limit at \$_____. For fiscal year 2020-21, the City of Desert Hot Springs has budgeted its appropriations limit at \$_____. For fiscal year 2020-21, the City of Menifee calculated its appropriations limit at \$_____. For fiscal year 2020-21, the City of Menifee has budgeted its appropriations limit at \$_____. For fiscal year 2020-21, the City of Moreno Valley calculated its appropriations limit at \$_____.

2020-21, the City of Moreno Valley has budgeted its appropriations limit at \$ _____. [Neither the City of Desert Hot Springs, the City of Menifee, nor the City of Moreno Valley has ever made appropriations that exceeded the limitation on appropriations under Article XIII B.] The impact of the appropriations limit on the financial needs of the Local Agencies in the future is unknown.

Articles XIIC and XIID of the California Constitution – The Right to Vote on Taxes

On November 5, 1996, State voters approved Proposition 218, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Article XIIC (“Article XIIC”) and Article XIID (“Article XIID”) to the California Constitution, which Articles contain a number of provisions affecting the ability of Local Agencies to levy and collect both existing and future taxes, assessments, fees, and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the ability of a Local Agency to meet certain obligations.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as a general fund of a Local Agency, require a two-thirds vote. Article XIIC further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election, which must be held within two years of November 5, 1996. [None of the Local Agencies has imposed, extended, or increased any such taxes that are currently in effect without voter approval].

Article XIIC 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, and charges were imposed. Article XIIC expands 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 Article XIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of a Local Agency will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of such Local Agency’s general fund. “Assessments,” “fees,” and “charges” are not defined in Article XIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIC as for Article XIID described below. If not, the scope of the initiative power under Article XIIC potentially could include any general fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income. [None of the Local Agencies levy any property related “fees” or “charges” that it considered are subject to challenge under Article XIIC].

The voter approval requirements of Proposition 218 reduce the flexibility of a Local Agency to raise revenues for its general fund, and no assurance can be given that such Local Agency will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

Article XIID also added several new provisions relating to how Local Agencies may levy and maintain “assessments” for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a

public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. “Assessment” in Article XIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIID to mean “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 existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (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, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIID, there could be future restrictions on the ability of a Local Agency to charge its respective enterprise funds for various services provided. 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 Local Agencies must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, a Local Agency may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water, and refuse collection services, or fees for electrical and gas service, which fees or charges are not treated as “property related” for purposes of Article XIID, 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 a Local Agency, two-thirds voter approval by the electorate residing in the affected area.

[Neither the City of Desert Hot Springs, the City of Menifee, nor the City of Moreno Valley believes that the provisions of Article XIIC or Article XIID will directly impact the Measure A Receipts available to such Local Agency to make its Installment Sale Payments required pursuant to the applicable 2020 Installment Sale Agreement].

Future Initiatives

Article XIIB, Article XIIC, and Article XIID were each adopted as measures that qualified for the ballot pursuant to the State’s Constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of each Local Agency to increase or apply revenues and to make or increase appropriations.

THE AUTHORITY

The Authority is a joint powers agency organized pursuant to a Joint Powers Agreement among a number of California counties, cities, and special districts entered into pursuant to the provisions relating to the joint exercise of powers contained in Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code.

Since its formation in 1988, the Authority has issued more than \$50 billion in tax-exempt financings. Any obligation, other than the obligations represented by the Certificates, previously or to be issued or otherwise incurred by the Authority will be secured by instruments separate and apart from the Trust Agreement and the 2020 Installment Sale Agreements. The holders of such other obligations of the

Authority will have no claim on the security for the Certificates and the Owners will have no claim on the security of such other obligations issued by the Authority.

The Authority is governed by a seven-member commission and is currently comprised of three members from the California State Association of Counties, two members from the League of California Cities, one member from the City of Sacramento, and one member from the County of Sacramento (collectively, the “Commissioners”). Neither the Authority nor its Commissioners or officers have any obligations or liability to the Owners of the Certificates with respect to the payment of Installment Sale Payments by any Local Agency under its 2020 Installment Sale Agreement, or with respect to the performance of any Local Agency of other covenants made by such Local Agency in the applicable 2020 Installment Sale Agreement.

TAX MATTERS

[To come from Special Counsel]

RATINGS

It is anticipated that S&P Global Ratings (“S&P”), will assign its municipal bond rating of “__” to the Certificates, based on the issuance of the Certificate Insurance Policy by the Certificate Insurer at the time of delivery of the Certificates. S&P has also assigned an underlying municipal bond rating of “__” to the Certificates. There is no assurance that such ratings will be in effect for any given period of time or that either or both such ratings will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Certificates. Such ratings reflect only the views of the rating agency furnishing such ratings and an explanation of the significance of a rating may be obtained only from such rating agency.

CONTINUING DISCLOSURE

In connection with the execution and delivery of the Certificates, each Local Agency will covenant in a Continuing Disclosure Agreement, executed for the benefit of Owners, to provide certain financial information and operating data and notices of certain events. See “APPENDIX D – Form of Local Agency Continuing Disclosure Agreement.”

The City of Desert Hot Springs previously entered into disclosure undertakings in connection with certain prior debt issuances, including the Desert Hot Springs 2012 Certificates. During the past five years, the City of Desert Hot Springs failed to comply with its disclosure undertakings under the Rule as follows: _____.

The City of Menifee previously entered into disclosure undertakings in connection with certain prior debt issuances, including the Menifee 2012 Certificates. During the past five years, the City of Menifee failed to comply with its disclosure undertakings under the Rule as follows: _____.

The City of Moreno Valley previously entered into disclosure undertakings in connection with certain prior debt issuances, including the Moreno Valley 2013 Certificates. During the past five years, the City of Moreno Valley failed to comply with its disclosure undertakings under the Rule as follows: _____.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Tustin, California, as municipal advisor (the “Municipal Advisor”) in connection with the execution and delivery of the Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Certificates at a price of \$ _____ (which represents the aggregate principal amount represented by the Certificates, [plus/less] a net original issue [premium/discount] of \$ _____, less an Underwriter’s discount of \$ _____). The contract of purchase pursuant to which the Certificates are being purchased by the Underwriter provides that the Underwriter will purchase all of the Certificates if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriter may offer and sell the Certificates to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter. Although the Underwriter expects to maintain a secondary market in the Certificates after the initial offering, no guaranty can be made that such a market will develop or be maintained by the Underwriter or others.

NO LITIGATION

The Authority

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or threatened seeking to restrain or enjoin the execution, delivery, or sale of the Certificates, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Certificates, the validity or enforceability of the documents executed by the Authority in connection with the Certificates, the completeness or accuracy of this Official Statement, or the existence or powers of the Authority relating to the sale of the Certificates.

The Local Agencies

The City of Desert Hot Springs will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the City of Desert Hot Springs, seeking to restrain or enjoin the execution or delivery of the Certificates, the Trust Agreement, or the applicable 2020 Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City of Desert Hot Springs taken with respect to any of the foregoing or that will materially affect the ability of the City of Desert Hot Springs to pay its Installment Sale Payments when due.

The City of Menifee will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the City of Menifee, seeking to restrain or enjoin the execution or delivery of the Certificates, the Trust Agreement, or the applicable 2020 Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City of Menifee taken with respect to any of the foregoing or that will materially affect the ability of the City of Menifee to pay its Installment Sale Payments when due.

The City of Moreno Valley will certify that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the City of Moreno Valley, seeking to restrain or enjoin the execution or delivery of the Certificates, the Trust Agreement, or the applicable 2020 Installment Sale Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City of Moreno Valley taken with respect to any of the foregoing or that will materially affect the ability of the City of Moreno Valley to pay its Installment Sale Payments when due.

CERTAIN LEGAL MATTERS

The validity and enforceability of the 2020 Installment Sale Agreements and the Trust Agreement and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Local Agencies. A complete copy of the proposed form of Special Counsel opinion is contained in Appendix C hereto. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, for the City of Desert Hot Springs by Stream Kim Hicks Wrage & Alfaro, P.C., Riverside, California, its City Attorney, for the City of Menifee by its City Attorney, for the City of Moreno Valley by its City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriter's Counsel, for the Trustee by its counsel, and for the Certificate Insurer by its counsel.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Certificates. Quotations from and summaries and explanations of the Certificates and other documents contained herein do not purport to be complete and reference is made to said documents for full and complete statements of their provisions.

This Official Statement and its distribution have been duly authorized and approved by the Authority and each Local Agency.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY,
as agent for and on behalf of each Local Agency

By: _____
Authorized Signatory

APPENDIX A
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

**GENERAL INFORMATION REGARDING
PARTICIPATING LOCAL AGENCIES**

The following information regarding the Local Agencies is presented for informational purposes only. The Certificates do not constitute a general obligation debt of any Local Agency, and no Local Agency has pledged its full faith and credit to the repayment of the Certificates. Neither the General Fund nor the taxing power of any Local Agency, the County of Riverside, the State of California, or any political subdivision of the State of California is pledged to the payment of the Installment Sale Payments or the Certificates. The Certificates are payable solely from the sources described in the Official Statement.

The following information regarding the Local Agencies and the County is the latest available, but in certain cases is as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the Local Agencies or the County.

City of Desert Hot Springs

General. The City of Desert Hot Springs, California (the “City of Desert Hot Springs”), is located in Riverside County, California (the “County”), approximately 110 miles east of the City of Los Angeles. The City of Desert Hot Springs covers approximately 23.62 square miles in the foothills of Joshua Tree National Park at an average elevation of 1,076 feet above sea level. The City of Desert Hot Springs has a temperate climate, with a mean average temperature of 99 degrees Fahrenheit in the summer and average annual rainfall of 5.23 inches. The City of Desert Hot Springs is located in eastern Riverside County in an area known as the Coachella Valley. The region hosts eight other cities including the Cities of Palm Springs, Palm Desert, and La Quinta.

Government. The City of Desert Hot Springs was incorporated in 1963 and operates as a general law city with a council-manager form of government. The five members of the City Council of the City of Desert Hot Springs (the “Desert Hot Springs City Council”) are elected at large for staggered four-year terms. The Mayor is directly elected by the citizens of the City of Desert Hot Springs and serves a two-year term. The other four members rotate the position of Mayor Pro-Tem on an annual basis. The current members of the Desert Hot Springs City Council, and their respective offices, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Scott Matas	Mayor	December 2020
Robert Griffith	Mayor Pro Tem	December 2020
Russell Betts	Council Member	December 2020
Gary Gardner	Council Member	December 2022
Jan Pye	Council Member	December 2022

Other Information. Certain additional economic and demographic information regarding the City of Desert Hot Springs is included in certain remaining sections of this Appendix B. See below.

City of Menifee

General. The City of Menifee, California (the “City of Menifee”), is located in the County, approximately 85 miles southeast of the City of Los Angeles. The City of Menifee covers approximately 50 square miles at an average elevation of 1,430 feet above sea level. The area surrounding the City of Menifee is largely rural with pockets of medium-density subdivisions. The City of Menifee has a temperate climate, with a mean average temperature of 71 degrees Fahrenheit and average rainfall of .10

inches. Much of the economy of the City of Menifee and the surrounding community involves multiple commercial uses. Throughout the center of the City is the I-215 commercial corridor, which contains retail, restaurant, and general commercial uses. In the northwestern portions of the City of Menifee, there are industrial and light manufacturing uses, and a business/industrial park is expected to be developed in that area in the future.

Government. The City of Menifee was incorporated in 2008 and operates as a general law city with a council-manager form of government. The five members of the City Council of the City of Menifee Valley (the “Menifee City Council”) are elected at large for staggered four-year terms. The Menifee City Council elects one of its members as Mayor every two years, and the other four members rotate the position of Mayor Pro-Tem on an annual basis. The current members of the Menifee City Council, and their respective offices, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Bill Zimmerman	Mayor	_____ 20__
Matt Liesemeyer	Mayor Pro Tem	_____ 20__
Greg August	Councilmember	_____ 20__
Lesa Sobek	Councilmember	_____ 20__
Dean Deines	Councilmember	_____ 20__

Other Information. Certain additional economic and demographic information regarding the City of Menifee is included in certain remaining sections of this Appendix B. See below.

City of Moreno Valley

General. The City of Moreno Valley, California (the “City of Moreno Valley”), is located in the County, approximately 65 miles southeast of the City of Los Angeles. The City of Moreno Valley covers approximately 50 square miles at an average elevation of 1,631 feet above sea level. The City of Moreno Valley has a temperate climate, with a mean average temperature of 65 degrees Fahrenheit and average annual rainfall of 10.67 inches. The City of Moreno Valley is located in the Inland Empire, which consists of Riverside and San Bernardino Counties. The Inland Empire had experienced a vibrant economic environment from the mid 1990’s to the mid-2000’s, during which period the City of Moreno Valley experienced strong residential and commercial growth. The rate of such residential and commercial growth recently has slowed considerably due to the economic downturn.

Government. The City of Moreno Valley was incorporated in 1984 and operates as a general law city with a council-manager form of government. The five members of the City Council of the City of Moreno Valley (the “Moreno Valley City Council”) are elected by district for four-year overlapping terms. The Moreno Valley City Council elects one of its members as Mayor and another as Mayor Pro-Tem on an annual basis. The current members of the Moreno Valley City Council, and their respective offices, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Yxstian Gutierrez	Mayor	_____ 20__
Victoria Baca	Mayor Pro Tem	_____ 20__
Dr. Carla J. Thornton	Councilmember	_____ 20__
David Marquez	Councilmember	_____ 20__
Ulises Cabrera	Councilmember	_____ 20__

Other Information. Certain additional economic and demographic information regarding the City of Moreno Valley is included in the certain remaining sections of this Appendix B. See below.

Population

Population figures for the City of Desert Hot Springs, the City of Menifee, the City Moreno Valley, the County and the State for the years 2016 through 2020 are shown in the following table.

CITY OF DESERT HOT SPRINGS, CITY OF MENIFEE, CITY OF MORENO VALLEY RIVERSIDE COUNTY AND STATE OF CALIFORNIA POPULATION ESTIMATES

<u>Area</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Desert Hot Springs	28,692	28,937	29,525	29,683	29,660
City of Menifee	88,131	90,197	92,157	94,732	97,093
City of Moreno Valley	202,021	203,661	205,549	207,181	208,838
Riverside County	2,343,785	2,376,580	2,400,762	2,422,146	2,442,304
State of California	39,131,307	39,398,702	39,586,646	39,695,376	39,782,870

Source: State of California, Department of Finance, as of January 1.

Commercial Activity

City of Desert Hot Springs. A summary of historic taxable sales within the City of Desert Hot Springs during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2019 in the City of Desert Hot Springs were reported to be \$162,808,000 a 6.09% increase over the total taxable sales of \$153,456,000 reported during the calendar year 2018. Figures for calendar year 2020 are not yet available.

CITY OF DESERT HOT SPRINGS Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions (Taxable transactions in thousands of dollars)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2015 ⁽¹⁾	257	\$117,006	390	\$127,502
2016	272	114,147	405	125,456
2017	254	125,094	390	138,947
2018	246	142,557	420	153,456
2019	262	150,231	470	162,808

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Department of Tax and Fee Administration.

City of Meniffee. A summary of historic taxable sales within the City of Meniffee during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2019 in the City of Meniffee were reported to be \$775,320,000 a 4.47% increase over the total taxable sales of \$742,128,000 reported during the calendar year 2018. Figures for calendar year 2020 are not yet available.

CITY OF MENIFEE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Taxable transactions in thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	823	\$518,584	1,251	\$580,358
2016	872	553,479	1,342	628,923
2017	938	608,682	1,426	683,385
2018	971	647,231	1,484	742,128
2019	1,019	182,530	1,568	775,320

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Department of Tax and Fee Administration.

City of Moreno Valley. A summary of historic taxable sales within the City of Moreno Valley during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2019 in the City of Moreno Valley were reported to be \$1,853,127,000 a 3.56% increase over the total taxable sales of \$1,789,391,000 reported during the calendar year 2018. Figures for calendar year 2020 are not yet available.

CITY OF MORENO VALLEY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Taxable transactions in thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	1,920	\$1,366,324	2,629	\$1,524,713
2016	2,063	1,393,342	2,823	1,571,730
2017	2,152	1,467,037	2,950	1,652,123
2018	2,228	1,609,248	3,103	1,789,391
2019	2,347	1,666,506	3,351	1,853,127

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Department of Tax and Fee Administration.

County of Riverside. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2019 in the County were reported to be \$40,557,845,000 a 4.20% increase over the total taxable sales of \$38,919,498,000 reported during the calendar year 2018. Figures for calendar year 2020 are not yet available.

RIVERSIDE COUNTY
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Taxable transactions in thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	18,662	\$23,281,724	56,846	\$32,910,910
2016	38,445	24,022,136	57,771	34,231,144
2017	38,967	25,581,948	58,969	36,132,814
2018	39,577	28,042,692	61,433	38,919,498
2019	40,491	29,020,400	64,063	40,557,845

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Department of Tax and Fee Administration.

Industry and Employment

The unemployment rate in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (“MSA”) was 14.7 percent in April 2020, and above the year-ago estimate of 3.5 percent. This compares with an unadjusted unemployment rate of 15.9 percent for California and 13.0 percent for the nation during the same period. The unemployment rate was 15.8 percent in Riverside County, and 13.9 percent in San Bernardino County.

The following table presents the annual average distribution of persons in various wage and salary employment categories for Riverside-San Bernardino-Ontario MSA for calendar years 2015 through 2019. As a result of the COVID-19 pandemic, the unemployment rate in the County is anticipated to increase above these levels and the increase may be significant.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA (Riverside County) Annual Average Labor Force Employment by Industry March 2019 Benchmark

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Civilian Labor Force ⁽¹⁾	1,956,900	1,984,900	2,022,100	2,047,500	2,071,800
Employment	1,828,200	1,866,600	1,918,600	1,959,400	1,988,600
Unemployment	128,600	118,300	103,600	88,100	83,200
Unemployment Rate	6.6%	6.0%	5.1%	4.3%	4.0%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	14,800	14,600	14,400	14,500	15,100
Mining and Logging	1,300	900	900	1,200	1,200
Construction	85,700	92,000	97,000	105,200	105,900
Manufacturing	96,100	98,600	98,700	101,100	101,200
Wholesale Trade	61,600	62,800	63,700	65,500	66,700
Retail Trade	174,300	178,000	182,100	181,200	181,300
Transportation, Warehousing and Utilities	97,400	107,300	120,200	132,900	142,800
Information	11,400	11,500	11,300	11,400	11,500
Finance and Insurance	26,900	26,700	26,200	24,600	24,000
Real Estate and Rental and Leasing	17,000	17,900	18,200	19,300	20,200
Professional and Business Services	147,400	145,000	147,200	151,400	155,500
Educational and Health Services	205,100	214,300	224,800	239,500	250,100
Leisure and Hospitality	151,700	160,200	165,700	170,600	175,200
Other Services	44,000	44,600	45,600	45,800	45,800
Federal Government	20,300	20,400	20,600	20,700	21,100
State Government	28,700	29,700	30,700	30,600	31,200
Local Government	184,400	192,200	198,600	205,900	208,200
Total, All Industries ⁽³⁾	1,368,100	1,416,700	1,465,900	1,521,200	1,556,900

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The largest manufacturing and non-manufacturing employers as of June 2020 in the County are shown below, in alphabetical order.

RIVERSIDE COUNTY Largest Employers June 2020

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Abbott Vascular Inc	Temecula	Physicians & Surgeons Equip & Supls-Whls
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Collins Aerospace	Riverside	Aircraft Components-Manufacturers
Corona City Hall	Corona	Government Offices-City/Village & Twp
Corona Regional Medical Ctr	Corona	Hospitals
Department-Corrections-Rehab	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Medical Ctr	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
J Ginger Masonry LP	Riverside	Masonry Contractors
Kleinfelder Construction Svc	Riverside	Engineers-Structural
La Quinta Golf Course	La Quinta	Golf Courses
Parkview Community Hosp Med	Riverside	Hospitals
Pechanga Resort & Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare System	Murrieta	Health Care Management
Spa Resort Casino	Palm Springs	Casinos
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	E-Commerce
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Time Rack	Corona	Computer Software
Universal Protection Svc	Palm Desert	Security Control Equip & Systems-Mfrs
US Air Force Dept	March Arb	Military Bases
Wachter Inc	Riverside	Electric Contractors

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

Construction Activity

City of Desert Hot Springs. The following is a five-year summary of the valuation of building permits issued in the City of Desert Hot Springs.

CITY OF DESERT HOT SPRINGS Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$510.1	\$990.3	\$9,225.0	\$9,585.4	\$5,095.6
New Multi-family	0	0	227.0	0.0	0.0
Res. Alterations/Additions	<u>104.6</u>	<u>387.9</u>	<u>113.7</u>	<u>262.5</u>	<u>1,373.7</u>
Total Residential	614.7	1,378.2	9,565.7	9,847.9	6,469.3
New Commercial	0.0	44.4	50.0	7,000.0	9,741.4
New Industrial	0.0	0.0	7,591.8	14,934.9	4,699.4
New Other	168.0	1,374.6	1,442.1	2,446.4	1,285.8
Com. Alterations/Additions	<u>0.0</u>	<u>0.0</u>	<u>3,149.6</u>	<u>2,181.8</u>	<u>12,088.3</u>
Total Nonresidential	168.0	1,419.0	12,683.5	26,563.1	27,814.9
<u>New Dwelling Units</u>					
Single Family	4	6	39	44	21
Multiple Family	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>
TOTAL	4	6	41	44	21

Source: Construction Industry Research Board, *Building Permit Summary*.

City of Menifee. The following is a five-year summary of the valuation of building permits issued in the City of Menifee

CITY OF MENIFEE Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$129,002.5	\$175,663.2	\$215,729.8	\$293,565.2	\$288,570.7
New Multi-family	0.0	0.0	0.0	0.0	44,565.5
Res. Alterations/Additions	<u>8,781.0</u>	<u>8,169.5</u>	<u>4,538.8</u>	<u>2,849.5</u>	<u>10,147.5</u>
Total Residential	137,783.5	183,832.7	220,268.6	296,414.70	343,283.7
New Commercial	15,467.5	22,471.4	9,652.3	19,442.6	5,710.7
New Industrial	1,170.2	0.0	0.0	0.0	0.0
New Other	12,619.9	11,921.9	5,515.3	13,465.7	11,536.7
Com. Alterations/Additions	<u>3,905.9</u>	<u>10,272.6</u>	<u>2,564.4</u>	<u>6,083.8</u>	<u>11,908.2</u>
Total Nonresidential	33,163.5	44,665.9	17,732.0	38,992.1	29,155.6
<u>New Dwelling Units</u>					
Single Family	404	564	714	967	922
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>330</u>
TOTAL	404	564	714	967	1252

Source: Construction Industry Research Board, *Building Permit Summary*.

City of Moreno Valley. The following is a five-year summary of the valuation of building permits issued in the City of Moreno Valley.

**CITY OF MORENO VALLEY
Building Permit Valuation
(Valuation in Thousands of Dollars)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$43,763.2	\$37,859.0	\$149,455.1	\$258,013.1	\$79,983.1
New Multi-family	0.0	12,924.8	1,846.4	64,145.9	2,850.9
Res. Alterations/Additions	<u>3,22.8</u>	<u>2,257.1</u>	<u>345.1</u>	<u>0.0</u>	<u>714.5</u>
Total Residential	43,763.2	53,040.9	151,646.6	322,159.0	83,548.5
New Commercial	10,367.0	20,938.4	85,582.7	241,156.9	1,301.6
New Industrial	48,912.0	0.0	183,190.9	191,582.5	426,391.5
New Other	4,969.2	8,513.1	8,766.9	0.0	0.0
Com. Alterations/Additions	<u>36,941.3</u>	<u>13,243.2</u>	<u>954.4</u>	<u>1,200.0</u>	<u>0.0</u>
Total Nonresidential	101,189.5	42,694.7	278,494.9	433,939.4	427,693.1
<u>New Dwelling Units</u>					
Single Family	133	100	451	854	315
Multiple Family	<u>0</u>	<u>112</u>	<u>16</u>	<u>372</u>	<u>14</u>
TOTAL	133	212	467	1226	329

Source: Construction Industry Research Board, *Building Permit Summary*.

County of Riverside. The following is a five-year summary of the valuation of building permits issued in the County.

**RIVERSIDE COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>					
New Single-family	\$1,313,084.2	\$1,526,767.9	\$1,670,541.7	\$2,200,020.7	\$1,834,821.9
New Multi-family	110,458.4	106,291.8	109,309.0	232,706.8	282,465.1
Res. Alterations/Additions	<u>113,200.0</u>	<u>126,475.0</u>	<u>123,566.8</u>	<u>125,353.5</u>	<u>158,118.0</u>
Total Residential	1,536,742.5	1,759,534.6	1,903,417.4	2,588,080.9	2,275,405.0
New Commercial	211,785.1	583,023.6	555,352.6	956,131.6	346,766.8
New Industrial	180,521.4	59,439.2	410,275.4	529,326.4	493,872.3
New Other	204,554.2	583,002.8	104,351.4	149,451.5	145,129.9
Com. Alterations/Additions	<u>314,604.2</u>	<u>371,216.4</u>	<u>363,711.4</u>	<u>315,771.0</u>	<u>300,086.8</u>
Total Nonresidential	911,464.9	1,596,682.0	1,433,690.8	1,950,860.5	1,285,855.8
<u>New Dwelling Units</u>					
Single Family	5,007	5,662	6,265	7,540	6,563
Multiple Family	<u>1,189</u>	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>	<u>1,798</u>
TOTAL	6,196	6,701	7,335	9,168	8,361

Source: Construction Industry Research Board, *Building Permit Summary*.

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 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 insurance. 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 City of Desert Hot Springs, the City of Menifee, the City of Moreno Valley, Riverside County, the State and the United States for 2016 through 2020.

CITY OF DESERT HOT SPRINGS, CITY OF MENIFEE, CITY OF MORENO VALLEY RIVERSIDE COUNTY AND STATE OF CALIFORNIA

Effective Buying Income 2016 through 2020

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2016	Desert Hot Springs	\$363,651	\$31,557
	Menifee	1,761,155	48,466
	Moreno Valley	3,079,685	47,668
	Riverside County	47,509,909	50,287
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	Desert Hot Springs	\$379,690	\$32,312
	Menifee	1,860,914	50,587
	Moreno Valley	3,159,028	48,149
	Riverside County	51,784,973	54,014
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	Desert Hot Springs	\$379,690	\$32,312
	Menifee	2,009,302	53,328
	Moreno Valley	3,360,376	51,122
	Riverside County	51,784,973	54,014
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Desert Hot Springs	\$405,868	\$33,400
	Menifee	2,157,067	55,119
	Moreno Valley	3,526,584	53,391
	Riverside County	54,118,453	55,565
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	Desert Hot Springs	\$424,416	\$34,291
	Menifee	2,46,351	60,917
	Moreno Valley	3,867,038	58,398
	Riverside County	59,340,417	59,928
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

APPENDIX C

PROPOSED FORMS OF SPECIAL COUNSEL OPINIONS

Upon execution and delivery of the Certificates, Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Local Agencies, proposes to render their final approving opinions with respect thereto in substantially the following forms:

APPENDIX D

FORM OF LOCAL AGENCY CONTINUING DISCLOSURE AGREEMENT

Upon execution and delivery of the Certificates, each of the Local Agencies propose to enter into a Continuing Disclosure Agreement in substantially the following form:

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by and between the City of _____ (the “Reporting Local Agency”) and _____, in its capacity as dissemination agent (the “Dissemination Agent”), in connection with the execution and delivery of the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (Federally Taxable) (T.R.I.P. – Total Road Improvement Program), in an aggregate principal amount of \$ _____ (the “Certificates”). The Certificates are being executed and delivered Wilmington Trust, N.A., as trustee (the “Trustee”), pursuant to the provisions of that certain Trust Agreement, dated as of _____ 1, 2020 (the “Trust Agreement”), by and among the California Statewide Communities Development Authority (the “Authority”), the Trustee, and the Reporting Local Agency, in order to provide funds to finance the acquisition, construction, and improvement of certain public improvements within the jurisdiction of the Reporting Local Agency. The Reporting Local Agency and the Dissemination Agent hereby certify, covenant, and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and in the 2020 Installment Sale Agreement, dated as of _____ 1, 2020 (the “2020 Installment Sale Agreement”), by and between the Authority and the Reporting Local Agency, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Reporting Local Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean the date in each year that is nine (9) months after the end of the Reporting Local Agency’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Dissemination Agent*” shall mean, initially, _____, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the Reporting Local Agency and has filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Official Statement*” means the Official Statement dated _____, 2020, relating to the Certificates.

“*Participating Underwriter*” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

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

“*SEC*” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The Reporting Local Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021 with the Annual Report for fiscal year 2019-20, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 calendar days prior to such date, the Reporting Local Agency shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Reporting Local Agency. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Reporting Local Agency may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the Reporting Local Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Reporting Local Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the Reporting Local Agency and shall have no duty or obligation to review such Annual Report.

(b) If the Reporting Local Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Reporting Local Agency in a timely manner shall send to the MSRB a notice in the form prescribed by the MSRB. Such notice must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to the MSRB by the date required in subsection (a);
2. file a report with the Reporting Local Agency and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and
3. take any other actions mutually agreed upon between the Dissemination Agent and the Reporting Local Agency.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the Reporting Local Agency, which include information regarding the funds and accounts of the Reporting Local Agency, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the Reporting Local Agency and the Certificates for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the Reporting Local Agency for such fiscal year described in subsection (a) above:

1. Principal amount of the Certificates outstanding (including principal amount and years of maturity of Certificates, if any, called for prepayment in advance of maturity) and any bonds or certificates of participation issued or executed and delivered, as applicable, to refund the same.
2. Balance in the funds and accounts established under the Trust Agreement or the 2020 Installment Sale Agreement.
3. If the amount on deposit in the Reserve Subaccount is not equal to the Reserve Fund Requirement, the amount of the delinquency or surplus, as applicable.
4. A description of the status of construction of the Reporting Local Agency's Project, including (i) a description of any land use entitlements acquired or amended with respect to any portion of the Project during the period covered by the Annual Report, and (ii) any previously undisclosed legislative, administrative, or judicial challenges to the development of the Project, if material.
5. Updated information set forth in the applicable table of the Official Statement entitled "Measure A Revenues Historically Allocated to [Reporting Local Agency]."
6. Any material changes to the Reporting Local Agency's allocation of Measure A Receipts or with respect to its expectations with regard to the anticipated or projected Measure A Receipts.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Reporting Local Agency or related public entities, that are available to the public on the MSRB's Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Reporting Local Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Reporting Local Agency shall give, or cause to be given, not in excess of ten business days after the occurrence of any of the following events, notice of the occurrence of such event with respect to the Certificates:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. 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 security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Certificate calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayments of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the Reporting Local Agency [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Reporting Local Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Reporting Local Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Reporting Local Agency].
13. Consummation of a merger, consolidation, or acquisition involving the Reporting Local Agency or the sale of all or substantially all of the assets of the Reporting Local Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of the name of a trustee, if material.
15. Incurrence of a financial obligation of the Reporting Local Agency if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a

financial obligation of the Reporting Local Agency, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Reporting Local Agency, any of which reflect financial difficulties.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(2), (a)(7), (a)(8) (if the event is certificate call), (a)(10), (a)(13), (a)(14) or (a)(15) above, the Reporting Local Agency shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Reporting Local Agency determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the Reporting Local Agency shall file a notice of such occurrence with the MSRB, with a copy to the Trustee, and the Participating Underwriter, within ten business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) Within ten business days after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), (a)(14) above and (a)(16)), the Reporting Local Agency shall file a notice of such occurrence with the MSRB, with a copy to the Trustee, and the Participating Underwriter. Such notice must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(d) For purposes of Listed Events (a)(15) and (a)(16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the Reporting Local Agency and the Dissemination Agent specified in this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment, or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the Reporting Local Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Reporting Local Agency may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Reporting Local Agency shall act as Dissemination Agent. The initial Dissemination Agent shall be _____.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Reporting Local Agency may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Reporting Local Agency or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of the Reporting Local Agency or nationally recognized bond counsel, materially impair the interest of Certificates owners.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Reporting Local Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Reporting Local Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Reporting Local Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Reporting Local Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Reporting Local Agency to comply with any provisions of this Disclosure Agreement any Participating Underwriter or any holder or beneficial owner of the Certificates, or the Trustee on behalf of the holders of the Certificates, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Reporting Local Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Reporting Local Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Reporting Local Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, 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 Reporting

Local Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Reporting Local Agency pursuant to this Disclosure Agreement. The Reporting Local Agency shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Local Agency, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: [Closing Date]

CITY OF _____

By: _____
Authorized Signatory

_____,
as Dissemination Agent

By: _____
Authorized Signatory

APPENDIX E
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX F

**CITY OF DESERT HOT SPRINGS
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX G

**CITY OF MENIFEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX H

**CITY OF MORENO VALLEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**