PRELIMINARY OFFICIAL STATEMENT DATED _________, 2020

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P – "___"
Fitch – "___"
(See "RATINGS" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, the interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, such interest (and original issue discount) is exempt from State of California personal income tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds. See "TAX MATTERS" herein.

$_________*

CITY OF RIVERSIDE
TAXABLE PENSION OBLIGATION BONDS
2020 SERIES A

Dated: Date of Delivery **Due: June 1, as shown on the next page**

The City of Riverside, California (the "City") is issuing its Taxable Pension Obligation Refunding Bonds, 2020 Series A (the "Bonds") pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2 of Title 5 of the Government Code of the State of California and a Twelfth Supplemental Trust Agreement, dated as of _________ 1, 2020 (the "Twelfth Supplemental Trust Agreement") between U.S. Bank National Association, as trustee (the "Trustee") and the City, supplementing and amending a Trust Agreement, dated as of June 1, 2004, between the Trustee and the City (the "Original Trust Agreement") as previously supplemented and amended (as supplemented and amended, the "Trust Agreement").

The Bonds are delivered in book-entry form without coupons, and will be initially 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 Bonds. Purchasers of the Bonds will not receive instruments representing their interests in the Bonds purchased. The Bonds will be delivered initially in denominations of $5,000 and any integral multiple thereof. The Bonds will bear interest at the rate set forth on the inside cover hereof.

Interest on the Bonds will be payable on each June 1 and December 1, commencing _________.

The Bonds are being issued to pay unamortized, unfunded accrued actuarial liability (the "Unfunded Liability") with respect to certain pension benefits of certain City employees under the Retirement Law (as defined herein) to California Public Employees' Retirement System ("PERS"). Pursuant to the Retirement Law, the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the unfunded accrued actuarial liability which is evidenced by the Bonds. The Bonds are payable from legally available funds of the City.

The Bonds are subject to redemption prior to maturity. See "THE BONDS—Redemption."

No debt service reserve fund has been established in connection with the Bonds.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The purchase of the Bonds involves various investment risks discussed throughout this Official Statement, including the risks discussed in "RISK FACTORS" herein. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. The Bonds do not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriter by Orrick, Herrington & Sutcliffe, LLP, Los Angeles, California. The Bonds, in book-entry form, will be available through the facilities of the Depository Trust Company in New York, New York, on or about _________, 2020.

[UNDERWRITER LOGOS]

Dated: _________, 2020

* *Preliminary; subject to change.*

MATURITY SCHEDULE

BASE CUSIP† NO. 769036

$_________
CITY OF RIVERSIDE
TAXABLE PENSION OBLIGATION BONDS
2020 SERIES A

Maturity (June 1)	***Principal Amount***	***Interest Rate***	***Yield***	**CUSIP†**

$____________ ___% Bonds Due June 1, 20__; Price – ____% (CUSIP†: 769036 _____)

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement:

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

The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein since the date hereof. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

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 a "plan," "expect," "estimate," "project," "budget" or 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 which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the City has agreed to provide certain on-going financial and operating data on an annual basis, it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change. See "CONTINUING DISCLOSURE" and Appendix F—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

All information material to the making of an informed investment decision with respect to the Bonds is contained in this Official Statement. While the City maintains an internet website for various purposes, none of the information on its website is incorporated by reference into this Official Statement. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

WITH RESPECT TO THIS OFFERING, THE UNDERWRITERS MAY ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS DESCRIBED HEREIN TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED IN THIS OFFICIAL STATEMENT AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

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CITY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Rusty Bailey, Mayor
Erin Edwards, Councilmember
Andy Melendrez, Councilmember
Ronaldo Fierro, Councilmember
Chuck Conder, Councilmember
Gaby Plascencia, Councilmember
Jim Perry, Councilmember
Steve Hemenway, Councilmember

CITY STAFF

Al Zelinka, City Manager
Lea Deesing, Assistant City Manager
Rafael Guzman, Assistant City Manager
Carlie Myers, Deputy City Manager
Moises Lopez, Deputy City Manager
Colleen J. Nicol, City Clerk
Edward Enriquez, Chief Financial Officer/City Treasurer
Heidi Schrader, Debt & Treasury Manager
Gary Geuss, City Attorney

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel
Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor
NHA Advisors
San Rafael, California

Trustee
U.S. Bank National Association
Los Angeles, California

$_________[*]
CITY OF RIVERSIDE
TAXABLE PENSION OBLIGATION BONDS
2020 SERIES A

INTRODUCTION

General

This Official Statement, including the cover and the attached appendices (this "Official Statement"), provides certain information concerning the above captioned bonds (the "Bonds") issued by the City of Riverside, California (the "City"). The Bonds will be issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and a Trust Agreement, dated as of June 1, 2004 between U.S. Bank National Association, as trustee (the "Trustee") and the City, as previously amended and supplemented and as amended and supplemented by a Twelfth Supplemental Trust Agreement, dated as of ________ 1, 2020 (collectively, the "Trust Agreement").

Purpose

The City is issuing the Bonds to (i) pay unamortized, unfunded accrued actuarial liability with respect to certain pension benefits of certain City employees and (ii) pay the costs of issuing the Bonds.

The City is a member of the California Public Employees' Retirement System ("PERS") and, as such, is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract between the Board of Administration of PERS and the City Council of the City, dated July 1, 1945, as amended to date (the "PERS Contract"), to make contributions to PERS to (a) fund pension benefits for City employees who are members of PERS, (b) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b).

Pursuant to the Retirement Law, the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the unfunded accrued actuarial liability that is evidenced by the Bonds. See "SECURITY FOR THE BONDS."

On March 8, 2004, the City, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Riverside seeking judicial validation of the proceedings and transactions relating to the issuance of the 2004 Bonds (as defined below), additional bonds (such as the Bonds) and obligations issued to refund such bonds and certain other matters. On May 3, 2004, the court entered a default judgment (the "Validation Judgment") to the effect, among other things, that the 2004 Bonds are, and any additional bonds and refunding obligations will be, valid, legal and binding obligations of the City and in conformity with all applicable provisions of law. See the section entitled "VALIDATION" for additional information regarding the legal effects of the Validation Judgment.

The City

The City was incorporated in 1883 and operates under a charter adopted in 1953. The City operates under a council-manager form of government, and is governed by a seven-member City Council elected by wards with four-year staggered terms. The Mayor is elected at large for a four-year term. The positions of City Clerk, City Manager and City Attorney are filled by appointment of the City Council. The City encompasses

[*] *Preliminary; subject to change.*

approximately 81.5 square miles in the western portion of Riverside County (the "County"), about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. The City is the county seat of the County. The current population of the City is approximately 330,000. The City's adopted Fiscal Year 2019-20 General Fund budget estimates total revenues in Fiscal Year 2019-20 of $280,999,020. For other selected information concerning the City, see APPENDIX A—"CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION."

The Bonds

The Bonds will bear interest from their date of initial delivery until their stated maturity at the rates of interest set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on each June 1 and December 1 (each, an "Interest Payment Date"), commencing __________.

The Bonds, when delivered, will be in book-entry form and registered in the name of CEDE & CO., as nominee of The Depositary Trust Company ("DTC"). The Bonds will be delivered initially in denominations of $5,000 and any integral multiple thereof. See APPENDIX E—"BOOK ENTRY PROVISIONS."

Security for the Bonds

The obligation of the City to make payments with respect to the Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law, the PERS Contract and the Validation Judgment, and payment of principal of and interest on the Bonds is payable from any legally available funds in the City's General Fund including certain interfund transfers. The Bonds are not voter-approved debt backed by the taxing power of the City, and the full faith and credit of the City is not pledged to the repayment of the Bonds. **The City has not established a debt service reserve fund for the Bonds.**

The City has other obligations payable from its General Fund, and the Trust Agreement does not impose any limit on other obligations the City may incur that are payable from its General Fund. Payment of the Bonds is on parity with the obligation of the City pursuant to its City of Riverside Taxable Pension Obligation Bonds, 2004 Series A (the "2004 Bonds"), originally issued pursuant to the Trust Agreement in the principal amount of $89,540,000, of which $37,225,000 currently remains outstanding, and the City of Riverside Taxable Pension Obligation Refunding Bonds, 2017 Series A (the "2017 Bonds") originally issued pursuant to the Eleventh Supplemental Trust Agreement in the aggregate principal amount of $31,960,000, of which $26,100,000 currently remains outstanding. In addition, the City has issued its City of Riverside Taxable Pension Obligation Bonds 2005 Series A (the "2005 Bonds"), but the 2005 Bonds mature on June 1, 2020 and the City has already set aside the funds necessary to pay-off the 2005 Bonds. The Trust Agreement provides that in order to meet its obligations thereunder, the City will deposit or cause to be deposited with the Trustee on or before August 1 of each fiscal year the amount which, together with any moneys transferred pursuant to the Trust Agreement, is sufficient to pay debt service on the Bonds, the 2004 Bonds and the 2017 Bonds. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM ANY LEGALLY AVAILABLE FUNDS IN THE CITY'S GENERAL FUND, INCLUDING CERTAIN INTERFUND TRANSFERS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW, THE PERS CONTRACT AND THE VALIDATION JUDGMENT. PURSUANT TO THE RETIREMENT LAW, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The assets of PERS will not secure or be available to pay principal of or interest on the Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words (collectively, the "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement regarding the financial position, capital resources and status of the City are Forward-Looking Statements. Although the City believes that the expectations reflected in such Forward-Looking Statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations of the City (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All Forward-Looking Statements attributable to the City are expressly qualified in their entirety by the Cautionary Statements.

Summaries Not Definitive

Brief descriptions and summaries of the Bonds, the Trust Agreement and Validation Judgment (as defined in this Official Statement) are contained in this Official Statement and in the Appendices hereto. These descriptions and summaries do not purport to be complete and are subject to and qualified by reference to the provisions of the complete documents, copies of which are available at the offices of the Trustee and, during the offering period, from the Underwriters (as hereinafter defined). Copies of the documents described herein will also be available at the office of the Chief Financial Officer, City of Riverside, 3900 Main St. 6th Floor, Riverside, California 92501. The capitalization of any word not conventionally capitalized, or otherwise defined herein, indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for certain of such definitions.

ESTIMATED SOURCES AND USES OF FUNDS

Proceeds to be received from the sale of the Bonds will be applied as estimated in the following table:

Sources:	
Principal Amount of Bonds	
Plus/Less [Net] Original Issue Premium/Discount	
TOTAL SOURCES:	
Uses:	
Funding of the Unfunded Liability and normal annual contribution[(1)]	
Safety Employees	
Miscellaneous Employees	
Costs of Issuance[(2)]	
TOTAL USES:	

(1) Deposit to PERS Payment Fund. See "PLAN OF REFINANCING" herein.
(2) Includes Underwriter's fee, legal, printing, trustee, consultant, rating and other miscellaneous fees, and other costs associated with the issuance and delivery of the Bonds.

PLAN OF REFINANCING

On May 3, 2004, the Superior Court of the State of California in and for the County of Riverside (the "County") entered a default judgment to the effect, among other things, that (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability and its normal annual contributions for a fiscal year by issuing bonds and applying the proceeds of bonds to the retirement of the its Unfunded Liability and payment of its current year normal annual contributions.

PERS has notified the City as to the amount of the Unfunded Liability based on the June 30, 2019 actuarial valuation, which is the most recent actuarial valuation performed by PERS for the City's Miscellaneous Plan and Safety Plan. Based on the June 30, 2019 actuarial valuation as reported by PERS to the City, PERS has projected the City's total Unfunded Liability under the PERS Contract to be $_________ as of _________, consisting of $_________ with respect to the City's Miscellaneous Plans and $_________ with respect to the City's Safety Plan. The Bonds are being issued to finance a portion of the total Unfunded Liability as of _________. [BREAK OUT WHAT IS BEING PAID TO SAFETY AND MISCELLANEOUS EMPLOYEES]. Upon the issuance of the Bonds, the City will pay $_________ to PERS for deposit to the PERS Payment Fund. It is possible that PERS will determine at a future date that an additional unfunded liability exists that is attributable to the City if actual plan experience differs from the current actuarial estimates. The City's 2004 Bonds and 2017 Bonds, which were also issued to refinance a portion of the City's Unfunded Liability, remain outstanding in the aggregate principal amount of $_________.

THE BONDS

General

The Bonds will be dated the date of delivery thereof and delivered as fully registered Bonds. The Bonds will be delivered initially in denominations of $5,000 and any integral multiple thereof. The Bonds will be transferable and exchangeable as set forth in the Trust Agreement and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book entry form only, in the denominations set forth above.

The Bonds will bear interest from the Closing Date, at the rates and mature in the amounts and years as set forth on the inside cover page hereof. Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve (12) 30-day months, will be paid each Interest Payment Date. Interest on the Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month next preceding such Interest Payment Date regardless of whether or not such day is a Business Day (the "Record Date"), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from their dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Bonds (including the final interest payment upon maturity), is payable by check of the Trustee mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee prior to the applicable Record Date. The principal of the Bonds is payable in lawful money of the United States of America upon surrender of the Bonds at the principal office of the Trustee in Los Angeles, California, or such other place as designated by the Trustee.

Redemption

Make Whole Optional Redemption. The Bonds are subject to redemption prior to June 1, _____ at the option of the City, in whole or in part, at any time, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Bonds to be redeemed; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest to June 1, _____ on the Bonds to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 20 basis points, plus accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days but not more than 45 calendar days prior to the redemption date (excluding inflation indexed securities), or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Optional Redemption at Par. The Bonds maturing on or after June 1, 20__ may be redeemed at the option of the City from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing June 1, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***
*	

* Final maturity.

Selection of Bonds to be Redeemed

If the Bonds are registered in book-entry form and so long as DTC or a successor securities depository is the sole registered owner of the Bond], notwithstanding the description below under "—Book Entry System," if less than all of the Bonds are called for redemption prior to maturity, the particular Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements do not allow for the redemption of the Bonds on a pro rata pass-through distribution of principal basis as described above, then the Bonds will be selected for redemption, in accordance with DTC procedures, by lot or in such other manner as is in accordance with the applicable DTC operational arrangements.

The City intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, none of the City, the Trustee or the Underwriters can provide any assurance that DTC, the DTC Participants or any other intermediary will allocate the redemption of Bonds on such basis.

Book Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX E—"BOOK ENTRY PROVISIONS."

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement or the Trust Agreement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

SECURITY FOR THE BONDS

General

The obligation of the City to make payments with respect to the Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law, the PERS Contract and the Validation Judgment, and payment of principal of and interest on the Bonds is payable from any legally available funds in the City's General Fund including certain interfund transfers. The Bonds are not voter-approved debt backed by the taxing power of the City, and the full faith and credit of the City is not pledged to the repayment of the Bonds. The City has other obligations payable from its General Fund, and the Trust Agreement does not impose any limit on other obligations the City may incur that are payable from its General Fund. The Trust Agreement provides that in order to meet its obligations thereunder (including with respect to the 2004 Bonds the 2017 Bonds and the Bonds), the City will deposit or cause to be deposited with the Trustee on or before August 1 of each fiscal year the amount that, together with any moneys transferred pursuant to the Trust Agreement, is sufficient to pay debt service on the Bonds, the 2004 Bonds, the 2017 Bonds and any Additional Bonds payable during such fiscal year. For other selected information concerning the City, see APPENDIX A—"CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION." See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for a description of the flow of funds under the Trust Agreement.

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM ANY LEGALLY AVAILABLE FUNDS IN THE CITY'S GENERAL FUND, INCLUDING CERTAIN INTERFUND TRANSFERS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW, THE PERS CONTRACT AND THE VALIDATION JUDGMENT. PURSUANT TO THE RETIREMENT LAW AND THE VALIDATION ACTION, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund

The City has not established a debt service reserve fund for the Bonds.

Issuance of Additional Bonds

Under the Trust Agreement, the City may at any time issue Additional Bonds, but only subject to the following conditions:

(i) The City will be in compliance with all agreements and covenants contained in the Trust Agreement; and

(ii) The issuance of such Additional Bonds will have been authorized pursuant to the Act and will have been provided for by a Supplemental Trust Agreement that will specify, among other requirements set forth in the Trust Agreement, the following:

(1) The purpose for which such Additional Bonds are to be issued; provided that such Additional Bonds will be applied solely for (i) the purpose of satisfying any obligation of the City to make payments to PERS relating to pension benefits accruing to PERS pursuant to the Retirement Law members, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds or Additional Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) Whether such Additional Bonds are current interest fixed rate bonds, listed securities, index bonds, auction rate securities, variable rate bonds, tender option bonds, capital appreciation bonds or bonds bearing interest at such other interest rate modes as may be set forth in a Supplemental Trust Agreement;

(3) The authorized principal amount and designation of such Additional Bonds;

(4) The date and the maturity dates of and the sinking fund payment dates, if any, for such Additional Bonds;

(5) The interest payment dates for such Additional Bonds; and

(6) Such other provisions (including the requirements of a book-entry bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

At any time after the sale of any Additional Bonds in accordance with the Act, the City will execute such Additional Bonds for issuance pursuant to the Trust Agreement and will deliver them to the Trustee, and thereupon such Additional Bonds will be delivered by the Trustee to the purchaser thereof upon the Written Request of the City, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

(i) An executed copy of the Supplemental Trust Agreement authorizing the issuance of such Additional Bonds;

(ii) A Written Request of the City as to the delivery of such Additional Bonds;

(iii) An Opinion of Counsel to the effect that (1) the City has executed and delivered the Supplemental Trust Agreement, and the Supplemental Trust Agreement is valid and binding upon the City, and (2) such Additional Bonds are valid and binding obligations of the City;

(iv) A Certificate of the City stating that all requirements of the provisions related to Additional Bonds under the Trust Agreement have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Bonds contained in the Trust Agreement; and

(v) Such further documents, money or securities as are required by the provisions of the Supplemental Trust Agreement providing for the issuance of such Additional Bonds.

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds. However, the following does not purport to be an exhaustive listing of risk factors and other considerations which may be relevant to an investment in the Bonds. Additionally, there can be no assurance that other risk factors will not become evident at any future time.

No Tax Pledge

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM ANY LEGALLY AVAILABLE FUNDS IN THE CITY'S GENERAL FUND, INCLUDING CERTAIN INTERFUND TRANSFERS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW, THE PERS CONTRACT AND THE VALIDATION JUDGMENT. PURSUANT TO THE RETIREMENT LAW, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For fiscal year 2018-19, sales tax revenues were the largest source of revenue to the City. In addition, Measure Z, which is a 1.0% sales and use tax approved by the City's electorate in November 2016, has contributed a significant amount of revenue available for General Fund obligations of the City in the future. Measure Z took effect on April 1, 2017, and is set to expire in 2036. See "APPENDIX A—Measure Z."

Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, before the final maturity of the Bonds, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline. In addition, other factors, such as global pandemics, may adversely impact the economy of the City. See "—Risks Related to Coronavirus."

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, including any initiative by City voters under Article XIIIC of the California Constitution to repeal Measure Z, could have an adverse effect on sales tax revenues received by the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Articles XIIIC and XIIID of the State Constitution."

Finally, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the State Board of Equalization for administering the City's sales tax could also be changed.

No Limit on Additional General Fund Obligations

The City has other obligations payable from its General Fund. The City has the ability to enter into other obligations which would constitute additional charges against its general revenues. To the extent that such additional obligations are incurred by the City, the funds available to make payments on the Bonds may be decreased.

Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of applicable retirement system laws, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience of PERS. Any of these factors could give rise to additional liability of the City to its pension system as a result of which the City would be obligated to make additional payments to its pension system over the amortization schedule for full funding of its obligation to its pension system. See APPENDIX A—"CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION."

Assessed Value of Taxable Property

Property taxes account for a significant portion of the City's General Fund revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, coastal erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIII A of the California Constitution and Section 51 of the Revenue and Taxation Code, which follow from "Proposition 8," require the County assessor to annually enroll either a property's adjusted base year value (its "Proposition 13 Value") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, that lower value is referred to as its "Proposition 8 Value."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds its Proposition 13 Value attributable to a piece of property (adjusted for inflation), the County assessor reinstates the Proposition 13 Value.

Decreases in the aggregate value of taxable property within the City resulting from natural disaster or other calamity, reclassification by ownership or use, or as a result of the implementation of Proposition 8 all may have an adverse impact on the General Fund revenues available to make debt service payments on the Bonds.

See "—Seismic, Topographic and Climatic Conditions" and APPENDIX A—"CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION—*Ad Valorem* Property Taxes."

Impact of State Budget

State Budget. The State of California has experienced significant financial and budgetary stress in past years. State budgets are affected by national and state economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Each State budget contains a number of measures which impact the City's finances.

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior years. Following the submission of the Governor's Budget, the California Legislature takes up the proposal.

Under the California State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. Prior to the November 2, 2010 California General Election, the Budget Act required approval by a two-thirds majority vote of each House of the Legislature. On November 2, 2010, California voters passed Proposition 25, which amended this legislative vote requirement to a simple majority. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Information about the fiscal year 2019-20 State budget and the 2020-21 proposed State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriters, and the City and Underwriters take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Proposition 30. The fiscal year 2012-13 State budget relied upon the Schools and Local Public Safety Protection Act, a $6.9 billion tax increase approved by California voters at a regular election in November 2012 ("Proposition 30"). Proposition 30 enacted temporary increases on high-income earners, raising income taxes by up to three percent on the wealthiest Californians for seven years and increased the state sales tax by $0.0025 for four years, and averted $5.9 billion of planned trigger cuts that would have affected public education funding in the State. The 2012-13 State budget also contained reductions in expenditures totaling $8.1 billion. The temporary personal income tax increases under Proposition 30 were scheduled to expire at the end of 2018; however, the voters approved Proposition 55 in the November 2016 statewide election, which extended these increases through 2030.

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Any decrease in such revenues may have an adverse impact on the City's ability to pay the Bonds.

The City is aware of no material impacts on its operations or revenues resulting from either the 2019-20 State budget or the 2020-21 proposed State budget [update with May Revise]. City staff closely monitors these issues, and any identified impacts are quickly incorporated into the City's budgetary planning.

Litigation

The City may be or become a party to litigation that has an impact on the General Fund. Although the City maintains certain insurance policies that provide coverage under certain circumstances and with respect to certain types of incidents (see Appendix A for further information), the City cannot predict what types of liabilities may arise in the future. See "CONSTITUTIONAL AND STATUTORY LIMITATION ON TAXES AND APPROPRIATIONS—Revenue Transfer from Electric Utility" for a description of pending litigation challenging certain transfers from the City's electric utility to the City's General Fund.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement may be limited by and are subject to the provisions of federal bankruptcy laws. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Trust Agreement. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt that may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

Previous bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to pension obligation securities. Specifically, in the Stockton bankruptcy the Court found that PERS was an unsecured creditor of the city with a claim on parity with those of other unsecured creditors. Additionally, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds, such as the Bonds, were unsecured obligations and not entitled to the same priority of payments made to PERS. A variety of events, including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the execution and delivery of the Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners 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.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIB of the State Constitution."

Change in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State, or that the City Council (with voter approval) will not enact amendments to the City's Charter, in a manner that could result in a reduction of the City's revenues. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIC and Article XIIID of the State Constitution."

Secondary Market Risk

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond 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.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide or flood could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payments on the Bonds.

The City, like the rest of southern California, is located within a seismically active region. Faults and earthquakes present direct hazards from fault rupture and ground shaking as well as indirect hazards. The most significant known active fault zones that are capable of seismic ground shaking and can impact the City are the Elsinore Fault Zone, San Jacinto Fault Zone, Newport-Inglewood Fault Zone, and the San Andreas Fault Zone.

An earthquake on any of these faults, or in any other location near the City, would be particularly damaging to residential buildings, especially to those of older wooden or unreinforced masonry construction, or to mobile homes. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

The State, including the City, is periodically subject to wildfires. When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rainwater from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding. The City is not located in a high risk fire zone.

Climate change caused in part by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding. The City considers the potential effects of climate change in its planning. Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of public and private improvements within the City in general may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

The occurrence of natural disasters in the City could result in substantial damage to the City which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make the payments on the Bonds.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of any hazardous substance that would limit the beneficial use of a property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction could adversely impact the property tax revenues received by the City and deposited into the General Fund, which could significantly and adversely affect the operations and finances of the City.

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. To date, there have been no significant, cyber-attacks on the City's computers and technologies.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial. The City does not carry insurance coverage to protect against cyber based attacks.

Risks Related to Coronavirus

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of a new strain of coronavirus ("COVID-19"), an upper respiratory tract illness first identified in Wuhan, China. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant negative health and financial impacts throughout the world, including in the City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of COVID-19 in Riverside 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 the San Francisco Unified School District) throughout the United States. The United States is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

Several counties in the southern California (including Riverside County) announced "Shelter in Place" emergency orders, which further directs individuals to stay home, except for certain limited travel for the conduct of essential services Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the City's public health system, reductions in tourism and disruption of the regional and local economy with corresponding decreases in City revenues, including sales tax revenue, transient occupancy tax revenue, real property transfer taxes and other revenues, and potential declines in property values.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are developing and uncertain. The ultimate impact of COVID-19 on the City's operations and finances is unknown, although it is expected that the certain of the City's revenues will be materially adversely affected, including without limitation sales taxes.

In response to the pandemic, the City has taken a variety of actions, including temporarily closing all non-essential City services, keeping staffing at a minimum, splitting work shifts between employees, encouraging the use of telecommuting for those employees able to do so, and splitting up City operations into multiple locations. In addition, on March 17, 2020, the City Council authorized the suspension of utility shutoffs and general City fee collections.

[TO BE UPDATED]

Legislative Changes

Legislative action could have an adverse effect on the City's revenues. For example, the method of apportioning Motor Vehicle License Fees among the State's cities and counties is established by statute and could be amended by future legislation. See APPENDIX A – Taxes and Other Revenue. Although the City is not aware of any proposal to amend the applicable statute, it can provide no assurance that such legislation, or other legislation which could reduce revenues, will not be enacted in the future.

Split Roll Initiative

An initiative measure (the "Split Roll Initiative") to amend Article XIIIA has qualified for the State's November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor's office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than $2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to $500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the City is unable to predict how it would affect the level of commercial building activity within the City and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City, or what other impacts the Split Roll Initiative might have on the local economy or the City's financial condition.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the State Constitution

Article XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000, to reduce the voting percentage required for the passage of school bonds. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax will be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on any (1) indebtedness approved by the voters prior to July 1, 1978, (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition and (3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation implementing Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIIIA, which is $1.00 per $100 of assessed market value.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIB of the State Constitution

In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB that effectively limits the amount of such revenues those entities are permitted to spend. Article XIIIB, approved by the voters in July 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds that are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. The City is subject to and believes is operating in conformity with Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIIC broadly define "tax," but specifically exclude, among other things:

> "(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
>
> (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
>
> …
>
> (6) A charge imposed as a condition of property development.
>
> (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D."

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Judicial Interpretation of Articles XIIIC and XIIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not be subject to the requirements of Article XIIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal. 4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in Richmond that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was not determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Risks Relating to Certain Special Assessments. With the exception of assessments levied in Street Lighting District No. 1 of the City (see APPENDIX A—"CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION"), none of the property-related fees or assessments currently collected by the City are deposited into the General Fund.

Water Utility Revenue Transfer Under the City Charter. Contributions to the City's General Fund of surplus funds of the Water System (after payment of Operating and Maintenance Expenses and debt service on the Bonds and Parity Debt) are limited by the City Charter, the amendment of which requires voter approval. Such transfers were approved by the voters and adopted by the City Council on November 15, 1977. On June 4, 2013, the voters approved a further amendment to the City Charter approving the transfer as a general tax pursuant to Article XIIIC of the California Constitution. The Water Fund transfers are limited to twelve equal monthly installments during each fiscal year, comprising a total amount not to exceed 11.5% of the Gross

Operating Revenues, exclusive of any surcharges, for the last fiscal year ended and reported by an independent public auditor. The transfer to the City's General Fund for the fiscal year ended June 30, 2019, was $6,584,300. The budgeted transfer for the fiscal year ending June 30, 2020, is $6,693,000.

Transfers from the City's Electric Enterprise. The City also makes a revenue transfer to the City's General Fund from the City's electric utility. See "—Revenue Transfer from Electric Utility."

Reduction or Repeal of Taxes, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Revenue Transfer from Electric Utility

Effective December 1, 1977, transfers to the General Fund of the City of surplus funds of the City's electric utility (the "Electric Utility"), after payment of operating and maintenance expenses and debt service, are limited by Section 1204 of the Riverside City Charter, as approved by the voters and adopted by the City Council on November 15, 1977 (each, an "Electric Revenue Fund Transfer"). Such transfers are limited to 12 equal monthly installments during each fiscal year constituting a total amount not to exceed 11.5% of the gross operating revenues, exclusive of any surcharges, for the last fiscal year ended and reported by an independent public auditor.

The transfers to the General Fund of the City for the Fiscal Year ending June 30, 2019 were $39,886,400. The budgeted transfer to the General Fund of the City for the Fiscal Year ending June 30, 2020 is projected to be $40,200,700.

In general, California law (Government Code Section 50076) provides that any fee that exceeds the reasonable cost of providing the service or regulatory activity for which the fee is charged and which is levied for general revenue purposes is a special tax.

The statute of limitations for filing a claim is one year from the date that the City collected an electric service charge that was used to make the revenue transfer payments from the Electric Utility. The California Supreme Court held in *Ardon v. Los Angeles* 52 Cal 4th 241 (2011) that class action claims are permitted in local tax refund cases in the absence of a specific tax refund procedure set forth in an applicable governing claims statute. In 2003, the Riverside Municipal Code was amended to provide that no claim may be filed on behalf of a class of persons unless verified by every member of that class. To date, no court has ruled that this requirement is prohibited by California law, and the City has received no related class action claims for tax refunds.

If a court were to conclude that the General Fund transfer from the Electric Utility is not a cost of providing the service of the Electric Utility, then the Electric Utility might be required to revise its rates and charges to eliminate the revenues needed to pay the General Fund transfer, and the Electric Utility could be required to rebate to its customers the amount of any rates and charges in excess of the cost of service. In such an event, the challenged Revenue Fund transfer would likely be returned to the Electric Utility.

California Public Utilities Code 10004.5 provides for the following statute of limitations for any challenge to the validity of the Electric System's rates:

> … [A]ny judicial action or proceeding against a municipal corporation that provides electric utility service, to attack, review, set aside, void, or annul an ordinance, resolution, or motion fixing or changing a rate or charge for an electric commodity or an electric service furnished by a municipal corporation… shall be commenced within 120 days of the effective date of that ordinance, resolution, or motion.

The statute of limitations for filing a claim for a refund of electric service charges is one year from the date that the City collected an Electric System service charge that was used to make the revenue transfer payments from the Electric System.

See also "—Proposition 26" for a discussion of requirements imposed on local government taxes pursuant to Proposition 26.

Litigation.

Parada I. On October 19, 2017, a writ of mandate entitled *Parada v. City of Riverside* (Parada I) was filed against the City seeking to enjoin the City from levying its electric utility users tax on the portion of electric rates that are attributable to the General Fund transfer. On September 21, 2018, the trial court ruled in favor of the City, and on November 7, 2018, the court entered judgment in favor of the City. No appeal has been filed to that decision, and the time within which to file the appeal has expired.

Parada II. On September 12, 2018, a petition for writ of mandate entitled *Parada v. City of Riverside* (Parada II) was filed against the City seeking to invalidate, rescind and void under Proposition 26 the Electric System's rates approved by City Council on May 22, 2018, which took effect on January 1, 2019, challenging the portion of the electric rates that are attributable to the General Fund Transfer. The City has responded to the complaint and no trial date has been set. [UPDATE PRIOR TO POSTING]

Pending lawsuits and other claims against the City with respect to the Electric Utility are incidental to the ordinary course of operations of the Electric Utility and are largely covered by the City's self-insurance program. In the opinion of the Electric Utility's management and the City Attorney, such lawsuits (including the lawsuits discussed above) and claims will not have a materially adverse effect upon the financial position of the Electric System.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in more stable City revenues, although the actual impact of Proposition 1A will depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other actions, some of which could be adverse to the City. See "—Proposition 22."

See the section entitled "RISK FACTORS—Impact of State Budget" for information about the State's budget.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City's financial condition.

Proposition 26

On November 2, 2010, State voters also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with Fiscal Year 1988-89, will be allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue;

and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Future Initiatives

Article XIIIA, Article XIIIB, XIIIC, XIIID, Proposition 22 and Proposition IA were each adopted as measures that qualified for the ballot through California's initiative process. From time to time other initiative measures could be adopted, further affecting the City's revenues.

VALIDATION

On March 8, 2004, the City, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Riverside seeking judicial validation of the proceedings and transactions relating to the issuance of the 2004 Bonds, additional bonds (such as the Bonds) and obligations issued to refund such bonds (such as the Bonds) and certain other matters. On May 3, 2004, the court entered a default judgment to the effect, among other things, that the 2004 Bonds are, and any additional bonds and refunding obligations will be, valid, legal and binding obligations of the City and in conformity with all applicable provisions of law. Pursuant to Section 870 of the California Code of Civil Procedure, the period during which a notice of appeal to this judgment could have been timely filed has expired and the judgment is binding and conclusive in accordance with California law. As with any judgment, there can be no assurance that this judgment will not be challenged. No such challenge has been filed, and the City is unaware of any pending challenge to this judgment. In issuing the opinion as to the validity of the Bonds, Bond Counsel will rely upon the entry of the foregoing default judgment.

THE CITY

For certain financial, demographic and statistical information on the City and the surrounding area, see APPENDIX A—"CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION."

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to issue and pay the Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the City for the Fiscal Year ended June 30, 2019, included in Appendix B to this Official Statement, have been audited by Lance, Soll & Lunghard LLP, Brea, California, independent certified public accountants, as stated in their report appearing in Appendix B. Copies of the audited financial statements for the City's other fiscal years can be obtained at the office of the Chief Financial Officer at City Hall located at 3900 Main Street, Riverside, California 92522.

CONTINUING DISCLOSURE

The City has covenanted in its continuing disclosure certificate for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and other operating data on an annual basis no later than nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30), commencing March 31, 2021, and to provide notice of certain enumerated events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the "Rule"). The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption APPENDIX F—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with the Rule.

The City and its related governmental entities – specifically those entities for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings – have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of other obligations.

In the past, to assist the City and its related governmental entities in meeting their continuing disclosure obligations, the City retained certain corporate trust banks to act as dissemination agent. The City and its related governmental entities have not, on a handful of occasions during the past five years, fully complied, in all material respects, with their disclosure undertakings because on certain occasions in the last five years, the City did not timely file: (1) notice of rating changes to bond insurers and other credit and/or liquidity providers for City debt obligations; (2) certain financial information or operating data for Fiscal Year 2014-15 required to be filed with respect to debt obligations of the City or its related government entities; and (3) a notice of successor trustee for a prior City debt obligation. In addition, the City did not link certain Fiscal Year 2017-18 information with respect to bonds of its electric system to all applicable CUSIPs.

The City and its related governmental entities have made filings to correct all known instances of non-compliance during the last five years. The City believes that it has established internal processes to assist with compliance, including preparing a written continuing disclosure policy that will ensure that it and its related governmental entities will meet all material obligations under their respective continuing disclosure undertakings. The City also now handles dissemination of its and its related governmental entities' continuing disclosure obligations internally and no longer uses third-party dissemination agents for that purpose. The City conducts a regular audit of ratings changes in order to file any required disclosures within 10 days of a rating change. Additionally, the City is in the process of identifying and engaging a consultant to annually verify its continuing disclosure filings and identify any deficiencies, whether material or otherwise, so that any required corrective action can be taken.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest due with respect to the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code (the "Code") but is exempt from State of California personal income tax.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. **BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

APPROVAL OF LEGALITY

Certain legal matters incident to the execution and delivery of the Bonds are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel. Except with respect to certain legal matters, Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement. Bond Counsel's fee for delivery of its opinion is contingent on successful execution and delivery of the Bonds.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "___" and Fitch Ratings Group has assigned its municipal bond rating of "___" to the Bonds.

The rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained from S&P or Fitch Ratings Group. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by a rating agency, if, in the judgment of such rating agency, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained the services of NHA Advisors of San Rafael, California as municipal advisor (the "Municipal Advisor") in connection with the authorization and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor will receive compensation contingent on the sale of the Bonds.

UNDERWRITING

The Bonds are being purchased by BofA Securities, Inc. and Raymond James & Associates, Inc. (collectively, the "Underwriters") at a price of $_________ (being the principal amount of the Bonds, plus/less [net] original issue premium/discount of $______ and less Underwriters' discount of $________). The obligations of the Underwriters are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any such Bonds are purchased. The public offering prices of the Bonds may be changed from time to time by the Underwriters without notice.

Each Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. Each Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

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

MISCELLANEOUS

The summaries or descriptions of provisions of the Bonds, the Trust Agreement, the Validation Action, the PERS Contract, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Trust Agreement may be obtained during the offering period from the Underwriter and thereafter upon request to the principal corporate trust office of the Trustee.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

CITY OF RIVERSIDE

By:____
Chief Financial Officer

APPENDIX A

CITY OF RIVERSIDE GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION

General

The City is the county seat of Riverside County (the "County") and is located in the western portion of the County about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. Within 10 miles of the City are the cities of San Bernardino, Loma Linda, Corona, Norco, Fontana, Ontario, Rialto, Colton, Moreno Valley and Redlands, among others. These cities and the City are located in the County and the County of San Bernardino, and comprise the Riverside-San Bernardino Primary Metropolitan Statistical Area (the "PMSA"). The PMSA represents an important economic area of the State and of Southern California. It lies to the west and south, respectively, of the strategic San Gorgonio and Cajon Passes, from which three transcontinental railroads and interstate highways converge to connect the Los Angeles area with the other areas of the nation. The City is situated in close proximity to the metropolitan centers of Los Angeles and Orange Counties.

The County and the County of San Bernardino cover 27,400 square miles, a land area larger than the State of Virginia. As of 2019, the County had a population estimated at 2,440,124 and San Bernardino County had a population estimated at 2,192,203. With a population of over 4.5 million, the PMSA ranks as one of the largest Metropolitan Statistical Areas ("MSAs") in the United States. The County alone is larger than the State of New Jersey. The PMSA, though small geographically in relation to the bi-county area, contains most of the two counties' population.

Municipal Government

The City was incorporated in 1883 and covers 81.5 square miles. The City is a charter city and has a council-manager form of government with a seven-member council being elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the council, but does not have a vote except in case of a tie. The position of City Manager is filled by appointment of the council to serve as administrator of the staff and to carry out the policies of the council.

Functions of the City government are carried out by approximately 2,500 personnel. The City operates and maintains a sewer, water and electrical system. Other City services include diversified recreation programs, police, fire, airport, parks, a museum and libraries.

Services and Facilities

Public Safety. The City provides law enforcement and fire protection services. The Police Department currently employs 358 sworn officers and the Fire Department employs 216 sworn fire fighters operating out of 14 fire stations. Other services provided by the City include emergency medical aid, traffic safety maintenance, and building safety regulation and inspection.

Public Services. The City provides electric, water, sewer, refuse and transportation service to the City residents through municipal enterprises. The City also owns and operates a general aviation airport.

Public Works. Additional services include parkway and median maintenance improvements, refuse management, sewer and storm drain maintenance, zoning and development administration, environmental review, code enforcement and street tree maintenance.

Leisure and Community Services. Among the City's cultural institutions and activities are a convention center, the Riverside Art Museum, a Riverside Metropolitan Museum, a number of libraries, the Municipal Auditorium, the Fox Performing Arts Center, the opera society and the symphony society. There are three major hospitals in the City: Parkview Community, Riverside Community and Kaiser Permanente.

Population

Table 1
POPULATION
2015-2019

The following table offers population figures for the City, the County and the State as of January 1 for the years 2015 through 2019.

Area	***2015***	***2016***	***2017***	***2018***	***2019***
City of Riverside	318,914	321,723	323,934	326,270	328,101
County of Riverside	2,321,837	2,350,992	2,384,660	2,412,536	2,440,124
State of California	38,952,462	39,214,803	39,504,609	39,740,508	39,927,315

Source: California State Department of Finance, Demographic Research Unit. 2010 Census Benchmark.

Accounting Policies and Financial Reporting

The accounts of the City are organized into separate funds to account for different activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The City's General Fund and other governmental fund types use the modified accrual basis of accounting. All of the City's other funds, including proprietary fund types and fiduciary fund types, use the accrual basis of accounting. The basis of accounting for all funds is more fully explained in the "Notes to the Basic Financial Statements" contained in APPENDIX B—"CITY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020."

The City Council employs, at the conclusion of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as he or she will determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

The City General Fund finances the legally authorized activities of the City not provided for in other restricted funds. General Fund revenues are derived from such sources as taxes; licenses and permits, fines, forfeits and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenue. General Fund expenditures are classified by the functions of general government, public safety, highways and streets, culture and recreation and community development.

City Financial Policies

The City has adopted several financial policies in order to provide financial stability.

Debt Policy. [Briefly describe]

Pension Policy. [Briefly describe]

[***Capital Improvement Program Policy***. [Briefly describe, if one exists]]

The City has also adopted a Reserve Policy and an Investment Policy. See "—General Fund Reserves" and "City Investment Policy and Portfolio," respectively.

City Financial Data

The following tables provide a five-year history of the City's General Fund Balance Sheet (Table 2), and General Fund revenues, expenditures, transfers, and ending fund balances (Table 3).

Table 2
CITY OF RIVERSIDE
GENERAL FUND BALANCE SHEET (As of June 30)
(Amounts Expressed in Thousands)

	Fiscal Year 2014-15	*Fiscal Year 2015-16*	*Fiscal Year 2016-17*	*Fiscal Year 2017-18*	*Fiscal Year 2018-19*
ASSETS:					
Cash and Investments	$ 46,747[2]	$ 33,511	$ 59,347	$ 84,142	$ 120,147
Cash and investments at fiscal agent	4,563	2,758	1,943	18	14
Receivables (net)					
Interest	30	19	23	193	346
Property taxes	3,874	4,524	4,274	3,876	4,113
Sales taxes	14,178	19,117	20,360	23,854	22,680
Utilities billed	1,226	1,123	1,210	1,226	1,295
Accounts	7,607	12,674	6,525	5,642	5,014
Intergovernmental	3,202	5,388	4,050	5,325	4,782
Notes	--	1,597	1	10	10
Prepaid items	659	1,455	2,599	1,947	774
Deposits	300	300	300	-	-
Due from other funds	6,934[2]	1,564	1,722	858	2,438
Advances to other funds	22,064	20,757	22,715	-	-
Advances to Successor Agency	619	582	554	-	-
Land & Improvements held for resale	675	1,341	175	175	175
Total Assets	$ 112,678	$ 106,710	$ 125,798	$ 127,266	$ 161,791
LIABILITIES:					
Accounts Payable	$ 8,328	$ 7,640	$ 9,291	$ 7,463	$ 7,664
Accrued payroll	11,697	14,985	19,072	16,442	19,261
Retainage payable	7	31	1	13	14
Intergovernmental	147	144	149	151	218
Deferred revenue	227	1,296[3]	273	330	29
Deposits	8,867	8,946	7,750	8,558	8,813
Due to other funds	--	-	-	-	-
Advances from other funds	72	-	-	-	-
Total Liabilities	$ 29,345	$ 33,042	$ 36,536	$ 32,957	$ 35,999
DEFERRED INFLOWS OF REVENUE					
Unavailable revenue	$ 3,682	$ 8,090	$ 6,192	$ 4,685	$ 4,625
Total Deferred Inflow of Revenue	$ 3,682	$ 8,090	$ 6,192	$ 4,685	$ 4,625
FUND BALANCE:[1]					
Nonspendable	$ 23,642	$ 23,094	$ 26,168	$ 1,947	$ 949
Restricted	2,985	3,067	2,651	2,991	3,411
Committee				53,800	65,916
Assigned	13,965	9,922	14,968	23,242	26,984
Unassigned	39,059	29,495	39,283	7,644	23,907
Total fund balances	$ 79,651	$ 65,578	$ 83,070	$ 89,624	$ 121,167
Total Liabilities and Fund Balances	$ 112,678	$ 106,710	$ 125,798	$ 127,266	$ 161,791

(1) GASB Statement No. 54 modified the fund balance classifications to reflect a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the General Fund.
(2) The decrease in cash and increase due from other funds relates to short-term borrowing by other funds to address negative cash positions in those funds.
(3) The increase in Deferred revenue in Fiscal Year 2015-16 was due to an increase in accrued revenue related to public safety grants, receivable within the Deferred revenue measurement period of 60 days, that occurred and was recorded under Deferred revenue instead of Unavailable revenue.
Source: City Audited Financial Statements (except as noted).

Table 3
CITY OF RIVERSIDE
STATEMENT OF GENERAL FUND
REVENUES, EXPENDITURES AND FUND BALANCES (Fiscal Year Ending June 30)
(Amounts Expressed in Thousands)

	Fiscal Year 2014-15	*Fiscal Year 2015-16*	*Fiscal Year 2016-17*	*Fiscal Year 2017-18*	*Fiscal Year 2018-19*
Revenues:					
Taxes	$ 153,200	$ 156,172	$ 174,803	$ 223,116	$ 240,416
Licenses and permits	8,490	9,077	9,815	10,015	10,357
Intergovernmental [1]	10,454	10,006	7,318	10,513	3,466
Charges for services	24,737	26,443	31,384	17,438	16,291
Fines and forfeitures	3,957	1,937	1,975	3,699	2,078
Special assessments	4,480	4,424	4,443	402	535
Rental and Investment Income	2,854	1,868	2,768	2,318	3,389
Miscellaneous	5,180	4,146	5,512	3,815	3,287
Total Revenues	$ 213,352	$ 214,073	$ 238,018	$ 271,316	$ 279,819
Expenditures					
Current:					
General Government	$ 14,027	$ 15,578	$ 16,451	$ 15,635	$ 10,004
Public safety	156,648	163,837	162,868	184,608	186,863
Highways and streets	16,594	17,416	17,504	18,643	20,289
Culture and recreation	37,405	39,413	40,440	29,136	29,806
Capital Outlay	4,899	8,139	3,361	2,646	1,815
Debt service; principal[2]	10,954	12,232	44,225	-	-
Debt service; interest	5,940	5,626	5,209	-	-
Bond issuance costs	172	180	29	14	-
Total Expenditures	$ 246,639	$ 262,421	$ 290,087	$ 250,682	$ 248,777
Revenues over (under) expenditures	$ (33,257)	$ (48,348)	$ (52,069)	$ 20,634	$ 31,042
Other Financing Sources (Uses)					
Transfers in	$ 45,410	$ 44,790	$ 76,948	$ 59,332	$ 51,763
Transfers out	(16,024)	(16,747)	(13,497)	(50,738)	(51,262)
Proceeds from issuance of long-term debt	30,940	31,145	-	-	-
Payment to escrow account for advance refunding[2]	(30,940)	(30,940)	-	-	-
Capital Lease Proceeds	4,450	5,846	2,109	-	-
Sales of capital assets	242	181	4,001	422	-
Total other financing sources (uses)	$ 34,078	$ 34,275	$ 69,561	$ 9,016	$ 501
Net change in fund balances	791	(14,073)	17,492	29,650	31,543
Fund balances, July 1	78,860	79,651	65,578	59,974	89,624
Fund balances, June 30	$ 79,651	$ 65,578	$ 83,070	$ 89,624	$ 121,167

(1) Reflects revenue received from grants and motor vehicle in-lieu fees.
(2) For financial statement reporting, principal of the Taxable Pension Obligation Refunding Bond Anticipation Notes is reflected as Debt service; principal.

Source: City Audited Financial Statements (except as noted).

Budgetary Process and Administration

Consistent with the City Council's direction in 2018, City staff prepared a two-year budget for fiscal years 2018-19 and 2019-20. In addition, the budget has been developed within the context of a five-year plan, which provides a financial framework to guide future policy and programmatic recommendations by management and decisions by the City Council.

The City believes that moving to a two-year budget provides the City Council, departments and the public with greater certainty regarding ongoing funding and staffing for programs and services. It will eliminate the time required to produce, review, and approve the budget document every year. At the conclusion of the first year (i.e., the end of fiscal Year 2018-19), the City Council received a mid-cycle review of year-end financials. The mid-cycle review process provided the mechanism to ensure that revenue and expenses forecast at the beginning of the first year remained accurate and, only if necessary, amend the budget to address any significant revenues shortages and/or unknown and unforeseeable expenses. The City amended the budget based on the mid-cycle review.

The City uses the following procedures when establishing the budgetary data reflected in its financial statements: During the period December through February of each fiscal year (now, every other fiscal year), department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed revenue and expenditures and historical data for the two preceding fiscal years. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department and fund. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund.

Budgets for the funds are adopted on a basis consistent with generally accepted accounting principles.

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Fiscal Year 2018-19 Annual Budget. Table 4 summarizes the final budget and audited actual results of the General Fund of the City for Fiscal Year 2018-19.

Table 4
CITY OF RIVERSIDE
GENERAL FUND FINAL BUDGET VERSUS ACTUALS
(Fiscal Year 2018-19)
(Amounts Expressed in Thousands)

	2018-19 Final Budget	***2018-19 Actual***	***Variance***
Revenues			
Taxes	$ 232,218	$ 240,416	$ 8,198
Licenses and permits	10,188	10,357	169
Intergovernmental	3,654	3,466	(188)
Charges for services	16,551	16,291	(260)
Fines and forfeitures	1,209	2,078	869
Special assessments	505	535	30
Rental and investment income	1,700	3,389	1,689
Miscellaneous	3,799	3,287	(512)
Total revenues	$ 269,824	$ 279,819	$ 9,995
Expenditures			
General government	$ 29,859	$ 10,004	$ 19,855
Public Safety	191,214	186,863	4,351
Highways and streets	22,122	20,289	1,833
Culture and recreation	33,218	29,806	3,412
Capital Outlay	3,414	1,815	1,599
Debt service: Principal	-	-	-
Debt service: Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	$ 279,827	$ 248,777	$ 31,050
Deficiency of revenue under expenditures	$ (10,003)	$ 31,042	$ 41,045
Other financing sources (uses)			
Transfers in	$ 64,378	$ 51,763	$ (12,615)
Transfers out	(66,215)	(51,262)	14,953
Proceeds from issuance of long-term debt	-	-	-
Payment to Escrow for Advance Refunding	-	-	-
Capital Lease Proceeds	-	-	-
Sales of capital assets	68	-	(68)
Total other financing sources (uses)	(1,769)	501	2,270
Net change in fund balance	$ (11,772)	$ 31,543	$ 43,315
Fund balance, beginning	89,624	89,624	-
Fund balance, ending	$ 77,852	$ 121,167	$ 43,315

Source: City of Riverside.

Fiscal Year 2018-20 Biennial Budget. The adopted Fiscal Year 2018-20 biennial budget included General Fund revenues of approximately $281.0 million for Fiscal Year 2019-20. The Fiscal Year 2019-20 year-end forecast of General Fund revenue as of __________ is approximately $279.1 million, which is slightly lower than budgeted.

If the revenue and expenditure forecast described above and detailed in Table 5 is realized, the General Fund reserve balance would decrease to approximately $59.2 million at the end of Fiscal Year 2019-20. However, City staff continually works to identify new revenue sources and reduce expenditures throughout each fiscal year, both of which could result in a higher General Fund reserve balance at year-end as has been the case in several recent years.

The following table summarizes the Fiscal Year 2019-20 budgeted projections as stated in the 2018-20 biennial adopted budget and the Fiscal Year 2019-20 projected actual results as of __________.

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Table 5
CITY OF RIVERSIDE
GENERAL FUND ADOPTED BUDGET (FISCAL YEAR 2019-20)
AND PROJECTED ACTUALS (FISCAL YEAR 2019-20)
(Amounts Expressed in Thousands)

	Adopted Budget 2019-20	*Amended Mid-Cycle 2019-20*[(1)]
Revenues		
Sales & Use Taxes	$ 66,159,534	$ 66,159,534
Property Taxes	67,465,561	70,194,896
Utilities Users Tax	28,837,533	28,837,533
Charges for Services	17,825,452	17,229,311
Licenses and Permits	10,531,009	10,531,009
Property Transfer Tax		
Fines and Forfeitures	1,831,885	1,190,334
Franchises	4,764,768	4,764,768
Special Assessments	504,727	504,727
Transient Occupancy Tax	7,592,465	7,158,960
Intergovernmental Revenues	2,085,079	2,199,173
One-Time Revenues	7,714,880	5,012,343
Transfers In	65,492,026	65,159,726
Use of Reserves	194,101	194,101
Total Revenues	$ 280,999,020	$ 279,136,415
Expenditures		
City Attorney	$ 6,202,237	$ 6,277,287
City Clerk	1,827,523	1,827,523
City Council	1,365,551	1,365,551
City Manager	5,785,540	5,785,540
Community Development	17,005,515	17,090,391
Finance	7,462,253	7,462,253
Fire	62,303,599	62,303,599
General Services	4,887,127	4,887,127
Human Resources	3,530,394	3,530,394
Innovation & Technology	13,972,234	13,972,234
Library	8,160,475	8,160,475
Mayor	931,448	936,448
Museum	2,160,303	2,160,303
Non-Departmental	8,906,813	6,818,686
Parks, Recreation & Community Svcs	23,179,796	23,179,796
Police	113,915,644	113,915,644
Public Works	16,924,695	16,924,695
Negotiated Labor Adjustments		
Net Debt Allocation	(26,249,623)	(26,378,073)
Managed Savings		
Transfers Out	9,963,508	10,152,554
Total Expenditures	$ 282,235,032	$ 280,372,427
Revenue over/(under) expenditures	(1,236,012)	(1,236,012)
Other financing sources (uses)		
Proceeds from issuance of long-term debt		
Payment to escrow for refunding		
Other financing sources(uses) cont.		
Measure Z -Transaction & Use Tax[(5)]	55,085,400	59,100,000
Measure Z – appropriations[(5)]	57,528,914	59,139,201
Total other financing sources (uses)		
Net change in fund balance	$ (1,236,012)	$ (1,236,012)
Fund balance, beginning[(6)]	60,433,966	60,433,966
Fund balance, ending[(7)]	$ 59,197,954	$ 59,197,954

(1) As of [January 31, 2020].

Source: City of Riverside.

General Fund Reserves

The following chart illustrates the General Fund reserves of the City for Fiscal Years 2009-10 through 2018-19. The City's policy is to maintain its General Fund reserves in an amount equal to 15% of the next fiscal year's expenditures; moneys in the fund are available for use at the City Council's discretion.

Table 6
CITY OF RIVERSIDE
GENERAL FUND RESERVES
(As of June 30)
(Dollar Amounts Expressed in Thousands)

Fiscal Year	Ending Reserves[(1)(2)(3)]	Percent Change	% of Following Fiscal Year Expenditures[(3)]	Measure Z[(4)]
2009-10	$32,023	(3.2)%	16.4%	--
2010-11	36,359	13.5	17.2	--
2011-12	39,347	8.2	17.8	--
2012-13	37,763	(4.0)	16.9	--
2013-14	37,732	(0.1)	15.7	--
2014-15	39,059	3.5	15.2	--
2015-16	29,495	(24.5)[(5)]	11.1	--
2016-17	37,129	25.9[(6)]	13.7	$ 2,154
2017-18	53,800	44.9[(6)]	20.0	7,644
2018-19	59,666	4.1	21.1[(7)]	25,241

(1) Fiscal Year 2009-10 Ending Reserve was calculated using methodology prior to GASB Statement No. 54, which modified the fund balance classifications to reflect a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the General Fund. Ending Reserves for Fiscal Year 2009-10 include fund balance classified as unreserved, designated for economic contingency, and unreserved, undesignated.

(2) In fiscal years 2009-10 through 2015-16, Ending Reserves represents the fund balance classified as Unassigned in the General Fund's balance sheet. In fiscal year 2016-17, the aggregate of Ending Reserves and Measure Z represents the fund balance classified as Unassigned in the General Fund's balance sheet. In Fiscal Year 2017-18, Ending Reserves represents the fund balance classified as Committed Contingency, and Measure Z represents the fund balance classified as Unassigned, in the General Fund balance sheet. See Table 2.

(3) Measure Z fund balance is excluded from the Ending Reserves and % of Following Fiscal Year Expenditures.

(4) Measure Z is a 1.0% Transaction and Use Tax approved on November 8, 2016, that expires in 2036. Funds are accounted for separately, but are available for General Fund obligations. See "—Measure Z."

(5) Decrease in Fiscal Year 2015-16 was due to expenditures for the Riverside Avenue grade separation project (an approximately $30 million project), which was completed in that fiscal year. A majority of the expenditures was reimbursed to the General Fund from non-General Fund funding sources in Fiscal Year 2016-17.

(6) Increase in Fiscal Year 2017-18 was due to increased sales tax revenues from Measure Z and cost saving efforts by departments during that fiscal year.

(7) Subsequent to the issuance of the certified audited financial reports for Fiscal Year 2018-19, the City Council committed General Fund reserves in excess of 20% to the City's Section 115 Pension Trust Fund.

Source: City of Riverside budgets and financial projections.

Taxes and Other Revenue

The General Fund receives the following local taxes and revenue. In the following sections, each of these sources of local tax revenue is described in greater detail.

Table 7
CITY OF RIVERSIDE
GENERAL FUND TAX REVENUES BY SOURCE
(Amounts Expressed in Thousands)

	Fiscal Year				
	2014-15	***2015-16***	***2016-17***	***2017-18***	***2018-19***
Sales & Use Tax[(2)]	$ 59,437	$ 60,976	$ 75,883	$120,338	$130,645
Property Taxes[(1)]	54,864	55,545	59,526	63,515	69,478
Utility Users Tax	28,076	27,828	27,958	27,498	28,009
Other Taxes[(3)]	10,823	11,823	11,436	11,765	12,419
Total Taxes	$153,200	$156,172	$174,803	$223,116	$240,551

(1) Property Taxes include Property Transfer Tax and Library Operations Tax as well as the property tax received in lieu of vehicle license fees.
(2) Sales & Use Tax includes the sales tax in lieu related to Proposition 57 (the "Triple Flip") and revenues from Measure Z.
(3) Other Taxes consists of Transient Occupancy Tax and Franchise Taxes. See "—Other Taxes—*Franchise Taxes*" herein for a description of these taxes.
Source: City of Riverside Annual Financial Reports.

The City's receipt of taxes and other revenue will likely be impacted by the economic effects of the coronavirus. See "Risk Factors—Risks Related to Coronavirus" for a description of the projected impact that the coronavirus will have on the City's finances.

Sales Taxes

Sales and use taxes represent the largest source of General Fund revenue to the City. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State. For a discussion of Measure Z, which is a 1% transactions and use tax that was approved by the City's electorate in November 2016 and took effect on April 1, 2017, see "–Measure Z."

Sales Tax Rates. The City's sales tax revenue represents the City's share of the sales and use tax imposed on taxable transactions occurring within the City's boundaries. The sales tax is governed by the Bradley-Burns Uniform Local Sales and Use Tax Law (the "Sales Tax Law").

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

Table 8
CITY OF RIVERSIDE
Sales Tax Rates
Effective January 1, 2020

State General Fund	6.00%
City	1.00
County	0.25
Special	1.50
Total	8.75%

Source: California Department of Tax and Fee Administration.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the Statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State.

Certain transactions are exempt from tax under the Sales Tax Law, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- 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.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's July 2014 Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the California Department of Tax and Fee Administration's website at http://cdtfa.ca.gov/. Information on this website is not a part of this Official Statement.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the California State Board of Equalization. Under the Sales Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any local jurisdiction (like the City) are required to be transmitted by the Board of Equalization to such local jurisdiction periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter. According to the State Board of Equalization, it distributes quarterly tax revenues to local jurisdictions (like the City) using the following method:

Using the prior year's like quarterly tax allocation as a starting point, the State Board of Equalization first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The State Board of Equalization disburses 90% of the base amount to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the

90% distribution, while the third advance represents the remaining 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Taxable Sales by Category. Taxable sales by category for the past ten calendar years for which data is available is set forth in the following table.

Table 9
CITY OF RIVERSIDE
TAXABLE SALES BY CATEGORY
For Calendar Years 2009 Through 2018
(Dollars in thousands)

	2009	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Apparel Stores	$ 152,564	$ 161,802	$ 168,352	$ 175,320	$ 178,349	$ 188,670	$ 203,001	$ 214,852	$ 210,158	$ 212,036
General Merchandise	435,230	432,303	444,125	450,988	463,355	475,147	477,903	478,538	465,490	470,386
Food Stores	170,151	167,259	169,380	181,719	193,368	209,022	217,902	168,854	169,922	184,278
Eating and Drinking Places	364,291	371,419	395,423	422,153	447,841	483,901	533,317	582,262	609,705	639,995
Building Materials	307,894	292,605	349,398	376,011	454,468	514,993	567,790	636,415	666,907	738,178
Auto Dealers and Supplies	786,012	847,986	965,529	1,118,907	1,280,633	1,461,217	1,548,385	1,608,231	1,588,854	1,621,311
Service Stations	301,654	350,904	419,497	430,322	418,110	413,128	370,257	338,762	360,830	432,991
Other Retail Stores	487,924	501,071	517,583	535,945	550,157	595,305	633,089	692,375	677,850	666,659
All Other Outlets	893,809	977,260	1,072,513	1,008,206	1,154,492	1,312,607	1,461,982	1,474,160	1,481,019	1,700,733
Total	$ 3,899,529	$ 4,102,609	$ 4,501,800	$ 4,699,571	$ 5,140,773	$ 5,653,990	$ 6,013,625	$ 6,196,465	$ 6,232,752	$ 6,668,585

Source: City of Riverside Annual Financial Reports.

Measure Z

Measure Z is a 1% transaction and use tax (similar to the sales tax) approved by the City's electorate in November 2016. It was placed on the ballot by the Mayor and City Council to help restore as much as possible of the $11 million in services eliminated by the City in June 2016, as well as to fund, in part, over $40 million of estimated annual ongoing needs of the City, such as first responder staffing and vehicles, road and tree maintenance and building repair and maintenance. Measure Z took effect on April 1, 2017, raising the combined total sales tax rate in the City from 7.75% to 8.75%, and is scheduled to sunset in 2036. The City received approximately $12,000,000, $43,600,000 and $62,000,000 in Fiscal Years 2016-17, 2017-18 and 2018-19, respectively, from Measure Z.

Measure Z's 1% transaction and use tax is a general tax, meaning the City may use the funds for any governmental purpose. Measure Z funds will be deposited and tracked in a separate fund in the City budget and will be subject to an annual independent audit. However, Measure Z funds are available for General Fund obligations, including payment of the Bonds.

Ad Valorem Property Taxes

This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax payers in the City.

General. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the County assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over other liens (except certain federal claims) on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Property taxes on the secured roll are due in two installments, on November 1 and March 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the taxes are levied, the property securing the taxes may only be redeemed by a payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of 1-1/2% per month from the original June 30th date to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted properties are thereafter subject to sale by the county tax collector as provided by law.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid by August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing of a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) secure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Value and Estimated Actual Value. Assessed value and estimated actual value of taxable property for the past ten calendar years for which data is available is set forth in the following table.

Table 10
CITY OF RIVERSIDE
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
For Fiscal Years Ended June 30, 2011 Through June 30, 2020
(Dollars in thousands)

Fiscal Year Ended June 30	*Secured*	*Unsecured*	*Less: Exemptions*	*Taxable Assessed Value*
2011	$22,056,793	$1,260,923	$(6,920,720)	$16,396,996
2012	22,031,328	1,264,151	(6,952,649)	16,342,830
2013	22,313,665	1,244,448	(7,142,401)	16,415,712
2014	23,045,134	1,201,634	(7,394,982)	16,851,786
2015	24,482,621	1,329,391	(7,945,000)	17,867,012
2016	25,710,122	1,225,375	(8,432,984)	18,502,513
2017	26,927,989	1,311,356	(9,029,817)	19,209,528
2018	28,373,517	1,354,934	(9,791,810)	19,936,641
2019	30,196,815	1,420,597	(10,818,883)	20,798,529
2020				

Source: City of Riverside Annual Financial Reports.

Principal Property Taxpayers. Principal property taxpayers for Fiscal Year 2018-19 is set forth in the following table.

Table 11
CITY OF RIVERSIDE
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Year 2018-19
(Dollars in thousands)

Property Owner	***Type of Business***	***Taxable Assessed Value***	***Rank***	***Percentage of Total Taxable Assessed Value***
Riverside Healthcare System	Health Care	$ 315,873	1	1.1%
Tyler Mall	Retail Sales	220,073	2	0.7
Rohr Inc	Manufacturing	161,444	3	0.5
CPT Riverside Plaza, LLC		159,171	4	0.5
La Sierra University	Student Housing	135,947	5	0.5
Corona Pointe Apartments	Multi-family residential rental	104,102	6	0.4
Smiths Food and Drug Centers Inc.		101,093	7	0.3
Cole ID	Industrial Storage	101,007	8	0.3
Walmart Stores Inc./Sams	Retail Sales	83,051	9	0.3
Northrop Drive Apartments	Multi-family residential rental	82,307	10	0.3
Totals		$1,464,068		4.9%

Source: Riverside County Assessor Fiscal Year 2018-19.

Property Tax Levies and Collections. Property tax levies and collections for the past ten calendar years for which data is available is set forth in the following table.

Table 12
CITY OF RIVERSIDE
PROPERTY TAX LEVIES AND COLLECTIONS
For Calendar Years 2010 through 2019
(Dollars in thousands)

		Collected within the Fiscal Year of the Levy			***Total Collections to Date***	
Fiscal Year Ended June 30	***Taxes Levied for Fiscal Year***	***Amount***	***Percentage of Levy***	***Collection in Subsequent Years***	***Amount***	***Percentage of Levy***
2010	$77,228	$74,491	$96.46	$2,737	$77,228	100.00%
2011	74,608	72,327	96.94	2,281	74,608	100.00
2012	41,020	40,340	98.34	680	41,020	100.00
2013	43,333	42,447	97.96	886	43,333	100.00
2014	45,138	44,684	98.99	454	45,138	100.00
2015	48,846	48,427	99.14	419	48,846	100.00
2016	50,023	49,585	99.12	-	50,023	100.00
2017	53,655	53,252	99.25	-	53,655	100.00
2018	57,567	57,173	99.32	-	57,567	100.00
2019	63,303	62,557	98.82	-	62,557	98.82

Source: City of Riverside Annual Financial Reports; City of Riverside.

Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the "Teeter Plan," is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually 100% of their shares of property taxes and other levies collected on the secured roll. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a Fiscal Year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes levied on the secured roll by that agency.

The Board of Supervisors of the County has adopted the Teeter Plan, and the City elected to be included within the County's Teeter Plan, effective for Fiscal Year 2013-14. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted with respect to the City, the City will receive 100% of its share of secured property tax levies.

Utility Users Taxes

Utility Users taxes represent the third largest source of General Fund revenue to the City. The City levies a tax equal to 6.5% of utility bills, which is collected by the companies providing the services and remitted monthly to the City. This tax was adopted by the City Council on July 7, 1970, and the approving ordinance has no sunset provision. A five year history showing revenues collected from this tax is shown in Table 7 above.

Other Taxes

Franchise Taxes. The City levies a franchise tax on its cable television, trash collection, and ambulance service. For Fiscal Year 2018-19, these taxes produced $_____ of General Fund revenues.

Business License Taxes. The City levies a business license tax based principally on gross receipts and on number of employees. For Fiscal Year 2018-19, these taxes produced $_____ of General Fund revenues.

Transient Occupancy Taxes. The City levies a 13% transient occupancy tax on hotel and motel bills. For Fiscal Year 2018-19, these taxes produced $_____ of General Fund revenues.

Property Transfer Taxes. A documentary stamp tax is assessed for recordation of real property transfers. For Fiscal Year 2018-19, these taxes produced $_____ of General Fund revenues.

Library Operations Taxes. The City levies a $19 per year parcel tax for library operations, which was approved by voters in November 2001 and renewed in November 2011. The tax expires on June 30, 2022. For Fiscal Year 2018-19, these taxes produced $_____ of General Fund revenues.

Utility Payments and Transfers to General Fund

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Articles XIIIC and XIIID of the State Constitution" and "—Revenue Transfer from Electric Utility" for a description of certain transfers to the General Fund from the City's water utility (in the amount of approximately $6,584,300 in Fiscal Year 2018-19) and the City's electric utility (in the amount of approximately $39,886,400 in Fiscal Year 2018-19).

Special Assessments

On an annual basis, the City deposits into the General Fund approximately [$3.5] million of assessments levied and collected in Street Lighting District No. 1. Street Lighting District No. 1 was formed in 1988 for installation, construction, maintenance and operation of public lighting and related facilities. The City uses the assessments to pay for a portion of the costs incurred by the City for the authorized public lighting and related facilities.

Short-Term Obligations

The City has not entered into any short-term obligations for Fiscal Year 2019-20 and does not expect to enter into any such obligations for Fiscal Year 2020-21. [CONFIRM]

Long-Term Obligations

Set forth below is a summary of the City's outstanding General Fund obligations.

Pension Obligation Bonds. In Fiscal Year 2003-04, the City issued pension obligation bonds (referred to in this Official Statement as the 2004 Bonds), in a single series, in the initial aggregate amount of $89,540,000 to fund a portion of the unfunded actuarial accrued liability for public safety employees. Proceeds from the 2004 Bonds were deposited with California Public Employees Retirement System (referred to in this Official Statement, as PERS). As of June 30, 2019, the City had $37,225,000 principal amount of 2004 Bonds outstanding.

In Fiscal Year 2004-05, the City issued the 2005 Bonds. The 2005 Bonds are currently outstanding, but such bonds mature on June 1, 2020, and the City has already set-aside the moneys required to pay them off at maturity.

In Fiscal Year 2016-17, the City issued the 2017 Bonds in the initial aggregate amount of $60,000,000 to refund a portion of the unfunded actuarial accrued liability for Miscellaneous employees, and proceeds from the bonds were used to repay the latest in a series of pension obligation notes and bonds, the proceeds of the first series of which were deposited with PERS. As of June 30, 2019, the City had $26,100,000 principal amount of 2017 Bonds outstanding.

Certificates of Participation & Lease Revenue Bonds. The City has made use of various lease arrangements to finance capital projects through the execution and delivery of certificates of participation and issuance of lease revenue bonds. As of June 30, 2019, the outstanding certificates of participation and lease revenue bonds and their outstanding principal balance were as set forth in the following table:

Table 13
CITY OF RIVERSIDE
SUMMARY OF LONG-TERM GENERAL FUND COP AND LRB OBLIGATIONS

	Original Issue	*Outstanding Principal*[(1)]
2006 Certificates of Participation	$ 19,945,000	$ 5,000
2008 Certificates of Participation[(2)]	128,300,000	98,200,000
2012 Lease Revenue Bonds	41,240,000	30,475,000
2013 Certificates of Participation	35,235,000	29,775,000
2019A Lease Revenue Refunding Bonds	15,980,000	15,980,000
2019B Lease Revenue Bonds	33,505,000	33,505,000
Subtotal	$ 274,205,000	$ 207,940,000

(1) As of June 30, 2019.
(2) The City employed an interest rate swap with respect to the 2008 Certificates of Participation. See Note 6 (Derivative Instruments) to the City's Fiscal Year 2018-19 audited financial statements. The City entered into a Direct Pay Letter of Credit with Bank of America, N.A., in connection with the 2008 Certificates of Participation that expires on _____.
(3) The outstanding 2010 Certificates of Participation were fully prepaid on March 30, 2017.

Bank Loan Financings. The City entered into a loan with City National Bank in 2011 to finance the construction of the Fox Entertainment Plaza, a mixed-use project adjacent to the Fox Performing Arts Center in downtown Riverside that contains a parking garage, museum exhibit space, restaurant/retail space, and a small black box theater. While the debt is recorded in the City's Parking Fund (an enterprise fund) and the debt is to be primarily serviced by Parking Fund revenues, the debt is payable from the General Fund. Annual payments on this bank loan are approximately $1,747,000 and the loan matures in Fiscal Year 2031-32. As of June 30, 2019, the total amount outstanding was $17,202,000.

On July 19, 2012, the City entered into a Lease and Option to Purchase Agreement with Compass Mortgage Corporation for the purpose of financing expansion and renovation of the City's Convention Center. The Lease and Option to Purchase Agreement establishes a variable rate interest component. A concurrent interest rate swap transaction with Compass Bank produces a long-term "synthetic fixed" interest rate.

The Lease and Option to Purchase Agreement establishes a LIBOR-based variable rate interest rate. During the 21-month construction period, the City paid interest-only payments from proceeds of the lease financing. At the end of the 21-month construction period, an interest rate swap agreement with Compass Bank commenced and the variable interest rate under the Lease and Option to Purchase Agreement was "swapped" to fixed for the remaining 20-year amortization, resulting in equal payments each year of approximately $2,850,000. The total approved loan amount is $41,650,000; however under the terms of the loan agreement the City was only required to pay interest on the portion of the proceeds spent as of each monthly interest payment date.

On February 25, 2014, the City Council approved an increase in the loan amount of $3,000,000, increasing the total amount of the loan to $44,650,000. The additional funding is not included in the interest rate swap and will remain subject to the variable interest rate. All other terms of the additional financing are comparable to the original transaction including the term and interest rate. The additional principal will amortize proportionally to the amortization schedule of the original loan.

In order to enter into the swap transaction, the City waived certain of its Master Swap Policies relating to the requirements for ratings-based termination events and a credit support annex. The City mitigated the risks associated with this waiver by negotiating protections for the City if a credit event by Compass Bank were to occur, including the ability to offset swap payments due to it from Compass Bank pursuant to the swap agreement against current and future lease payments required to be made by the City to Compass Mortgage Corporation under the Lease and Option to Purchase Agreement.

Annual payments on this bank loan are approximately $2,036,000 and the loan matures in Fiscal Year 2035-36. Payment of the loan commenced on May 1, 2014, and as of June 30, 2019, the total amount outstanding was approximately $35,490,000.

Capital Lease Obligations. The City leases various equipment through capital leasing arrangements. The minimum lease obligations payable by the City as of June 30, 2019 are identified in Note 8 to the City's Fiscal Year 2018-19 audited financial statements. See Appendix B.

Pension Plans

This caption contains certain information relating to PERS. The information is primarily derived from information produced by PERS, its independent accountants and actuaries. The City has not independently verified the information provided by PERS and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by PERS.

The comprehensive annual financial reports of PERS are available on its Internet website at www.calpers.ca.gov. The PERS website also contains PERS most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are forward-looking statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. The City contributes to PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State, including the City. Benefit provisions and all other requirements are established pursuant to State statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office located at 400 Q Street, Sacramento, California 95811, or via http://www.calpers.ca.gov. The information on such website is not incorporated herein.

The City participates in a Miscellaneous Plan with three tiers within such plan: (i) a 2.5% at 55 Plan for employees hired prior to May 1, 2012; (ii) a 2.0% at 60 Plan for employees hired between May 1, 2012 and December 31, 2012; and (iii) a 2.0% at 62 Plan for employees hired after December 31, 2012. Participants in the 2.5% at 55 Plan are required to contribute 8% of their annual covered salary; participants in the 2.0% at 60 Plan are required to contribute 7.00% of their annual covered salary; and participants in the 2.0% at 62 Plan are required to contribute 6.25% of their annual covered salary.

The City also participates in a Safety Plan with three tiers within such plan: (i) a 3.0% at 55 Plan for employees hired prior to October 16, 2012; (ii) a 2.0% at 50 Plan for employees hired between October 16, 2012 and December 31, 2012, which is part of a larger risk pool containing other public agencies, and (iii) a 2.7% at 57 Plan for employees hired on or after December 31, 2012, which is part of a larger risk pool containing other public agencies. Participants in the 3.0% at 55 Plan and 2.0% at 50 Plan are required to contribute 9% of their annual covered salary and participants in the 2.7% at 57 Plan are required to contribute 12.25% of their annual covered salary.

Funding Policy. City employees' contribution rates in pension tiers 1 and 2 are 9% for Safety employees and 8% for Miscellaneous employees, calculated as a percentage of their monthly earnings. The City pays the employees' contribution to PERS for both Miscellaneous and Safety employees in pension tier 1 hired before specific dates as outlined in the following table. For any employee hired on or after those dates, the employee pays their full share. This second tier of pension benefits also included a change in the number of years' salary utilized to compute the retirement benefit and, for certain bargaining units, a change to the formula used to calculate the benefit amount. For tier 3 employees, their contribution is set at 50% of the normal cost, not to exceed 8% for Miscellaneous employees and 12% for Safety employees, as required by PEPRA.

Cost sharing beyond what is outlined in existing MOUs is not permitted until the expiration of those contracts. All employee bargaining units' MOUs have expired since PEPRA became effective, and all of their tier three members are therefore now paying 50% of the normal cost as required by PEPRA.

The following table details the three pension tiers applicable to the City's active employees.

Table 14
CITY OF RIVERSIDE
PENSION TIERS FOR CITY EMPLOYEES

Pension Plan	***Pension Formula***	***Benefit Calculation***[3]	***Effective Date – Formula and Benefit Calculation***	***Effective Date – Employees Paying Employee Share of Contribution***
	Tier 1: 3.0% @ 50	Tier 1: 1 Year	--	January 1, 2019[4]
Safety – Fire	Tier 2: 3.0% @ 55	Tier 2: 3 Years	June 11, 2011	June 11, 2011
	Tier 3: 2.7% @ 57	Tier 3: 3 Years	January 1, 2013	January 1, 2013
	Tier 1: 3.0% @ 50	Tier 1: 1 Year	--	January 1, 2018[5]
Safety – Police[1]	Tier 2: 3.0% @ 50	Tier 2: 3 Years	February 17, 2012	February 17, 2012
	Tier 3: 2.7% @ 57	Tier 3: 3 Years	January 1, 2013	January 1, 2013
	Tier 1: 2.7% @ 55	Tier 1: 1 Year	--	January 1, 2019[6]
Miscellaneous	Tier 2: 2.7% @ 55	Tier 2: 3 Years	December 16, 2011	October 19, 2011
	Tier 3: 2.5% @ 62[2]	Tier 3: 3 Years	January 1, 2013	January 1, 2013

(1) The dates shown apply to the Police Officer, Police Pilot, and Police Detective classifications. The Police Sergeants and Riverside Police Administrators Association (ranks of Lieutenant and above) negotiated separately at a subsequent date, but are now also subject to the provisions of the second tier.

(2) The Miscellaneous plan mandated by PEPRA is commonly known as the "2.0% @ 62 Plan", however the maximum benefit that can be earned under the plan is 2.5% at age 67.

(3) The Benefit Calculation refers to the number of years of salary included in the calculation of the amount to which the retirement benefit is applied. In the case of one year, the highest year of salary is utilized. In the case of three years, the highest consecutive three years is utilized.

(4) Tier 1 employees currently pay 5.0% of PERS costs per year, increasing to 8.0% in 2021.

(5) Tier 1 employees currently pay 4.5% of PERS costs per year, increasing to 6.0% in 2021.

(6) SEIU and SEIU Refuse employees currently pay 8.0% of PERS costs. IBEW employees currently pay 6.0% of PERS costs per year, increasing to 8.0% in November 2020. Certain unrepresented employees currently pay 6.0% of PERS costs per year, increasing to 8.0% in 2021.

Source: City of Riverside.

Approximately ___% of the payments made to the Miscellaneous Plan are made from the City's utility systems and are thus not paid from the General Fund.

The contribution requirements of plan members and the City are established and may be amended by PERS.

Funding Status. As of June 30, 2018, the date of the most recent PERS valuation report, the market value of assets in the Safety Plan was approximately $794,903,449 and the accrued liability was approximately $1,111,845,886. The Safety Plan was approximately 71.5% funded on a market value of assets basis as of June 30, 2018, with an Unfunded Liability of approximately $316,942,437. As of June 30, 2018, the date of the most recent actuarial valuation report, the market value of assets in the Miscellaneous Plan was approximately $1,090,728,598, and the accrued liability was approximately $1,401,014,728. The Miscellaneous Plan was approximately 77.9% funded on a market value of assets basis as of June 30, 2018, with an Unfunded Liability of approximately $310,286,130.

The following tables, for the Safety Plan and the Miscellaneous Plan respectively, set forth the market value of the plans' assets, the market value of the plans' assets and funded status as of the valuation dates from June 30, 2014 through June 30, 2018 and the total employer contributions made by the City for such fiscal years. The two tables are based on PERS Actuarial Reports for those years:

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Table 15
CITY OF RIVERSIDE
HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	*Accrued Liability*	*Market Value of Assets (MVA)*	*Unfunded Liability*	*MVA Funded Status*	*Affects City Contribution Rate for Fiscal Year*	*Annual Covered Payroll*	*City Contribution Amount[(1)]*	*UAL as a Percentage of Payroll*
2014	$1,180,549,024	$ 972,056,589	$208,492,435	82.3%	2016-17	$110,534,205	$27,753,436	188.6%
2015	1,228,644,007	969,285,454	259,358,553	78.9	2017-18	111,185,202	30,427,685	233.3
2016	1,277,998,975	949,866,377	328,132,598	74.3	2018-19	113,072,729		290.2
2017	1,317,421,178	1,029,759,135	287,662,043	78.2	2019-20	118,644,799		242.5
2018	1,401,014,728	1,090,728,598	310,286,130	77.9	2020-21	119,987,924		258.6

(1) Amounts are the actuarially required employer contribution amounts from the PERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City's actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts. The City now has multiple pension tiers, with new employees paying their own contribution to the plan. As a result, prospective trending of actual contribution data would be difficult due to the declining employer-paid member contributions obscuring changes in the employer rates.

Source: PERS Actuarial Reports for June 30, 2014 through June 30, 2018.

Table 16
CITY OF RIVERSIDE
HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	*Accrued Liability*	*Market Value of Assets (MVA)*	*Unfunded Liability*	*MVA Funded Status*	*Affects City Contribution Rate for Fiscal Year*	*Annual Covered Payroll*	*City Contribution Amount[(1)]*	*UAL as a Percentage of Payroll*
2014	$ 875,318,159	$710,483,280	$164,834,879	81.2%	2016-17	$62,765,015	$23,891,949	262.6%
2015	912,387,268	707,597,722	204,789,546	77.6	2017-18	68,722,520	26,004,752	297.9
2016	968,923,917	693,848,703	275,075,214	71.6	2018-19	66,464,764		413.9
2017	1,027,624,656	751,708,228	275,916,428	73.2	2019-20	64,312,108		429.0
2018	1,111,845,886	794,903,449	316,942,437	71.5	2020-21	67,797,235		467.5

(1) Amounts are the actuarially required employer contribution amounts from the PERS Annual Valuation Reports rather than the actual amounts contributed by the City. The City's actual contributions differ based on increases or decreases in staffing levels. Differences are accounted for in future actuarially required contribution amounts. The City now has multiple pension tiers, with new employees paying their own contribution to the plan. As a result, prospective trending of actual contribution data would be difficult due to the declining employer-paid member contributions obscuring changes in the employer rates.

Source: PERS Actuarial Reports for June 30, 2014 through June 30, 2018.

Assuming a fixed annual return of 7.0% on future employer contributions, the following tables show the employer contribution for Fiscal Year 2020-21 and the projected future employer contributions for the Miscellaneous and Safety plans for the next five fiscal years:

Table 17
CITY OF RIVERSIDE
PRESENT AND FUTURE EMPLOYER CONTRIBUTIONS
(Miscellaneous Plan)

Fiscal Year	***2020-21***	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***
Normal Cost %	13.071%	13.100%	13.100%	13.100%	13.100%	13.100%
UAL Payment	$24,338,697	$26,633,000	$28,251,000	$28,704,000	$30,021,000	$30,846,000
Total as a % of Payroll	31.8%	33.0%	33.6%	33.4%	33.8%	33.8%
Projected Payroll	$130,161,646	$133,741,091	$137,418,971	$141,197,993	$145,080,938	$149,070,663
Total Employer Contribution(1)	**$41,352,127**	**$44,153,082**	**$46,252,885**	**$47,200,937**	**$49,026,603**	**$50,374,257**

(1) Equal to the Normal Cost % multiplied by the Projected Payroll, and added to the UAL Payment.
Source: PERS Actuarial Report for June 30, 2018.

Table 18
CITY OF RIVERSIDE
PRESENT AND FUTURE EMPLOYER CONTRIBUTIONS
(Safety Plan)

Fiscal Year	***2020-21***	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***
Normal Cost %	22.501%	22.500%	22.500%	22.500%	22.500%	22.500%
UAL Payment	$21,713,806	$24,844,000	$27,518,000	$29,074,000	$28,945,000	$31,195,000
Total as a % of Payroll	52.0%	55.4%	57.9%	58.9%	57.8%	59.5%
Projected Payroll	$73,545,732	$75,568,240	$77,646,366	$79,781,641	$81,975,637	$84,229,967
Total Employer Contribution(1)	**$38,262,331**	**$41,846,854**	**$44,988,432**	**$47,024,869**	**$47,389,518**	**$50,146,743**

(1) Equal to the Normal Cost % multiplied by the Projected Payroll, and added to the UAL Payment.
Source: PERS Actuarial Report for June 30, 2018.

Benefits Provided. PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit Level III, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered. At June 30, 2018, the following employees were covered by the benefit terms of each Plan: Inactive employees or beneficiaries currently receiving benefits are 2,184 and 776 for the Miscellaneous and Safety Plans, respectively. Inactive employees entitled to but not yet receiving benefits are 1,375 and 170 for Miscellaneous and Safety Plans, respectively. Active employees were 1,607 and 568 for Miscellaneous and Safety Plans, respectively.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by PERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability. The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	***Safety***
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.00%	7.00%
Inflation	2.50%	2.50%
Projected Salary Increase	Depending on age, service, and type of employment.	
Mortality	The mortality table used was developed based on PERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.	

Discount Rate – The discount rate used to measure each plan's total pension liability as of June 30, 2018 was 7.00%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, PERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rates used to measure total pension liability are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rates are applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the PERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, PERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class [(1)]	*Current Target Allocation*	*Real Return Years 1 - 10* [(2)]	*Real Return Years 11+* [(3)]
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period
(3) An expected inflation of 2.92% used for this period

Changes of Assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the PERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Changes in the Net Pension Liability. The changes in the Net Pension Liability for each Plan were as follows:

Miscellaneous	*Increase (Decrease)**		
	Total Pension Liability	***Plan Fiduciary Net Position***	***Net Pension Liability/(Asset)***
Balance at June 30, 2017	$ 1,371,914	$ 1,032,027	$ 339,887
Changes in the year:			
Service Cost	25,117	-	25,117
Interest on Total Pension Liability	92,595	-	92,595
Changes of Assumptions	(37,885)	-	(37,885)
Differences between Expected and Actual Experience	(19,805)	-	(19,805)
Net Plan to Plan Resource Movement		(3)	3
Contribution - employer	-	29,920	(29,920)
Contribution - employee	-	9,749	(9,749)
Net Investment Income	-	86,307	(86,307)
Benefit Payments, including Refunds of Employee Contributions	(63,483)	(63,483)	¬
Administrative Expenses	-	(1,608)	1,608
Other Misc. Income/(Expense)	-	(3,053)	3,053
Net Changes	(3,461)	57,829	(61,290)
Balance at June 30, 2018	$ 1,368,453	$ 1,089,856	$ 278,597

Safety	*Liability*	*Net Position*	*Liability/(Asset)*
Balance at June 30, 2017	$ 1,041,254	$ 753,365	$ 287,889
Changes in the year:			
Service Cost	20,390	-	20,390
Interest on Total Pension Liability	73,104	-	73,104
Changes of Assumptions	(4,644)	-	(4,644)
Differences between Expected and Actual Experience	868	-	868
Net Plan to Plan Resource Movement	-	(2)	2
Contribution - employer	-	25,451	(25,451)
Contribution - employee	-	6,401	(6,401)
Net Investment Income	-	62,933	(62,933)
Benefit Payments, including Refunds of Employee Contributions	(50,478)	(50,478)	-
Administrative Expenses	-	(1,174)	1,174
Other Misc. Income/(Expense)	-	(2,229)	2,229
Net Changes	39,240	40,902	(1,662)
Balance at June 30, 2018	$ 1,080,494	$ 794,267	$ 286,227

* Stated in thousands.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Miscellaneous	*Discount Rate -1% (6.15%)*	*Current Discount Rate (7.15%)*	*Discount Rate +1% (8.15%)*
Plan's Net Pension Liability/(Asset)	$464,887	$278,597	$125,412

Safety	*Discount Rate -1% (6.15%)*	*Current Discount Rate (7.15%)*	*Discount Rate +1% (8.15%)*
Plan's Net Pension Liability/(Asset)	$434,647	$286,228	$164,551

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued PERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended June 30, 2019, the City recognized pension expense of $74,940. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous	*Deferred Outflows of Resources**	*Deferred Inflows of Resources**
Pension contributions subsequent to measurement date, net	$ 34,486	$ -
Changes of assumptions	35,127	(26,405)
Differences between expected and actual experience	-	(25,661)
Net differences between projected and actual earnings on plan investments	3,939	-
Total	$ 73,552	$ (52,066)

Safety	*Deferred Outflows of Resources*	*Deferred Inflows of Resources*
Pension contributions subsequent to measurement date, net	$ 29,047	$ -
Differences between actual and actuarial determined contributions	-	-
Changes of assumptions	32,601	(5,329)
Differences between expected and actual experience	661.00	(2,227)
Net differences between projected and actual earnings on plan investments	2,994	-
Total	$ 65,303	$ (7,556)

* Stated in thousands.

Approximately $63,533,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	*Miscellaneous**	*Safety**
2019	$ 10,613	$19,221
2020	(5,323)	14,653
2021	(15,546)	(3,016)
2022	(2,744)	(2,158)

* Stated in thousands.

For additional information relating to the City's PERS Plan, see Note 14 to the City's financial statements set forth in Appendix B.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 ("AB 340"), which implements pension reform in California. Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36-month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases. Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit.

Pursuant to AB 340, the City established a new pension tiers 2.0% at 62 for Miscellaneous and 2.7% at 57 for Safety) for employees hired on or after January 1, 2013 who were not previously PERS members. The City has established these additional tiers as described above.

PERS Plan Actuarial Methods. The staff actuaries at PERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2019 (the most recent valuation provided to the City) covered PERS' Fiscal Year ended June 30, 2018). The actuarial valuations express the City's required contribution which the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution requirement derived from the actuarial valuation as of June 30, 2018 affects the City's Fiscal Year 2020-21 required contribution). PERS rules require the City to implement the actuary's recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability ("UAL"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS plans that are attributed to the current year, and the accrued liability (the "AAL") represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS plans to retirees and active employees upon their retirement. The UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will pay under the PERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to PERS under its PERS plans.

The PERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2017 in connection with the preparation of actuarial recommendations by the PERS Chief Actuary as described below.

The following table sets forth certain economic actuarial assumptions of PERS annual valuations from June 30, 2016 through June 30, 2019 and the corresponding City's contributions for Fiscal Years 2018-19 through 2021-22.

Valuation Date	6/30/16	6/30/17	6/30/18	6/30/19
	Contribution for Fiscal Year[(1)]			
Assumption	***2018-19***	***2019-20***	***2020-21***	***2021-22***
Investment Returns	7.25%	7.00%	7.00%	7.00%
Inflation	2.625	2.50	2.50	2.50
Salary Increase (Total Payroll)	2.875	2.75	2.75	2.75

(1) The investment return assumptions for Fiscal Year 2018-19 and subsequent fiscal years were approved by the PERS Board at its December 2016 meeting, as a result of the Asset Liability Management Process completed at that time. The assumptions for inflation and salary increase for Fiscal Year 2018-19 and subsequent fiscal years were also approved by the PERS Board at its December 2017 meeting, as recommended by the 2017 experience study.

On November 18, 2015, the PERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby PERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of PERS pension benefits for members. In February 2017, the PERS Board revised the Funding Risk Mitigation Policy. The revisions include suspension of the policy until Fiscal Year 2020-21, and a decrease of the required first excess investment return threshold from 4 to 2 percent.

On February 14, 2018, the PERS Board of Administration adopted revisions to its actuarial amortization policy. Major revisions that affect state plans were made to the amortization of investment gains and losses, as well as to actuarial surplus. For the amortization of investment gains and losses, the amortization period was reduced from 30 years to 20 years, and the 5-year direct smoothing process was removed from the end of the amortization period. Amortization of actuarial surplus was eliminated. These policy revisions will be applied to the amortization of investment gains and losses, and actuarial surplus, experienced on or after June 30, 2019. These revisions will affect contributions starting in Fiscal Year 2020-21.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the City for Fiscal Year 2017-18 attached hereto as Appendix A reflects the application of the GASB 68. GASB 68 is a change in accounting reporting standards but it does not change the City's PERS plan funding obligations.

Retirement Programs and Other Post-Employment Benefits

Plan description. The City's defined benefit OPEB plan, Retiree Health Plan, provides continuation of medical (including prescription drugs) and dental coverage benefits to retirees and surviving spouses in the form of an implied rate subsidy. The Retiree Health Benefits plan is a single employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. Eligibility for continuation of coverage requires retirement from the City and PERS with at least 5 years of City service. The retiree is responsible for 100% of the premium cost for coverage, which is based on the blended experience of both the active and retired employees. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries. Retiree and spousal coverage terminates when the retirees becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility ago, which is currently age 65. However, retiree benefit continues to the surviving spouse if the retiree elects the PERS survivor annuity.

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	304
Active plan members	2,121
Total	2,425

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability. The total OPEB liability was determined by actuarial valuation as of June 30, 2018 using the following actuarial assumptions:

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Funding Policy:	Pay-as-you-go for implicit rate subsidy
Discount Rate:	3.50% per annum. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.
Inflation Rate:	2.75% per annum
Salary Inflation:	3.0% per annum
Salary Increases	The benefits are not payroll related but the City's cost for each individual's projected City contribution is allocated over their lifetime as a level-percentage of pay. For cost method purposes the merit increases from the most recent PERS pension plan valuation will be used
Mortality	PERS 2014 Experience Study

Sensitivity analysis of total OPEB liability for healthcare cost trend rates. The following presents the total net OPEB liability, calculating using the healthcare cost trend rate of 6.00%/HMO and 6.50%/PPO, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%/HMO and 5.50%/PPO) or 1-percentage-point higher (7.00%/HMO and 7.50%/PPO) than the current rate:

	1% Decrease	***Current healthcare cost trend rates***	***1% Increase***
Total Net OPEB liability	$34,172,678	$38,337,724	$43,228,410

Sensitivity analysis of total net OPEB liability for discount rates. The following presents the total net OPEB liability, calculating using the discount rate of 3.50%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease	***Current discount rate***	***1% Increase***
Total Net OPEB liability	$41,534,685	$38,337,724	$35,430,575

Change in total OPEB liability. For fiscal year 2018-19, the City recognized total OPEB expense of approximately $3,457,000. The following table shows the change in the total OPEB liability for the year ended June 30, 2019:

	2018
Beginning total OPEB liability	$ 36,785,009
Service cost	2,402,935
Interest	1,301,025
Changes of assumptions	(306,255)
Benefit of implied subsidy payments	(1,844,990)
Net changes	1,552,715
Ending total OPEB liability	$ 38,337,724

The following table shows the City's Employer Contributions for Fiscal Years 2017-18 and 2018-19, and its projected employer contributions through Fiscal Year 2026-27:

Fiscal Year	***Employer Contribution***
2017-18	$ 1,844,990
2018-19	2,003,432
2019-20	2,180,897[(1)]
2020-21	2,342,639[(1)]
2021-22	2,435,705[(1)]
2022-23	2,551,261[(1)]
2023-24	2,686,254[(1)]
2024-25	2,892,503[(1)]
2025-26	2,952,926[(1)]
2026-27	3,071,803[(1)]

(1) Projected.
Source: OPEB Actuarial Report for June 30, 2018.

Approximately ___% of the payments made to the OPEB Plan are made from the City's utility systems and are thus not paid from the General Fund.

The City established a Section 115 Trust to help fund its OPEB Plan contributions on _____. As of March 1, 2020, there was $_____ on deposit in the Section 115 Trust.

For additional information relating to the City's OPEB Plan, see Note 13 to the City's financial statements set forth in Appendix B.

Employee Relations and Collective Bargaining

City employees are represented by nine labor union associations, the principal one being the Service Employees International Union, which represents approximately 37% of City full-time employees. Currently approximately 74% all City employees, including part-time employees, are covered by negotiated agreements. 74% of full-time employees are covered by these agreements, which have the following expiration dates:

Table 19
CITY OF RIVERSIDE
NEGOTIATED EMPLOYEE AGREEMENTS
(As of March 1, 2020)

Bargaining Unit	***Contract Expiration Date***	***Number of Employees***
Service Employees International Union (SEIU) – General	6/30/2020[(1)]	752
Riverside Police Officers Association	12/31/2021	288
Riverside Police Officers Association – Supervisory	12/31/2021	47
Riverside Police Administrators Association	12/31/2021	23
International Brotherhood of Electrical Workers	9/30/2021	173
International Brotherhood of Electrical Workers - Supervisory	9/30/2021	28
Riverside City Firefighters Association	12/31/2021	205
Riverside City Fire Management	12/31/2021	11
Service Employees International Union (SEIU) – Refuse	6/30/2020[(1)]	32

(1) The City is in negotiations with these bargaining units on new contracts.
Source: City of Riverside.

Since 1979 the City has not had an employee work stoppage.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Internal service funds have been established to account for and finance the uninsured risks of loss of public liability claims and worker's compensation.

Property insurance coverage has a limit of $1 billion, with a $100,000 deductible. Earthquake and flood insurance currently have a $25 million limit, with a deductible of 5% for earthquake and $100,000 for flood. Workers' compensation insurance coverage has a limit of $25 million with a self-insured retention of $3 million per occurrence. As of July 1, 2016, the City carried commercial insurance in the amount of $20 million for general and auto liability claims greater than $3 million. There were no claims settled during Fiscal Years 2000 through 2019 above the self-insured amount.

The following tables summarize the working capital and cash balances in the Self-Insurance Fund for Fiscal Years 2014-15 through 2018-19. The decline in the cumulative balance in the Self-Insurance Fund in recent years was due to actual versus budgeted claims. In response, in Fiscal Year 2012-13 the City began contributing $500,000 per year more than what was anticipated to fund claims for the fiscal year in an effort to begin to increase the cash balance on hand to pre-recession levels over a reasonable period of time. Unfortunately, significant and sustained negative claims experienced in that fiscal year and after resulted in a continued decline in the balance. In Fiscal Year 2014-15, the $500,000 contribution was increased to $2,800,000. This adjustment reversed the trend and resulted in an increase in the cash balance by the end of fiscal year 2014-15 to approximately $12,630,000 [to match the below table?]. The additional funding contributions have been maintained annually since Fiscal Year 2014-15. Additionally, the City Council approved the Self-Insurance Trust Funds Reserve Policy on November 28, 2017, which establishes minimum cash balances for the City's Self Insurance Trust Funds, which consist of the Workers' Compensation and General Liability Funds. Due to the long-term nature of the majority of the liabilities of these funds, there is no expectation that cash would ever need to equal the total booked liabilities of the funds. The City does not carry insurance against cybersecurity attacks.

Table 20
CITY OF RIVERSIDE
SELF-INSURANCE FUND
(in thousands)

Fund	*2014-15*	*2015-16*	*2016-17*	*2017-18*	*2018-19*
Self-Insurance Fund Balance(1)	$ (27,551)	$ (31,763)	$ (31,653)	$ (30,624)	$ (24,436)
Self-Insurance Fund Cash(2)	12,630	13,115	14,674	17,202	25,749

(1) Reflects the consolidated obligations of the Liability Workers Compensation, and Unemployment Liability trust funds, less current resources available to pay those obligations shown as "Self-Insurance Fund Cash" in the table.
(2) Reflects the consolidated cash balances for the liability, workers' compensation, and unemployment insurance trust funds, including interfund advances receivable, which are considered liquid by the City due to their ability to be moved to other funds when cash is needed for other purposes.
Source: City of Riverside.

City Investment Policy and Portfolio

The City administers a pooled investment program, except for those funds that are managed separately by trustees appointed under bond indentures. This program enables the City to combine available cash from all funds and to invest cash that exceeds current needs. The most recently revised Investment Policy for the City was adopted on [February 21, 2012] by the City Council.

In accordance with the Government Code, the City requires certain collateralization for public deposits in banks and savings and loans, and has long-established safekeeping and custody procedures. The City Treasurer submits a monthly report to the City Council that contains a statement that the City's portfolio is invested in conformance with state law and the Investment Policy, and that there is sufficient liquidity to meet estimated expenditures.

The City's pooled investment portfolio as of December 31, 2019, had a market value of $__ million. The following table illustrates the investments as of December 31, 2019.

Table 21
CITY OF RIVERSIDE
INVESTMENT PORTFOLIO
(As of December 31, 2019)

Type	*Market Value*	*Cost Basis*	*% of Portfolio(1)*
Certificates of Deposit	__	__	__
Local Agency Investment Fund (LAIF)	__	__	__
Money Market Accounts	__	__	__
Medium Term Corporate Notes	__	__	__
U.S. Government Agency	__	__	__
U.S. Treasury Notes/Bonds	__	__	__
Cash	__	__	__
Total	__	__	__

(1) Calculated using cost basis.
Source: City of Riverside.

As of December 31, 2019, the average life of the City's investment portfolio was ____ years.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 52% between 2007 and 2018. The following tables summarize personal income for Riverside County for 2007 through 2018.

PERSONAL INCOME
Riverside County
2007-2018
(Dollars in Thousands)

Year	***Riverside County***	***Annual Percent Change***
2007	$65,561,491	5.1%
2008	66,718,107	1.8
2009	65,363,159	(2.0)
2010	67,585,240	3.4
2011	71,936,625	6.4
2012	74,050,799	2.9
2013	76,511,910	3.3
2014	80,555,648	5.3
2015	86,033,655	6.8
2016	90,385,180	5.1
2017	94,210,345	4.2
2018	99,591,680	5.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2007-2018. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2007-2018

Year	***Riverside County***	***California***	***United States***
2007	$31,593	$43,629	$39,844
2008	31,624	43,890	40,904
2009	30,448	42,044	39,284
2010	30,698	43,634	40,546
2011	32,196	46,170	42,735
2012	32,737	48,798	44,599
2013	33,440	49,277	44,851
2014	34,753	52,324	47,058
2015	36,642	55,758	48,978
2016	37,936	57,739	49,870
2017	38,975	60,156	51,885
2018	40,637	63,557	54,446

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Education

The City is included within the boundaries of the Riverside Unified School District and the Alvord Unified School District, which also serves the County area southwest of the City. These two districts include 65 elementary and middle schools and high schools. There are also approximately 50 private or parochial schools for kindergarten through twelfth grade. Higher education is available at four institutions: Riverside Community College, University of California at Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are the California School for the Deaf and the Sherman Indian High School, a federally-run school for Native Americans.

Employment

The City is included in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA). The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 3.5% in 2019, down from the 2018 unemployment rate of 4.2%. This compares with an unadjusted unemployment rate of 3.7% for California and 3.4% for the nation during the same period. The unemployment rate was 3.7% in Riverside County, and 3.3 in San Bernardino County.

The following table shows the average annual estimated numbers of wage and salary workers by industry. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

Table 22
RIVERSIDE-SAN BERNARDINO ONTARIO MSA
CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT (ANNUAL AVERAGES)
(For Calendar Years 2014 Through 2018)

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

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

Source: State of California Employment Development Department, March 2018 Benchmark.

The table below shows the 10 largest employers in the City.

Table 23
CITY OF RIVERSIDE
LARGEST EMPLOYERS
(As of June 30, 2019)

Name of Business	***Employees***	***Type of Business***
County of Riverside	22,000	Government
University of California	8,735	Education
March Air Force Reserve	7,000	Government
Kaiser	4,346	Medical and Health
Riverside Unified School District	4,313	Education
City of Riverside	4,313	Government
Riverside Community Hospital	2,200	Medical Center
Riverside Community College District	2,100	Education
Alvord Unified School District	1,898	Education
California Baptist University	1,442	Education

Source: City of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2019.

Construction Activity

The following table provides a summary of residential building permit valuations and nonresidential building permit valuations, and the total number of all building permit valuations in the City during the past five years for which information is available.

Table 24
CITY OF RIVERSIDE
BUILDING PERMIT ACTIVITY
For Calendar Years 2014 Through 2018
(Valuation in Thousands of Dollars)

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City from 2014 through 2018.

Table 25
BUILDING PERMIT VALUATIONS
City of Riverside
2014-2018

	2014	***2015***	***2016***	***2017***	***2018***
Valuation ($000):					
Residential	$80,368	$86,165	$80,222	$120,080	$109,885
Non-residential	70,046	124,254	148,267	162,195	173,305
Total*	$150,414	$210,419	$228,489	$174,275	$283,190
Residential Units:					
Single family	230	222	219	172	171
Multiple family	85	218	254	535	504
Total	315	440	473	707	675

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

Transportation

The City is served by a variety of land and air transportation facilities. Light rail commuter service is provided by Metrolink to Los Angeles and Orange Counties. Interstate bus service is available via Greyhound, and local bus service is provided by the Riverside Transit Agency. Most major trucking firms serve the City in addition to numerous local carriers. Overnight delivery can be scheduled to San Francisco, Los Angeles, San Diego and Sacramento.

Freight rail service to the City is provided by two major transcontinental railroads: the Santa Fe and Union Pacific. Amtrak-operated passenger train service is available at San Bernardino, approximately 15 miles north of the City.

Scheduled air transportation is available from the Ontario International Airport, approximately 18 miles to the west. The City-operated Riverside Municipal Airport is a general aviation facility.

The City is served by the Riverside Freeway (State Route 91), which provides access to Orange County; Interstate 215, which connects the City to San Diego, San Bernardino and points beyond; and the Pomona Freeway (U.S. Highway 60), an east-west route.

To support transportation improvements, in November 1988 Riverside County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, Riverside County voters approved extending Measure A until 2039. Measure A is expected to generate $4.6 billion between 2009 and 2039.

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

__________, 2020

City Council
City of Riverside
Riverside, California

Re: $__________ City of Riverside Taxable Pension Obligation Bonds, 2020 Series A

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of Riverside (the "City") relative to the execution and delivery by the City of its Taxable Pension Obligation Bonds, 2020 Series A, in the aggregate principal amount of $__________ (the "Bonds"), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and a Trust Agreement, dated as of June 1, 2004 (the "Original Trust Agreement"), by and between the City and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented to date, including as supplemented by a Twelfth Supplemental Trust Agreement dated as of ________ 1, 2020 (the "Twelfth Supplemental Trust Agreement," and with the Original Trust Agreement, as it has been previously supplemented, the "Trust Agreement"). The Bonds have been issued for the purpose of refunding certain of the City's obligations to the Public Employees Retirement System ("PERS') evidenced by the contract between the Board of Administration of PERS and the City Council of the City, dated July 1, 1945, as amended (the "PERS Contract"), to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employee's Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"). In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of the City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on May 3, 2004 by the Superior Court of the City of Riverside in the action entitled City of Riverside v. All Persons Interested, etc., Case No. RIC408587, and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of execution and delivery of the Bonds.

All terms not defined herein have the meanings ascribed to those terms in the Trust Agreement.

Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Twelfth Supplemental Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

2. The Bonds have been duly authorized and delivered by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon delivery and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

4. Interest on the Bonds is exempt from State of California personal income tax.

The opinions expressed in paragraphs 1, 2 and 3 above are limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Trust Agreement.

Except as expressly set forth in paragraph 4 above, we express no opinion regarding any tax consequences with respect to the Bonds.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX E

BOOK ENTRY PROVISIONS

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Securities, payment of principal, interest and other payments on the Securities to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Securities (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "**Agent**") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized

representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated ____________, 2020, is executed and delivered by the City of Riverside (the "City") in connection with the issuance by the City of its $____________ City of Riverside Taxable Pension Obligation Bonds, 2020 Series A (the "Bonds"). The Bonds are being issued pursuant to the Trust Agreement, dated as of June 1, 2004, by and between the City and U.S. Bank National Association, as trustee (the "Trustee"), as previously amended and supplemented including as amended and supplemented by a Twelfth Supplemental Trust Agreement, dated as of ________ 1, 2020 (collectively, the "Trust Agreement"). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds and to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Annual Report Date" means the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

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

"Holders" shall mean, while the Bonds are registered in the name of The Depository Trust Company, any applicable participant in its depository system, or the Owner of any Bond for Federal income tax purposes.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" means the final official statement executed by the City in connection with the issuance of the Bonds.

"Participating Underwriter" shall mean BofA Securities, Inc. and Raymond James & Associates, Inc., as the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for the 2019-20 fiscal year, provide to the Repository, in an electronic format as prescribed by the Repository, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The City 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 by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) to the Repository, in an electronic format as prescribed by the Repository, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) The City's audited financial statements 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 the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in Appendix A to the Official Statement:

(i) Table 2, containing information about the City's General Fund balance sheet;

(ii) Tables 3 and 7, containing information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the City, and showing tax revenue collections by source;

(iii) Table 5, containing only the General Fund adopted budget information (and not projected actual information);

(iv) Table 10, containing information about assessed values of taxable property;

(v) Table 11, containing information about principal property taxpayers;

(vi) Table 12, showing property tax levies and collections, only if and for so long as the City is not covered by the County's Teeter Plan;

(vii) Table 13, containing information showing the aggregate principal amount of long-term bonds, leases and other obligations of the City which are payable out of the General Fund of the City; and

(viii) Tables 14 through 18, containing information on the City's funding status and contribution rates with respect to its PERS retirement plans.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City 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 City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the City. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City 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 City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over

substantially all of the assets or business of the City.

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. Incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect Bond holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the City shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the City's determination of materiality pursuant to Section 5(c).

(e) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "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 City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5 it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders of the Bonds.

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

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF RIVERSIDE

By:____
Chief Financial Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Riverside, California
Name of Issue:	Taxable Pension Obligation Bonds, 2020 Series A
Date of Issuance:	__________, 2020

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificated, executed and delivered by the City in connection with the issuance of the Bonds. The City anticipates that the Annual Report will be filed by ________________.

Dated: ______________

CITY OF RIVERSIDE

By: ____________________________________
Its: ____________________________________