

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE – BOOK-ENTRY ONLY

Ratings:
Moody's: “_”
S&P: “_”
See “RATINGS.”

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2025A Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the Series 2025A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$ _____*

**CITY OF RIVERSIDE
REFUNDING SEWER REVENUE BONDS, SERIES 2025A**

Dated: Date of Delivery

Due: August 1, as shown on inside cover

The captioned bonds (the “Series 2025A Bonds”) are being issued by the City of Riverside, California (the “City”) pursuant to Resolution No. _____, adopted by the City Council of the City on August 5, 2025 (the “Sixth Supplemental Resolution”), which supplements and amends Resolution No. 21860, adopted by the City Council on July 14, 2009 (the “Master Resolution”). The Master Resolution, as previously amended and supplemented, and as further amended and supplemented by the Sixth Supplemental Resolution, is hereinafter collectively referred to as the “Resolution.”

The Series 2025A Bonds are issued to provide funds to (i) refund all of the \$ _____ outstanding principal amount of City of Riverside Sewer Revenue Bonds, Series 2015A (the “Series 2015A Bonds”), (ii) pay a portion of the interest due on the Series 2025A Bonds on February 1, 2026, and (iii) pay the costs of issuing the Series 2025A Bonds. See “PLAN OF FINANCE.”

The Series 2025A Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Interest on the Series 2025A Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2026. Purchasers will not receive certificates representing their interest in the Series 2025A Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2025A Bonds will be paid by U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”) to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2025A Bonds. See “DESCRIPTION OF THE SERIES 2025A BONDS—General” and “APPENDIX F — BOOK-ENTRY ONLY SYSTEM.”

The Series 2025A Bonds are special limited obligations of the City, payable solely from the Net Operating Revenues of the City’s Sewer System (as defined herein) and other funds, assets and security as further described herein, and do not constitute general obligations or indebtedness of the City. Upon the defeasance of the Series 2015A Bonds, the Series 2025A Bonds will be payable by the City on a parity with the outstanding City of Riverside Refunding Sewer Revenue Bonds, Series 2018A (the “Series 2018A Bonds”). The City may issue Additional Bonds and Parity Debt (as defined herein) payable from Net Operating Revenues in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds and Parity Debt.”

The Series 2025A Bonds are subject to redemption prior to maturity as described in this Official Statement. See “DESCRIPTION OF THE SERIES 2025A BONDS—Redemption Provisions.”

The Series 2025A Bonds are special obligations of the City, payable solely from Net Operating Revenues and the other funds, assets and security pledged therefor. Neither the faith and credit nor the taxing power of the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2025A Bonds.

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

The Series 2025A Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney and Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Hawkins Delafield & Wood LLP, Los Angeles, California, is acting as counsel to the Underwriters. It is anticipated that the Series 2025A Bonds in definitive form will be available for delivery to DTC on or about _____, 2025.

BofA Securities

Cabrera Capital Markets, LLC

Dated: _____, 2025

* Preliminary, subject to change.
4918-7638-7630v9/022025-0102

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

\$ _____^{*}
CITY OF RIVERSIDE
REFUNDING SEWER REVENUE BONDS, SERIES 2025A

MATURITY SCHEDULE

(BASE CUSIP[†]: 769047)

<i>Maturity Date</i> <i>(August 1)</i>	<i>Principal Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
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^c Priced to first optional redemption date of August 1, 20__, at _____.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

^{*} Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Series 2025A Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025A 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 or owners of the Series 2025A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, 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.

This Official Statement and the information contained in this Official Statement are subject to completion or amendment 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 in this Official Statement since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2025A Bonds referred to in this Official Statement 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 “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “FINANCIAL RESULTS OF THE SEWER SYSTEM,” “RISK FACTORS” and “APPENDIX A — CITY AND COUNTY OF RIVERSIDE — ECONOMIC AND DEMOGRAPHIC INFORMATION.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE 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. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

THE SERIES 2025A 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.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2025A Bonds.

CITY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Patricia Lock Dawson, *Mayor*
Philip Falcone, Councilmember, *Ward 1*
Clarissa Cervantes, Councilmember, *Ward 2*
Steven Robillard, Councilmember, *Ward 3*
Chuck Conder, Councilmember, *Ward 4*
Sean Mill, Councilmember, *Ward 5*
Jim Perry, Councilmember, *Ward 6*
Steve Hemenway, Councilmember, *Ward 7*

CITY STAFF

Mike Futrell, *City Manager*
Edward Enriquez, *Assistant City Manager/Chief Financial Officer/Treasurer*
Gilbert Hernandez, *Public Works Director*
Donesia Gause, *City Clerk*
Rebecca McKee-Reimbold, *Interim City Attorney*
Sean Murphy, *Deputy City Attorney*

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Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor
NHA Advisors, LLC
San Rafael, California

Fiscal Agent
U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent

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OFFICIAL STATEMENT

§ _____ *

CITY OF RIVERSIDE REFUNDING SEWER REVENUE BONDS, SERIES 2025A

INTRODUCTION

General

This Official Statement, including the Appendices hereto, is provided to furnish information in connection with the issuance and sale by the City of Riverside, California (the “City”), of the bonds captioned above (the “Series 2025A Bonds”). The Series 2025A Bonds are authorized and issued pursuant to the City Charter, Ordinance No. 5001 adopted by the City Council on April 20, 1982, as amended by Ordinance No. 5071 adopted by the City Council on March 22, 1983, and by Ordinance No. 6815 adopted by the City Council on July 26, 2005 (collectively, the “Ordinance”), and Resolution No. 21860 adopted by the City Council on July 14, 2009 (the “Master Resolution”), as heretofore amended and supplemented, and as amended and supplemented by the Sixth Supplemental Resolution adopted by the City Council on August 5, 2025 providing for the issuance of the Series 2025A Bonds (the “Sixth Supplemental Resolution”). The Master Resolution, as previously amended and supplemented, and as further amended and supplemented by the Sixth Supplemental Resolution, is hereinafter collectively referred to as the “Resolution.” The City Charter, the Ordinance and the Resolution are hereinafter collectively referred to as the “Law.”

In 2015, the City issued and delivered its \$200,030,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2015A (the “Series 2015A Bonds”) pursuant to the Master Resolution and Resolution No. 22281 adopted by the City Council on March 17, 2015 (the “Fourth Supplemental Resolution”), the proceeds of which were used to refinance certain outstanding bonds of the Sewer System and to finance capital improvements to the Sewer System. As of June 30, 2024, \$167,490,000 in principal amount of the Series 2015A Bonds remained outstanding. All of the Series 2015A Bonds remaining outstanding are being defeased and refunded by the Series 2025A Bonds. See the caption “PLAN OF FINANCE.”

In 2018, the City previously issued its Refunding Sewer Revenue Bonds, Series 2018A (the “Series 2018A Bonds”) for the purpose of refunding certain outstanding bonds of the Sewer System. As of June 30, 2024, \$134,135,000 in principal amount of the Series 2018A Bonds remained outstanding. The Series 2025A Bonds will be secured by and payable from Net Operating Revenues of the Sewer System on a parity with amounts payable with respect to the Series 2018A Bonds.

Bonds issued by the City pursuant to the Resolution on a parity with the Series 2025A Bonds, the Series 2018A Bonds and any Additional Bonds (described herein) are referred to herein as the “Bonds.” The City reserves the right to issue and incur additional parity obligations that do not constitute Additional Bonds (“Parity Debt”) from time to time, secured by a pledge and charge on the Net Operating Revenues of the Sewer System on a parity with the pledge and charge on the Net Operating Revenues securing the Bonds, to the extent permitted by the Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds and Parity Debt” herein for additional information.

Pursuant to the Resolution, the City reserves the right to issue and incur obligations which are payable from Net Operating Revenues on a basis that is junior and subordinate to the payment of the Bonds or Parity Debt (“Subordinate Obligations”).

* Preliminary, subject to change.

Purpose of the Series 2025A Bonds

The Series 2025A Bonds are issued to provide funds to (i) refund all of the outstanding Series 2015A Bonds, (ii) pay a portion of the interest due on the Series 2025A Bonds on February 1, 2026, and (iii) pay the costs of issuing the Series 2025A Bonds. See “PLAN OF FINANCE.”

Security and Rate Covenant

Pursuant to the Law, the Series 2025A Bonds are special limited obligations of the City and are secured by a pledge of and shall be a charge upon and shall be payable, as to principal thereof, interest thereon, and any premium upon redemption thereof, solely from and secured by a lien upon the Net Operating Revenues of the Sewer System, Capacity Charges and other funds, assets and security described under the Resolution. Upon the defeasance of the Series 2015A Bonds, the Series 2025A Bonds will be on a parity with the Series 2018A Bonds and any other Parity Debt issued in the future.

The City has covenanted under the Resolution that, to the fullest extent permitted by law, the City will fix, prescribe, revise and collect rates, fees and charges for the Sewer System which will be at least sufficient to yield during each Fiscal Year Net Operating Revenues equal to 110% of the Debt Service for such Fiscal Year. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Operating Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. Sewer rates are established by the City Council, and are not subject to regulation by the California Public Utilities Commission (the “CPUC”) or any other State agency. See “OPERATING INFORMATION RELATED TO THE SEWER SYSTEM — Sewer Rates and Fees” herein for a description of City’s current and historic rates and charges.

The General Fund of the City is not liable for the payment of principal of the Series 2025A Bonds, any premium thereon upon redemption prior to maturity, or their interest, nor is the credit or the taxing power of the City pledged for the payment of principal of the Series 2025A Bonds, any premium thereon upon redemption prior to maturity, or their interest. No Bondowner may compel the exercise of the taxing power of the City or the forfeiture of any of its property. The principal of and interest on the Series 2025A Bonds and any premium upon the redemption thereof prior to maturity are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues of the Sewer System and other funds, security or assets which are, under the terms of the Resolution, pledged to the payment of principal of the Series 2025A Bonds, interest thereon and any premium upon redemption.

2025A Reserve Account Not Funded

Pursuant to the Resolution, a Reserve Account will be established as the 2025A Reserve Account with respect to the Series 2025A Bonds (the “2025A Reserve Account”). However, the Series 2025A Bond Reserve Requirement is \$0 and no amount will be deposited into the 2025A Reserve Account.

The Sewer System

The Sewer System serves an area of approximately 109.86 square miles, of which approximately 81.5 square miles are within the limits of the City. The Sewer System provides wastewater collection and treatment service to approximately 130,000 equivalent dwelling units in the City and in the Jurupa, Rubidoux and Edgemont Community Services Districts (collectively, the “CSDs”). Beginning in 2015, the City began adding new service accounts and providing wastewater collection and treatment services in the unincorporated community of Highgrove. The areas within the City, the CSDs and Highgrove are sometimes referred to herein as the Sewer System’s “Service Area.”

Wastewater from the City, the CSDs and Highgrove are treated at the Regional Water Quality Control Plant (“RWQCP”), which consists of numerous facilities, including two wastewater treatment plants. Wastewater treatment services at the RWQCP are provided to a population of over 318,800 in the City and over 100,000 in the CSDs and Highgrove. See “THE SEWER SYSTEM.”

Continuing Disclosure

The City will covenant for the benefit of the owners and beneficial owners of the Series 2025A Bonds to provide certain financial information and operating data relating to the Sewer System and to provide notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” and “APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Summaries and References to Documents

Brief descriptions of the Series 2025A Bonds, the security and sources of payment therefor, the Sewer System and summaries of the Resolution and certain other documents are included elsewhere in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Series 2025A Bonds, the Resolution and any other documents are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the City Clerk located at Riverside City Hall, 3900 Main Street, Riverside, California 92522, telephone: (951) 826-5557.

A copy of the audited financial statements of the City for the fiscal year ended June 30, 2024, is attached to this Official Statement as APPENDIX B. A copy of the most recent annual report of the City is available on the City’s website at www.riversideca.gov. Information set forth on such website is not incorporated by reference herein.

PLAN OF FINANCE

General

The Series 2025A Bonds are issued to provide funds to (i) refund all of the outstanding Series 2015A Bonds, (ii) pay a portion of the interest due on the Series 2025A Bonds on February 1, 2026 and (iii) pay the costs of issuing the Series 2025A Bonds. On the delivery date of the Series 2025A Bonds, the City will deposit a portion of the Series 2025A Bond proceeds in the Escrow Fund to be established under an Escrow Agreement, by and between the City and U.S. Bank Trust Company, National Association, as escrow agent. Amounts on deposit in the Escrow Fund on the closing date, together with interest to be earned on federal securities purchased with such amounts (“Escrow Securities”), will be sufficient to pay the redemption price, together with accrued interest to the date of redemption, of the outstanding Series 2015A Bonds on August 1, 2025. *Amounts held by the Escrow Agent under the Escrow Agreement for the Series 2015A Bonds are not available for payment of debt service on the Series 2025A Bonds.*

_____, as verification agent, will review the sufficiency of the amounts deposited to the Escrow Fund for the defeasance and refunding of the Series 2015A Bonds. See the caption “VERIFICATION OF MATHEMATICAL ACCURACY.”

Estimated Sources and Uses of Funds

The estimated sources and uses of funds in connection with the Series 2025A Bonds are as follows:

Sources:

Principal Amount of Series 2025A Bonds
[Plus/Less] [Net] Original Issue [Premium/Discount]
Plus Amounts Related to Series 2015A Bonds
Total Sources

Uses:

Defeasance and Redeem Series 2015A Bonds
Interest Account⁽¹⁾
Costs of Issuance⁽²⁾
Total Uses

⁽¹⁾ Represents capitalized interest for a portion of the Debt Service due on the Series 2025A Bonds on February 1, 2026.

⁽²⁾ Includes Underwriters' discount, legal fees, Municipal Advisor fees, Fiscal Agent fees, verification agent fees, printing costs, rating agency fees and other costs incurred or to be incurred in connection with the issuance of the Series 2025A Bonds.

DESCRIPTION OF THE SERIES 2025A BONDS

The following is a summary of certain provisions of the Series 2025A Bonds. Reference is made to the Series 2025A Bonds for the complete text thereof and to the Resolution for a more detailed description of such provisions. The summary provided herein is qualified by such reference. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

General

The Series 2025A Bonds will be dated their date of delivery, will mature on the dates and in the respective amounts, and will bear interest at the respective rates per annum shown on the inside cover of this Official Statement. The Series 2025A Bonds may be purchased in book-entry form only, in principal amounts of \$5,000 or any integral multiple thereof. Interest on the Series 2025A Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2026, to the owners of record at the close of business on the 15th day of the preceding calendar month (a "Record Date") by check mailed by first-class mail to the persons whose names appear on the registration books of the Fiscal Agent as the registered Owners of such Series 2025A Bonds as of the close of business on the Record Date at such persons' addresses as they appear on such registration books, except that an Owner of \$1,000,000 or more in principal amount of Series 2025A Bonds may be paid interest by wire transfer to an account in the United States if such Owner makes a written request of the Fiscal Agent at least thirty (30) days preceding any interest payment date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. See "APPENDIX F — BOOK-ENTRY ONLY SYSTEM."

Each Series 2025A Bond shall bear interest from the interest payment date before the date of authentication thereof unless it is authenticated during the period after a Record Date but on or before the next interest payment date, in which event it shall bear interest from that interest payment date, or unless it is authenticated prior to the first Record Date, in which event it shall bear interest from the dated date of the Series 2025A Bonds.

So long as any Series 2025A Bond is registered in the name of Cede & Co., as nominee of DTC, procedures with respect to the transfer of ownership, redemption, and the payment of principal, redemption price, premium, if any, and interest on such Bond shall be in accordance with arrangements among the City, the Fiscal Agent and DTC. See "APPENDIX F — BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Series 2025A Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to maturity. The Series 2025A Bonds maturing on or after August 1, 20__ are subject to optional redemption by the City, from any source of available funds, as a whole or in part, on August 1, 20__ and any date thereafter, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Selection of Series 2025A Bonds for Redemption. If less than all the Series 2025A Bonds are to be redeemed, the maturities of the Series 2025A Bonds to be redeemed shall be selected by the City. The City shall give written notice of its selection not later than 15 business days (or such shorter period as may be agreed to by the Fiscal Agent) before the last day on which the Fiscal Agent may give notice of redemption to the Owners of the Series 2025A Bonds. If less than all of the Series 2025A Bonds of any maturity are to be redeemed prior to maturity, then the particular Series 2025A Bonds shall be selected at random by the Fiscal Agent in such manner as the Fiscal Agent in its discretion may deem fair and appropriate.

Notice of Redemption. The Fiscal Agent shall give notice of the redemption of Series 2025A Bonds to (i) the Owners of the Series 2025A Bonds called for redemption, (ii) certain securities depositories and (iii) one or more information services. Notice of such redemption shall be given by first-class mail to the Owners of Series 2025A Bonds designated for redemption at their addresses appearing on the bond registration books, not less than 30 days nor more than 60 days prior to the redemption date. The failure by the Fiscal Agent to give notice to any one or more of the securities depositories or information services or failure of any Owner to receive notice of redemption or any defect in such notice shall not affect the sufficiency of the proceedings for the redemption of Series 2025A Bonds.

With respect to any notice of optional redemption of the Series 2025A Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Fiscal Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Series 2025A Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Fiscal Agent shall not be required to redeem such Series 2025A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Fiscal Agent shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

When notice of redemption has been given as provided in the Resolution, the Series 2025A Bonds or portions thereof so called for redemption shall become due and payable on the redemption date, and upon presentation and surrender of such Series 2025A Bonds at the place specified in such notice of redemption, such Series 2025A Bonds shall be redeemed and paid at said redemption price. If on the redemption date moneys for the redemption of the Series 2025A Bonds to be redeemed shall be available therefor, then from and after the redemption date, interest on the Series 2025A Bonds to be redeemed shall cease to accrue.

DEBT SERVICE PAYMENT SCHEDULE

Set forth below is an annualized schedule of principal of and interest on the Series 2025A Bonds for the period ending June 30 in each of the years indicated, assuming no optional redemptions of the Series 2025A Bonds.

<i>Period Ending June 30</i>	<i>Parity Debt Service⁽¹⁾</i>	<i>Series 2025A Bonds</i>			<i>Total Debt Service</i>
		<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>	
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
TOTAL					

⁽¹⁾ Reflects debt service on the Series 2018A Bonds and assumes the refunding of the Series 2015A Bonds. See the captions “PLAN OF FINANCE” and “FINANCIAL RESULTS OF THE SEWER SYSTEM—Outstanding Long-Term Obligations.”

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Capitalized terms used but not defined herein are defined in APPENDIX C.

Pledge of Revenues

Pursuant to the Resolution, the Bonds of each Series (including the Series 2025A Bonds) are special limited obligations of the City and are secured by a pledge of and shall be a charge upon and are payable, as to principal thereof, interest thereon, and any premium upon redemption thereof, solely from and secured by a lien upon the Net Operating Revenues and other funds, assets and security described under the Resolution, on a parity with the outstanding principal amount of the Series 2018A Bonds and any other Bonds or Parity Debt issued in the future. Under the Resolution, the City pledges, places a charge upon and assigns all Net Operating Revenues to secure the payment of the principal of, premium, if any, and interest on the Bonds and Parity Debt in accordance with their respective terms without priority or distinction of one over the other, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and the Net Operating Revenues so pledged constitute a trust fund for the security and payment of the interest and any premium on and principal of the Bonds and Parity Debt. There is also pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms all amounts (including proceeds of the Bonds) held by the Treasurer in the Bond Service Account, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein.

Gross Operating Revenues shall be applied to all sums required for the payment of the Operating and Maintenance Expenses and, thereafter, be applied to the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Debt, together with any sinking fund payments of the Bonds and Parity Debt and any reserve fund and excess earnings or rebate requirements with respect thereto. All remaining Gross Operating Revenues, after making the foregoing allocations, shall be retained in the Sewer Revenue Fund as a fund balance or surplus and may be used for any lawful purpose. The pledge of Net Operating Revenues under the Resolution shall be irrevocable until there are no longer Bonds Outstanding.

Definitions

The Resolution defines “**Net Operating Revenues**” as Gross Operating Revenues less Operating and Maintenance Expenses.

“**Gross Operating Revenues**” means all income and revenue received by the City during such period from the operation or ownership of the Sewer System, determined in accordance with Generally Accepted Accounting Principles, including all fees and charges received during such period for the services of the Sewer System, investment income received during such period (but only to the extent that such investment income is generally available to pay costs with respect to the Sewer System, including Operating and Maintenance Expenses), and all other money received during such period howsoever derived by the City from the operation or ownership of the Sewer System or arising from the Sewer System. Gross Operating Revenues also shall include Capacity Charges and any amounts transferred from the Rate Stabilization Fund to the Sewer Revenue Fund during any Fiscal Year exclusive of any amounts transferred to the Rate Stabilization Fund in such fiscal year. Gross Operating Revenues shall not include any amounts transferred from the Sewer Revenue Fund to the Rate Stabilization Fund during any Fiscal Year.

“**Operating and Maintenance Expenses**” are defined as all reasonable and necessary costs paid or incurred by the City for maintaining and operating the Sewer System, including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Sewer System in good repair and working order, all administrative costs of the City that are charged directly or apportioned to the operation of the Sewer System, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums and payments into pension funds, and all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Resolution, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

Limited Obligation

The General Fund of the City is not liable for the payment of principal of the Series 2025A Bonds, any premium thereon upon redemption prior to maturity, or their interest, nor is the credit or the taxing power of the City pledged for the payment of principal of the Series 2025A Bonds, any premium thereon upon redemption prior to maturity, or their interest. No Bondowner may compel the exercise of the taxing power of the City or the forfeiture of any of its property. The principal of and interest on the Series 2025A Bonds and any premium upon the redemption thereof prior to maturity are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Operating Revenues of the Sewer System and other funds, security or assets which are, under the terms of the Resolution, pledged to the payment of principal of the Series 2025A Bonds, interest thereon and any premium upon redemption.

Resolution Flow of Funds

The City has created the Sewer Revenue Fund pursuant to the Law, to secure the payment of the Bonds and Parity Debt. The Sewer Revenue Fund includes the Bond Service Account and the Renewal and Replacement Account. The Resolution provides that the Interest Account and the Principal Account shall be created as subaccounts within the Bond Service Account. The Sewer Revenue Fund and all of the accounts and

subaccounts therein are held and administered by the City Treasurer. The 2025A Reserve Account was created under the Sixth Supplemental Resolution to be held by the Fiscal Agent. See “— 2025A Reserve Account Not Funded.”

Sewer Revenue Fund. The Resolution specifies that Gross Operating Revenues will be deposited in the Sewer Revenue Fund, and that payments from said fund will be made only as provided by the Law.

Operating and Maintenance Expenses. As soon as practicable in each month, the Treasurer will provide for the payment of the Operating and Maintenance Expenses of the Sewer System for that month, prior to the payment or provision for payment of the interest on and the principal of the State Loans, the Bonds and any Parity Debt and prior to the establishment and maintenance of any reserves therefor.

Interest Account. As soon as practicable in each month, the Treasurer will set aside and deposit in the Interest Account (i) an amount sufficient on a monthly pro rata basis to pay the aggregate amount of the interest which will become due and payable on Parity Debt and the Bonds with a fixed rate of interest on the next interest payment date (excluding interest for which there are moneys deposited in the Interest Account), and (ii) 110% of the interest which the Treasurer estimates in his or her reasonable discretion will accrue during that month on Bonds with a variable rate of interest. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due and payable on the interest payment date falling within the next six months upon Parity Debt and all of the Bonds issued under the Resolution and then Outstanding (but excluding any moneys on deposit in the Interest Account from the proceeds of any Series of Bonds or other source and reserved as capitalized interest to pay interest on any future interest payment dates following such interest payment date). Payments of interest for Parity Debt that are required to be placed in any debt service fund to pay interest on such Parity Debt shall rank and be made pari passu with the payments required to be placed in the Interest Account.

Principal Account. As soon as practicable in each month the Treasurer will set aside and deposit in the Principal Account an amount equal to at least (a) one-sixth of the aggregate semi-annual amount of any Bond Obligation becoming due and payable on the Outstanding Bonds of all Series and Parity Debt having semi-annual maturity dates or semi-annual Mandatory Sinking Account Payments due within the next six months, plus (b) one twelfth of the aggregate yearly amount of any Bond Obligation become due and payable on the Outstanding Bonds of all Series and Parity Debt having annual maturity dates or annual Mandatory Sinking Account Payments due within the next twelve months; provided that if the City Council irrevocably determines by resolution that any principal payments on the Bonds of any Series or Parity Debt shall be refunded or prepaid on or prior to their respective due dates or paid from amounts on deposit in a reserve account established and maintained for Bonds of that Series, no amounts need be set aside toward such principal to be so refunded or paid. If, during the twelve-month period (or six-month period with respect to Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding a Mandatory Sinking Account Payment date, the Treasurer has purchased Term Bonds of a Series and maturity subject to such Mandatory Sinking Account Payment with moneys in the Principal Account, or, during said period and prior to giving said notice of redemption, the City has deposited Term Bonds of such Series and maturity with the Fiscal Agent for such Series for cancellation, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Treasurer or the Fiscal Agent for such Series from the Redemption Account, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce amounts required to be deposited in the Principal Account. All Term Bonds purchased from the Principal Account or deposited by the City with the Fiscal Agent for such Series shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Term Bonds, than as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the City. All Term Bonds redeemed by the Treasurer or the Fiscal Agent for such Series from amounts in the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series and maturity of Term Bonds as may be specified in a Request of the City. No deposit need be made into the Principal Account so long as there shall be in such funds moneys sufficient to pay (i) the Bond Obligations of all Bonds issued hereunder and then Outstanding and maturing by their terms or subject to mandatory

redemption within the next twelve months and (ii) for the Bond Obligations with respect to Parity Debt not having semiannual or annual maturity dates, the amounts, if any, required by the terms of any Parity Debt documents to then be on deposit in the Principal Account. If the City shall issue or incur any Parity Debt, the payments required to be placed in any debt service fund or sinking fund to pay the principal of, or mandatory sinking fund payments with respect to, such Parity Debt shall rank and be made pari passu with the payments required to be placed in the Principal Account.

Reserve Accounts; Supplemental Deposit. Following the transfers described above as required by the Resolution, the Treasurer will deposit as soon as practicable in each month in the Reserve Accounts, in any other reserve account for Bonds established pursuant to a Supplemental Resolution and in any reserve account established for Parity Debt, upon the occurrence of any deficiency therein, one-twelfth of the aggregate amount of any unreplenished prior withdrawal from such reserve account and the full amount of any deficiency due to any required valuation of the investments in such reserve account until the balance is at least equal to the amount required to restore such reserve account to the amount required to be maintained therein.

Excess Earnings Account. Following the transfers described above as required by the Resolution, the Treasurer will deposit in any excess earnings or rebate account established for the Series 2025A Bonds and any other Bonds or Parity Debt the amount, if any, at such times as shall be required pursuant to the Supplemental Resolution or other document creating such account.

Renewal and Replacement Account. Following the transfers described above as required by the Resolution, the Treasurer will set aside and deposit in the Renewal and Replacement Account the amount, if any, required by prior action of the City Council. To date, the City Council has not required the Renewal and Replacement Account to be funded and does not anticipate taking any such action. Any amounts in the Renewal and Replacement Account will be applied to acquisition and construction of renewals and replacements to the Sewer System to the extent provision therefor has not been made from other sources.

Remaining Balance. On the first day of each calendar month, after the transfers to the aforementioned accounts required by the Resolution and all other covenants of the City contained therein have been duly performed, any moneys remaining in the Sewer Revenue Fund will continue to be held in the Sewer Revenue Fund as a fund balance or surplus and may be: (i) invested in any investments that are consistent with the City's then effective investment policy, (ii) used for the redemption or prepayment of any Outstanding Bonds or Parity Debt which are subject to call and redemption or prepayment prior to maturity or for the purchase from time to time on the open market of any of the Outstanding Bonds whether or not subject to call (irrespective of the maturity or number of such Bonds) at such prices and in such manner, either at public or private sale, or otherwise as the City in its discretion may determine, (iii) deposited to the Rate Stabilization Fund, (iv) pledged or used by the City to make Subordinate Payments with respect to any Subordinate Obligations, or (v) used by the City in any lawful manner.

Application of Funds and Accounts. The Treasurer shall transfer from the Interest Account to the Fiscal Agent an amount sufficient to pay the interest on the Series 2025A Bonds as it will become due and payable (including accrued interest on any Series 2025A Bonds purchased or redeemed prior to maturity). The Treasurer shall transfer from the Principal Account to the Fiscal Agent an amount sufficient to pay the Bond Obligation of the Series 2025A Bonds maturing by their terms on August 1 of the years in which Series 2025A Bonds remain outstanding. The Treasurer shall transfer from the Principal Account to the Redemption Account an amount sufficient to redeem the Series 2025A Bonds to be redeemed from amounts on deposit in the Principal Account.

Rate Covenant

The City has covenanted under the Resolution that, to the fullest extent permitted by law, the City will fix, prescribe, revise and collect rates, fees and charges for the Sewer System which will be at least sufficient to yield during each Fiscal Year Net Operating Revenues equal to 110% of the Debt Service for such Fiscal Year. The City may make adjustments from time to time in such rates and charges and may make such classification

thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Operating Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the rate covenant. For a definition of “Debt Service,” see APPENDIX C. See also “FINANCIAL RESULTS OF THE SEWER SYSTEM — Historical and Projected Revenues, Expenses and Coverage” herein for additional information regarding coverage.

Rate Stabilization Fund

Under the Resolution, the City agrees and covenants to maintain the Rate Stabilization Fund and to hold it separate and apart from other funds so long as any Bonds remain Outstanding. Moneys transferred to the Rate Stabilization Fund in accordance with the Resolution shall be held therein and applied in accordance with the Resolution. The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Sewer Revenue Fund for application in accordance with the Resolution or, in the event that all or a portion of the Bonds are discharged in accordance with the Resolution, transfer all or any portion of such amounts for application in accordance with the Resolution. Notwithstanding the foregoing, no moneys shall be transferred to the Rate Stabilization Fund in a given Fiscal Year if such transfer would prevent the City from meeting the requirements of the rate covenant for such Fiscal Year. See “— Rate Covenant” above.

As of June 30, 2025, the balance in the Rate Stabilization Fund was approximately \$4 million. See “FINANCIAL RESULTS OF THE SEWER SYSTEM.”

2025A Reserve Account Not Funded

Under the Resolution, the City may, but is not required to, establish, pursuant to a Supplemental Resolution, a separate reserve account for any Series of Bonds issued thereunder. The Sixth Supplemental Resolution provides that the Fiscal Agent shall establish, maintain and hold in trust the 2025A Reserve Account with respect to the Series 2025A Bonds an amount equal to the Series 2025A Bond Reserve Requirement until the Series 2025A Bonds are discharged in accordance with the Resolution. However, the Series 2025A Bond Reserve Requirement is \$0 and no amount will be deposited into the 2025A Reserve Account.

Moneys in the Reserve Accounts will secure only the payment of the appropriate series of Bonds and may be withdrawn solely (i) to pay principal of, including Mandatory Sinking Account Payment, if any, and interest on the appropriate series of Bonds in the event moneys in the Principal Account and the Interest Account are insufficient for payment of that series or (ii) to make the final principal and interest payment on all outstanding Bonds of appropriate series related to that reserve account. Whenever amounts are withdrawn from a Reserve Account, the amount in said account shall be restored as described elsewhere in this Official Statement.

Moneys in other reserve accounts established under the Resolution will not be available to make payments of principal of, including Mandatory Sinking Account Payment, if any, premium, if any, and interest on the Series 2025A Bonds. In the event that a Reserve Account contains moneys in excess of the amount required to be maintained therein, all of the excess moneys will be transferred to the Sewer Revenue Fund.

At the option of the City, amounts required to be held in a Reserve Account may be substituted, in whole or in part, by the deposit of a line of credit, letter of credit, insurance policy, surety bond or other credit source in a stated amount equal to the amounts so substituted, provided that, among other things, the substitution of such credit facility will not result in a withdrawal or downgrading of any rating of the appropriate series of Bonds then in effect. No such credit facility will be in place for the Series 2025A Bonds.

Additional Bonds and Parity Debt

No Senior Debt. Under the Resolution, the City covenants that no additional bonds, notes or other evidences of indebtedness payable out of Net Operating Revenues shall be issued having any priority in payment

of principal or interest from the Sewer Revenue Fund or out of any Net Operating Revenues payable into such fund over the Outstanding Bonds.

Issuance of Additional Bonds and Parity Debt. The Resolution provides that, except Refunding Bonds or Parity Debt to the extent incurred to pay or discharge Outstanding Bonds or Parity Debt and which result in a present value savings to the City computed based on the rate of interest on such Refunding Bonds or Parity Debt, no additional Bonds or Parity Debt shall be created or incurred unless:

(a) The Net Operating Revenues for the most recent audited Fiscal Year or any consecutive 12 calendar month period during the 18 calendar month period preceding the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds or the date of the execution of such Parity Debt, as the case may be, as evidenced by a special report prepared by an independent certified public accountant or firm of certified public accounts or by an independent financial consultant on file with the City, shall have produced a sum equal to at least 110% of the Debt Service for such Fiscal Year or 12 month period, as applicable; and

(b) The Net Operating Revenues for the most recent audited Fiscal Year or any consecutive twelve calendar month period during the 18 calendar month period preceding the date of the execution of such Parity Debt or the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or 12 month period to increases or decreases in rates and charges for the Sewer System approved and in effect as of the date of calculation, as evidenced by a special report prepared by an independent certified public accountant or firm of certified public accountants or by an independent financial consultant on file with the City, shall have produced a sum equal to at least 110% of the Debt Service for such Fiscal Year or 12 month period, as applicable, plus the Debt Service which would have accrued on any Parity Debt executed or Bonds issued since the end of such Fiscal Year or 12 month period assuming such Parity Debt had been executed or Bonds had been issued at the beginning of such Fiscal Year or 12 month period plus the Debt Service which would have accrued had such Parity Debt been executed or Bonds been issued at the beginning of such Fiscal Year or 12 month period.

For definitions of capitalized terms used herein, see “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Subordinate Debt. Nothing in the Resolution shall limit the ability of the City to issue or incur obligations which are junior and subordinate (including, but not limited to, Subordinate Obligations), to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt and which subordinate obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Net Operating Revenues after the prior payment of all amounts then due required to be paid or set aside under the Resolution from Net Operating Revenues for principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt, as the same become due and payable and at the times and in the manner as required in the Resolution or any Parity Debt documents.

THE SEWER SYSTEM

General

The City’s Public Works Department Wastewater Division (“Wastewater Division”) is responsible for the collection of wastewater flows generated within the City. In addition, the Wastewater Division is responsible for operating the Regional Water Quality Control Plant (“RWQCP”) and the wastewater treatment of flows from the City, as well as the Jurupa, Rubidoux and Edgemont Community Services Districts (collectively, the “CSDs”) and the unincorporated community of Highgrove. The area within the City, the CSDs and Highgrove are sometimes collectively referred to herein as the Sewer System’s “Service Area.” The City owns and operates the RWQCP facility in compliance with a National Pollution Discharge Elimination System Permit (“NPDES

Permit”) issued by the California Regional Water Quality Control Board, Santa Ana Division. The NPDES Permit sets forth strict regulatory treatment and water quality requirements for discharge to the Santa Ana River. In addition, the Wastewater Division is responsible for enforcement of federal, state and local pretreatment regulations pertaining to commercial and industrial wastewater discharged into the City’s public sewer collection and conveyance system.

The Sewer System’s collection and conveyance system encompasses 813 miles of gravity sewers, 424 miles of lateral sewers and 19 wastewater lift stations. Wastewater treatment is carried out at the RWQCP, which provides preliminary, primary, secondary and tertiary treatment at a current rated capacity of 46 million gallons per day (“MGD”). In 2017, the City completed an approximately \$240 million major modernization of the RWQCP, which constituted Phase 1 of a two phase plan for various improvements to the RWQCP that were first developed in connection with the 2008 Integrated Master Plan for Wastewater Collection and Treatment (“2008 Wastewater Master Plan”) and included rehabilitation of existing treatment systems and the addition of new systems to increase capacity. These improvements to the RWQCP increased treatment capacity to 46 MGD (with additional expansion capability up to 52 MGD) and modernized the plant, thereby increasing the City’s ability to absorb new connections from new development in the Sewer System’s service area.

The Sewer System provides service to approximately 130,000 equivalent dwelling units within the Service Area. The elevation of the Service Area ranges from less than 700 feet to more than 1,600 feet above sea level. The Sewer System serves a total population of over 318,800 in the City and over 100,000 outside the City.

Organization and Management

The RWQCP and sewage collection and treatment facilities are operated on a 24-hour, seven days per week basis by the Public Works Director and a staff of 121 employees. The staff includes 29 plant operators, 12 environmental compliance inspectors, six laboratory personnel, 31 treatment plant maintenance personnel, 19 collection system maintenance personnel, seven engineering personnel, 17 construction contract administrators and administrative and office personnel. Staff performs routine maintenance functions in addition to operating the facilities.

The top administrators of the Sewer System are the Public Works Director and Deputy Public Works Director. Their biographies follow.

Gilbert Hernandez, Public Works Director. Gilbert Hernandez was promoted to Public Works Director in 2022 from the position of Deputy Public Works Director. Mr. Hernandez has been with the City since 2010. As Public Works Director, Mr. Hernandez oversees essential infrastructure services, including street maintenance, urban forestry, graffiti removal, solid waste, wastewater, land development, engineering, traffic management and public parking. Under the direction of Mr. Hernandez, the Public Works Department earned awards for large-scale infrastructure projects, including wastewater plant expansion and clean energy initiatives. Mr. Hernandez holds a B.S. in Civil Engineering from Cal Poly Pomona and is a licensed Civil and Traffic Engineer in California.

Edward Filadelfia, Deputy Public Works Director – Sewer Administration. Edward Filadelfia is the Deputy Director of Public Works for the City of Riverside who oversees the Sewer System. Mr. Filadelfia holds a Bachelor of Science degree in Chemical Engineering and has over 38 years of experience. For the past 15 years, he has been associated with the City, where he has held multiple managerial roles.

Development of Treatment Facilities at the RWQCP

General. The City’s municipal wastewater treatment plant began operation in 1948. The original facilities at the RWQCP were constructed in 1946 and included two primary clarifiers, three low rate trickling filters, and an anaerobic sludge digestion facility. After undergoing several expansions in the 1950s and 1960s,

and in order to meet the stricter water quality standards adopted by the California Regional Water Quality Control Board (“Regional Board”) in the 1970s that required additional treatment of discharges from the wastewater treatment plants operated separately by the City and each of the CSDs, the City, Jurupa Community Services District (“Jurupa”), Rubidoux Community Services District (“Rubidoux”), and Edgemont Community Services District (“Edgemont”) entered into successive agreements as described below regarding regional treatment of wastewater at the RWQCP and the payment of the costs of construction and operation and maintenance of the RWQCP.

Although subject to future amendments between the parties, the current agreements between the City and CSDs do not have stated expiration dates. If a CSD were to terminate its agreement with the City, such CSD would need to fund, permit and construct a new plant for the treatment of its wastewater.

The 1976 Agreement. In 1976, the City, Jurupa, and Rubidoux agreed to regionalize the advanced treatment of their treatment plant discharge at a single regional plant and the City, Jurupa, Rubidoux and Western Municipal Water District (“WMWD”) entered into an Agreement for Regional Advanced Water Treatment (the “1976 Agreement”). Under the 1976 Agreement, Jurupa and Rubidoux agreed to continue the primary and secondary treatment of effluent to be delivered to the Tertiary Filtration Plant at the City’s treatment plant. Under the 1976 Agreement, operation and maintenance costs, including expenses of ordinary and usual maintenance and operation, are allocated in proportion to the actual volume of flow delivered to the plant for treatment, all as further provided in the 1976 Agreement.

The 1978 Agreement. In 1978, the City entered into an Agreement for Regional Primary and Secondary Wastewater Treatment (the “1978 Agreement”), with Jurupa, Rubidoux and WMWD to construct additional primary and secondary facilities for the primary and secondary treatment of wastewater delivered by Jurupa and Rubidoux at the RWQCP. Under the 1978 Agreement, the City agreed to sell capacity rights to Jurupa and Rubidoux to deliver wastewater and Jurupa and Rubidoux would no longer treat their own wastewater but would collect and send it to the RWQCP for treatment. Under the 1978 Agreement, the City further agreed to upgrade its certain facilities at the RWQCP to operate the regional system in conjunction with the Tertiary Filtration Plant to meet the requirements of the Regional Board, and Jurupa and Rubidoux further agreed to pay the City for the “actual costs” of providing primary and secondary treatment capacity, or hydraulic capacity for secondary treated effluent. Under the 1978 Agreement, Jurupa and Rubidoux also agreed to pay operation and maintenance costs, to be allocated among the parties in proportion to the actual volume of flow delivered to the plant for treatment.

Under an agreement between WMWD and the City entered into in 1968, WMWD owns and controls the quantities of treated effluent derived from the City’s sewage which the City is obligated to discharge to the Santa Ana River. WMWD interests are not addressed under the 1976 Agreement and the 1978 Agreement.

1984 Agreement. In 1984, the City entered into an Agreement for Wastewater Treatment (the “Edgemont Agreement”) with Edgemont to treat and dispose of wastewater from the Edgemont area at the RWQCP. Under the Edgemont Agreement, the City transferred certain capacity rights to Edgemont, without affecting the rights of Jurupa or Rubidoux, subject to payment of the City’s connection charges then in effect. A monthly service charge, based on the estimated operation and maintenance costs and the quantity of wastewater delivered, was to be paid by Edgemont.

1990 Agreements. To continue the existing financial arrangement, and to settle Jurupa’s and Rubidoux’s outstanding obligations for the RWQCP upgrades needed to meet the then-current discharge limits, the City entered into separate agreements with Jurupa and Rubidoux in 1990 (collectively, the “1990 Agreements”).

Under Jurupa’s 1990 Agreement, the City agreed to increase Jurupa’s capacity right to a total of 4.0 MGD at the RWQCP, which remains Jurupa’s current capacity right. Under Rubidoux’s 1990 Agreement, the City agreed to increase Rubidoux’s capacity rights to a total of 3.055 MGD at the RWQCP, which remains Rubidoux’s current capacity right. Under the 1990 Agreements with Jurupa and Rubidoux, the City committed

to expand the capacity at RWQCP to meet the increased capacity agreed to by the City. In return, Jurupa and Rubidoux each agreed to pay certain amounts specified in their respective 1990 Agreement.

Under Edgemont's 1990 Agreement, the City agreed to increase Edgemont's capacity rights to a total of 0.89 MGD at the RWQCP, which remains Edgemont's current capacity right.

Currently, the amounts paid by Jurupa, Rubidoux and Edgemont under the agreements described above are included as customer revenues. Amounts paid by the CSDs, as well as other customer categories, under these agreements are shown as customer revenues in the table under the caption "OPERATING INFORMATION RELATED TO THE SEWER SYSTEM — Customers" herein. See "THE SEWER SYSTEM — CSD Litigation and Settlements" below for a description of additional payment made by Edgemont. See also "OPERATING INFORMATION RELATED TO THE SEWER SYSTEM — Capacity Fees" for a summary of connection and capacity fees paid by customers, including CSDs.

The agreements with each of the CSDs provide for treatment at the RWQCP only; each CSD maintains its own collection system.

Subsequent Costs and Improvements at the RWQCP. When the 1990 Agreements were executed, the parties assumed that the amount of solids concentration in the influent treated at the RWQCP would stay at the relatively same levels. Since entering into the 1990 Agreements, there have been revised permit requirements and increased influent loading concentrations that have increased costs at the RWQCP. In May 1992, the Regional Board changed total inorganic nitrogen ("TIN") for discharge from RWQCP to 13 million gallons per liter ("mg/L") from the previous limit of 20 mg/L under the City's prior permit for a flow of up to 38 MGD. This change required the City to retrofit the aeration basins for the secondary treatment process for nitrogen removal. These retrofits were begun soon after the Regional Board requirements were instituted and completed in 2003. These updates are referred to as Secondary Upgrades Projects.

Since entering into the 1990 Agreements, the amount of biological oxygen demand, ammonia, and solids concentration in the influent treated at the RWQCP steadily increased. The City believes that this is due to water conservation programs imposed by State and regional government agencies. As a result of influent solids concentration, to meet the TIN limits for discharge from the RWQCP to the Santa Ana River, the City evaluated its then-existing treatment capacity of 40 MGD. As identified in the 2008 Wastewater Master Plan, the City determined that improvements were needed at the RWQCP to maintain and expand the 40 MGD flow capacity to 46 MGD in light of increased amount of solids concentration in the influent.

The RWQCP's current NPDES Permit includes an effluent TIN limit of 10 mg/L for discharge from the RWQCP, which is more stringent than the previous limit of 13 mg/L. The City incorporated the new 10 mg/L TIN permit limit into the design of the RWQCP Phase 1 Rehabilitation ("Phase 1") project that was based on the 2008 Wastewater Master Plan. Construction of the WQCP Phase 1 Plant expansion project started in 2012 and was completed June 2017, which increased the RWQCP capacity to 46 MGD.

Since 1978, the CSDs have contributed their proportionate share of the cost of certain capital projects that included replacing and upgrading systems and equipment at the RWQCP. Past capital projects included increasing treatment capacity, improving treatment efficiency and regulatory compliance, and the construction of the multi-million dollar head works project in the late 1990s. See, however, "THE SEWER SYSTEM — CSD Litigation and Settlements" for a description of litigation regarding each CSD's financial responsibility and cost contribution to the capital improvement costs at the RWQCP.

Wastewater Collection and Treatment Procedures at the RWQCP. The City's wastewater collection system is divided into five basins. The wastewater collection system includes over 800 miles of gravity sewers ranging in size from 6 to 51 inches in diameter. The system also includes 19 wastewater lift stations. Most of the wastewater lift stations are designed for flows of 100 to 2,000 gallons per minute ("gpm"). The City and each of the CSDs are responsible for the operation and maintenance of their own collection facilities. In 2015,

the City added new service accounts to serve Highgrove and currently provides wastewater collection and treatment services for these accounts.

The RWQCP is a 100 acre site that includes over 4,000 pieces of mechanical and electrical equipment used for wastewater treatment. The RWQCP operates as two individual plants with a shared final combined effluent. Plant 1, commonly referred to as MBR Plant, includes primary clarifiers, fine screen filtration, aeration basins, and tertiary treatment using membrane bioreactors (“MBR”). Plant 2, commonly referred to as Activated Plant, includes primary and secondary clarifiers, aerations basins, and tertiary treatment using traditional sand/gravel filter media. Combined effluent from the MBR Plant and the Activated Plant are then introduced to Chlorine Contact Basin 2 (“CCB2”) where it is chlorinated to meet the State Water Resource Control Board’s free chlorine residual contact time requirements of 30 mg-min/L. CCB2 effluent is then sent to the recycled water system or dechlorinated and sent to the Santa Ana River.

The sewage comes into the RWQCP at the head works where the flows from the City, as well as the CSDs, are combined. The combined flow is passed through screens and grit removal basins, and air emitted from the headworks is scrubbed in a biofilter. Ferric chloride is added to influent wastewater to inhibit hydrogen sulfide generation and improve sludge settling in the primary clarifiers. The resulting influent wastewater is shared between the Activated Plant and MBR Plant for treatment.

Primary clarifiers remove approximately 70% of the incoming total suspended solids and about half of the biochemical oxygen demand. The primary effluent flows by gravity to downstream treatment processes or is sent to the flow equalization basin. The equalization basin captures wastewater so that it can be pumped back into the plant at a steady rate, which improves treatment efficiency. From the primary clarifiers and/or the equalization basins, wastewater flows to either the Activated Plant aeration basins or the MBR Plant fine screens. Wastewater is then actively mixed with a large concentration of microorganisms to provide secondary or biological treatment. The wastewater effluent from the secondary treatment is further treated by either Membrane Bioreactors or tertiary filtration to remove suspended solids that are not removed in the primary and secondary treatment processes. Tertiary treatment reduces the last step chlorine demand of the water and improves the disinfection process to remove pathogens before discharge to the Santa Ana River or distribution as recycled water. See “OPERATING INFORMATION RELATED TO THE SEWER SYSTEM — Historical Wastewater Flows” herein for a discussion of increased load-based capacity at the RWQCP.

Since December 2010, the final effluent is discharged to the Santa Ana River or is distributed as recycled water for landscaping and other uses. Prior to 2010, the final effluent had been conveyed to the nearby Hidden Valley Wetlands before being discharged to the Santa Ana River. The 100-acre Hidden Valley Wetlands had been used in the 1990s and 2000s for further nitrogen treatment. A heavy storm in December 2010 significantly damaged the Hidden Valley Wetlands and redirected the Santa Ana River channel, destroying the effluent conveyance channel and lowering the riverbed, making conveyance channel repair practically impossible. At this time, no effluent flows to the Hidden Valley Wetlands and the City does not have any future plans to reconstruct the conveyance to the Hidden Valley Wetlands.

As part of the wastewater treatment process, Waste Activated Sludge from the secondary clarifiers and membrane bioreactors are thickened and blended with solids from the primary clarifiers, and further processed in an anaerobic digestion process. The RWQCP operates 4 digesters with a total capacity of 7 million gallons (“MG”) and is under construction on a fifth digester to increase capacity to 7.7 million gallons. The digestion process creates bio-gas, one of the components of which is methane. Methane gas is used as a fuel source to produce electricity from a fuel cell system installed in 2016. About one-third of the RWQCP electricity needs is generated. Prior to installation of the fuel cell, three internal combustion co-engines were utilized for energy production. In January 2016 the internal combustion engines were decommissioned due to new South Coast Air Quality Management District air emissions regulations. Since 2007, the City has been accepting used restaurant grease and other organic material. This organic material increases bio-gas levels for energy generation and reduces the amount of material that goes to landfills. The added grease increases not only production but also

the quality of methane gas. The “Grease-to-Gas” project has been recognized by numerous organizations in 2007 and 2008.

Digested sludge is dewatered using centrifuges and screw presses to reduce the moisture content. The dewatered solids, also known as biosolids, are about 20% solids and is discharged to a truck loading facility for off-site beneficial reuse. Originally, the RWQCP used sludge drying beds on 8 acres as part of its sludge disposal practice. The drying beds are no longer in service but are permitted by AQMD for biosolids storage. The City’s Wastewater Division also oversees the pretreatment program of the CSDs and Highgrove for compliance with the City’s Industrial Pretreatment Program Ordinance No. 5810 and the State EPA reporting requirements. The Wastewater Division also provides technical support involving chemical, biological and microbiological analyses related to these communities as well as to commercial and industrial customers to monitor the composition of waste discharge.

Capital Improvement Plans

The 2008 Wastewater Master Plan was prepared to identify and plan for needed expansion and replacement through 2025. The 2008 Wastewater Master Plan evaluated certain Sewer System facilities and made recommendations to upgrade, rehabilitate and replace them based on projected environmental regulations, population growth and evaluations contained in prior studies and ongoing plans. The 2008 Wastewater Master Plan developed a capital improvement plan and an asset management plan related to rehabilitation and replacement of aged facilities. The City released updates to the 2008 Wastewater Master Plan in 2014, which specifically assessed and evaluated the schedule that reallocates the City’s needs and priorities and proposed a financial plan and rate structure for fiscal years 2014-15 through 2018-19. In connection with the 2014 updates to the 2008 Wastewater Master Plan, the City Council also approved the 2014 Rate Increase (as defined herein), which implemented a new financial plan and rate structure for fiscal years 2014-15 through 2018-19, which included annual rate increases of 8.5% for residential and commercial customers as well as a one-time increase in capacity charges.

In 2020, the City released an Update of the Integrated Master Plan for the Wastewater Collection and Treatment Facilities (the “2019 Update”). The 2019 Update identified capital improvements to be made to the City’s collection conveyance and pumping system, as well as to the RWQCP, based on a 20-year planning period from 2018 through 2037. The 2019 update included capital projects totaling approximately \$500 million over the planning period, including approximately \$160 million for Phase 2 of the RWQCP improvement and rehabilitation project, which is described further below.

Actual components to be financed from the 2019 Update, including Phase 2 of the RWQCP improvement and rehabilitation project, as well as the cost of such components and the timing of implementing such improvements, may continue to change based on the City’s needs and priorities. The various components identified in the 2019 Update are expected to be financed with operating revenues of the Sewer System and potential issuance of future debt. See “FINANCIAL RESULTS OF THE SEWER SYSTEM — Historical and Projected Revenues, Expenditures and Coverage” herein for expected financial results through fiscal year 2028-29, which include the projected issuance of approximately \$30 million of additional Bonds in Fiscal Year 2028-29.

Status of Implementing Capital Improvement Plans. In 2017, the City completed the approximately \$240 million modernization of the RWQCP, which constituted Phase 1 of a two phase plan for various improvements to the RWQCP that were first developed in connection with the 2008 Wastewater Master Plan. These improvements to the RWQCP increased treatment capacity to 46 MGD (with additional expansion capability up to 52 MGD) and modernized the plant, thereby increasing the City’s ability to absorb new connections from new development in the Sewer System’s Service Area. Additional improvements in Phase 1 primarily addressed improvements regarding solids handling processes that substantially improve odor control and add primary clarifiers, aeration basin, membrane bioreactor (“MBR”) system, chlorine contact basin expansion, solids blending station, digesters, fats-oil- grease station, digester gas holder, digester gas flare, and

equalization basins. Prior to undertaking these projects, the City obtained all required approvals, including such requirements under the California Environmental Quality Act.

Although many existing facilities at the RWQCP have been rehabilitated or expanded in Phase 1, additional work will be necessary in other key facilities to reliably maintain the facilities. In connection with the preparation of the 2014 Capital Improvement Plan, the City conducted a condition assessment of the headworks, the Plant 2 secondary treatment facilities, the tertiary filters, and plant site improvements. Through that process, the City identified approximately \$43 million in necessary Phase 2 capital projects to be completed over the next 10 to 20 years. The near-term projects include: headworks rehabilitation, improvements to the Activated Plant (Plant 2), tertiary sand filter system assessment and replacement, installation of new sludge dewatering equipment, bio-solids handling rehabilitation, Plant 2 blower number 2 rehabilitation/replacement, dewatering screw presses purchase, storm levee enhancement, MBR capacity enhancement, and the rehabilitation of filter piping and systems. During that time, part of Phase 2 is scheduled to commence but the 2014 Capital Improvement Plan extended the overall Phase 2 schedule to 10 to 20 years. The City also expects to replace influent metering systems, replace two major electrical switchgear installations; improve site security and improve flood protection to comply with regulatory requirements. See also “— Recycled Water Master Plan” below for a description of improvements being contemplated to increase recycled water deliveries.

The current capital improvement program for the Sewer System over the current and next nine fiscal years is as follows:

Projected Capital Improvement Projects

<i>Project</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-31</i>	<i>2031-32</i>	<i>2032-33</i>	<i>2033-34</i>	<i>2034-35</i>	<i>Total</i>
<u>RWQCP Improvements</u>											
Influent Flow Metering Headwork Rehabilitation, Bypass, Grit Classifiers and Pumps	\$ 1,868,040	\$ 1,868,040	\$ 1,868,040	\$ 1,868,040	\$ 1,868,040	--	--	--	--	--	\$ 9,340,200
ACT to Aeration conversion WAS Thickening Project (3 rd DAF)	500,000	3,412,660	3,412,660	3,412,660	3,412,660	\$ 3,412,660	--	--	--	--	17,563,300
Levee Rehabilitation Phase II Other RWQCP Improvement Projects	--	--	--	--	1,000,000	3,531,140	\$ 3,531,140	\$ 3,531,140	\$ 3,531,140	\$ 3,531,140	18,655,700
	--	--	--	--	500,000	2,408,640	2,408,640	2,408,640	2,408,640	2,408,640	12,043,200
	--	--	--	--		2,709,440	2,709,440	2,709,440	2,709,440	2,709,440	14,047,200
Subtotal	<u>\$ 2,790,000</u>	<u>\$ 2,267,500</u>	<u>\$ 2,267,500</u>	<u>\$ 2,267,500</u>	<u>\$ 2,267,500</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 13,485,000</u>
	\$ 5,158,040	\$ 7,548,200	\$ 7,548,200	\$ 7,548,200	\$ 9,048,200	\$12,386,880	\$ 8,974,220	\$ 8,974,220	\$8,974,220	\$8,974,220	\$85,134,600
<u>Collections Improvements</u>											
Replacement of gravity mains Pierce St sewer lift station replacement	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	--	--	--	--	--	\$20,000,000
Other Lift Station Projects	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	--	--	--	--	--	10,000,000
Other Collections Improvements Projects	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	--	--	--	--	--	15,500,000
Subtotal	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 613,120</u>	<u>\$ 4,025,780</u>	<u>\$ 4,025,780</u>	<u>\$4,025,780</u>	<u>\$4,025,780</u>	<u>\$20,716,240</u>
	\$ 9,900,000	\$ 9,900,000	\$ 9,900,000	\$ 9,900,000	\$ 9,900,000	\$ 613,120	\$ 4,025,780	\$ 4,025,780	\$4,025,780	\$4,025,780	\$66,216,240
TOTAL PROJECTS	\$ 15,058,040	\$17,448,200	\$17,448,200	\$17,448,200	\$18,948,200	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$151,350,840

Source: City of Riverside.

A list of the top unfunded projects of the Sewer System follows. These items are not yet part of the City’s Capital Improvement Plan for the Sewer System. However, the City believes it can fund these projects in a timely manner through operating revenues or future rate increases that may occur.

**Unfunded Projects
Top Ten Unfunded Projects by Priority (Fiscal Year Ended June 30, 2026)**

<i>Project Name</i>	<i>Estimated Project Cost</i>	<i>Unfunded Amount</i>
1. Water Quality Control Plant (WQCP)–Headworks rehab	\$ 13,173,900	\$ 13,173,900
2. Water Quality Control Plant (WQCP)–Flow Metering	9,340,200	2,359,362
3. Water Quality Control Plant (WQCP)–Grit Classifiers and Pumps	2,783,550	2,783,550
4. Water Quality Control Plant (WQCP)–ACT to Aeration Basins conversion	36,311,400	36,311,400
5. Water Quality Control Plant (WQCP)–First Primary Sludge Pumping Rehabilitation	2,814,300	2,814,300
6. Water Quality Control Plant (WQCP)–Switchgear	1,124,250	1,124,250
7. Water Quality Control Plant (WQCP)–Levee Rehabilitation Phase II	14,047,200	14,047,200
8. Arlington Valley Channel Sewer Pipe Replacement	3,000,000	3,000,000
9. Morris Street Sewer Pipe Replacement	2,000,000	1,800,000
10. Wood Road Sewer Lift Station	<u>4,000,000</u>	<u>4,000,000</u>
TOTAL	\$ 88,594,800	\$ 81,413,962

Source: City of Riverside.

CSD Litigation and Settlements

Following the release of the 2008 Wastewater Master Plan, the City presented and discussed the City’s plan with the representatives of the CSDs. Among the matters considered was the issue of financial contribution of the CSDs towards the rehabilitation and replacement costs related to the RWQCP (“CSD Costs for RWQCP”). The representatives of the City and the CSDs were not successful in reaching agreement as to each CSD’s financial obligations related to CSD Costs for RWQCP.

On August 12, 2012, the City filed a Complaint for Declaratory Relief (“Complaint”) in Riverside County Superior Court against Jurupa, Rubidoux and Edgemont seeking judicial determination of proportionate share of CSD Costs for RWQCP and to “pay their proportionate share of [CSD Costs for RWQCP].” On May 6, 2013, the City filed a First Amended Complaint for Declaratory Relief against the CSDs seeking judicial determination that the CSDs are obligated to pay their proportionate share of the “Master Plan Rehabilitation and Replacement Costs, the Increased Influent Concentration Costs and the Revised Permit Upgrade Costs based upon their obligations” under (i) the 1976 Agreement and the 1978 Agreement, as amended and supplemented by subsequent agreements, the parties’ past practices, and custom and usage in the industry, as to Jurupa and Rubidoux and (ii) the Edgemont Agreement, as amended in 1986 and as further amended, as to Edgemont. In June 2013, the CSDs filed their respective Answers to the City’s First Amended Complaint. In addition, in February 2013, Jurupa filed a Cross-Complaint for breach of contract, unjust enrichment, negligence and damages against the City, and Rubidoux filed a Cross-Complaint alleging breach of contract, breach of covenant of good faith and fair dealing and implied contractual indemnity and seeking declaratory relief.

Under an Assignment, dated as of April 29, 2014, Edgemont agreed to pay \$1.75 million to the City and the City agreed to dismiss Edgemont from the City’s Complaint. In addition, Edgemont agreed to assign to the City all treated effluent discharged from the RWQCP and not to oppose or object to the City’s use of that effluent.

The City also agreed to deduct the additional costs, if any, of treating and providing treated effluent, which may be useful for irrigation or other uses outside the RWQCP when calculating the treatment costs billed monthly and received annually under Edgemont's 1990 Agreement.

Under a Settlement Agreement and Mutual Release, dated December 8, 2015, Jurupa agreed to pay \$15.0 million to the City and the City agreed to dismiss Jurupa from the City's Complaint. In addition, Jurupa agreed to pay into a capital fund for its fair share cost for future RWQCP renewal and rehabilitation projects and capital improvements required to address regulatory requirements and to maintain adequate service levels.

The City was unable to reach a settlement with Rubidoux Community Services District and the case proceeded to trial. The trial court determined that Rubidoux owed \$21,099,675 in damages, which was comprised of \$15,382,404 in design and construction costs, and \$5,717,271 in interest related to bonds that Riverside issued to finance the project. Rubidoux appealed the trial court's ruling. In November of 2023, the Court of Appeal issued an opinion reversing the trial court's decision, and remanding back to trial court to determine what portion of trial court's \$21 million judgment was attributable to regulations actually imposed, and what portion was speculative. The City filed its brief on remand with the trial court, on December 27, 2024. Rubidoux Community Services District filed its brief on remand, on April 10, 2025. The City filed its reply to remand, on May 30, 2025. A trial date has been set for January 23, 2026.

At this time, the City cannot predict the schedule or the outcome of the Complaint as to Rubidoux, as the matter is in current litigation.

Recycled Water Master Plan

The RWQCP currently produces approximately 31,800 acre-feet per year ("AFY") of treated effluent and discharges almost the entire amount to the Santa Ana River. In May 2007, the City submitted an application to the State Water Resources Control Board (the "SWRCB") to divert up to 41,000 AFY of recycled water from the RWQCP. On May 20, 2008, SWRCB issued its Final Order Conditionally Approving Wastewater Change Petition, which provided for a gross allocation of the requested amount of recycled water, conditioned upon a minimum discharge into the Santa Ana River of 25,000 AFY. As of March 2024, approximately 3,000 AFY is available for diversion, but that amount is expected to grow slightly over time with additional influent/effluent at the RWQCP, being partially offset as a result of the State's Making Conservation a California Way of Life water use efficiency targets for residential indoor water use (currently 47 gallons per capita per day reducing down to 42 gallons per capita per day by 2030).

The City developed a Recycled Water Master Plan and supporting programmatic environmental impact report, both of which were adopted by the City Council in June 2007. On February 15, 2008, the Board of Public Utilities gave conceptual approval to a facilities plan that outlines specific infrastructure requirements to begin the significant expansion of recycled water projects within the City's service territory.

On September 9, 2008 the City Council conceptually approved the long-range development for the City's Recycled Water Program. To implement the Recycled Water Program, two City departments are involved in the production and distribution of recycled water. The Wastewater Division will be responsible for treating wastewater to recycled water meeting Title 22 requirements. The Wastewater Division will sell the recycled water to the Public Utilities Department Water Division at a mutually agreed upon rate. The Water Division, in turn, will be responsible for the distribution of recycled water for ground water recharge and municipal purposes, as well as sales to retail customers.

To date, the City has upgraded the recycled water system with a backbone piping network to supply recycled water to the RWQCP for in plant uses. A new recycled water pump station has been constructed at the existing Chlorine Contact Basin No. 2. As of January 2011, this system produced up to 6,190 AFY of Title 22 recycled water. Upon completion of planned improvements, CCB No. 2 can be rated to produce up to 23,200 AFY of Title 22 recycled water. The pump station will be used to supply the onsite and off-site demands of recycled water at the peak hour demand of 4,800 gallons per minute (“GPM”). The pump station is expected to be constructed in such a way to permit simple expansion to a peak capacity of 18,000 GPM. The amount of recycled water distributed over the last 5 years has ranged from 141 to 275 AFY for Fiscal Years 2019 through 2024.

In 2024, a Non-Potable and Recycled Water Master Plan was prepared to establish direction for future non-potable and recycled water infrastructure development to expand the existing facilities. A phased CIP program was developed out to year 2050 which includes a wastewater change petition to reduce the minimum discharge obligation to the Santa Ana River from 25,000 AFY to 15,250 AFY. This would provide the additional recycled water supply for future CIP projects, which are planned to implement up to 10,000 AFY of recycled water for both environmental and recycled water customer uses.

The City’s recycled water operations are subject to regulation under Section 402 of the federal Clean Water Act, implementing regulations adopted by the U.S. Environmental Protection Agency, the California Water Code and regulations promulgated by the California Department of Public Health. The City operates its recycled water system pursuant to RWQCB Order No. R8-2013-0016 (amending Order No. R8-2009-0052, NPDES No. CA0105350), a permit that prescribes Waste Discharge and Producer User Reclamation Requirements for the RWQCP for the discharge of tertiary treated wastewater to Reach 3 of the Santa Ana River and for the use of recycled water. The City also applied for a separate permit that delineates the responsibilities for producing and distributing recycled water between the Public Works Department and the Public Utilities Department. The new recycling permit for the Public Utilities Department was issued by the RWQCB in May 2013.

The City expects to construct certain capital improvements related to the distribution of recycled water. These improvements are expected to be financed in the future by the City’s Public Utilities Department through a combination of local and state grants, connection fees, and retail and wholesale commodity charges.

Environmental Compliance

The City’s wastewater operations are subject to regulatory requirements relating to the Federal Water Pollution Control Act as amended (the “Act”). The regulatory requirements are administered by the Environmental Protection Agency (“EPA”) through the SWRCB. Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the wastewater treatment facility, the disposal of sludge generated by the wastewater treatment plant, the discharge of pollutants into the groundwater, and the nature of waste material discharged.

To comply with federally mandated effluent quality and disposal criteria, the City must operate its wastewater treatment facility according to discharge limitations and reporting requirements set forth in the NPDES discharge permits. The wastewater treatment plant meets the requirements of the City’s NPDES Permit. The existing NPDES Permit was issued on November 1, 2013 and expired in 2018. The City submitted its permit renewal application on May 2, 2018, and the application is currently pending with the Santa Ana Regional Water Quality Control Board. A draft permit for review by the City is expected in September 2025. The existing NPDES Permit will remain in effect while the renewal is being evaluated.

In addition to federal requirements, the City must comply with State requirements which are generally more stringent. The primary State law concerned with the control of water quality is the Porter-Cologne Water Quality Control Act of 1969, as amended. The basic tenor of that act sets policy that the waters of the State must be protected for use and enjoyment by the people of the State. The Porter-Cologne Act directly addresses the problem of water reclamation and reuse. A declared policy of the law is that the people of the State have a

primary interest in the development of facilities to reclaim wastewater to supplement existing surface and underground water supplies in order to meet their water requirements.

Principal policies and plans for water quality have been adopted by SWRCB. Since SWRCB was granted the authority to administer and enforce EPA rules and regulations within the State, including the issuance of NPDES permits, these adopted policies and plans have been made an integral part of the City's NPDES Permit.

Seismic Issues

The City is located in a seismically active region of Southern California. Three major active earthquake faults are located within 20 miles of Sewer System facilities. Due to the RWQCP's proximity to these faults there is a potential for it to experience strong ground shaking, ground surface rupture, and soil liquefaction. Although the City has not experienced significant earthquake-related damage to its facilities, the City's Sewer System could be adversely affected by a major local earthquake.

Employee Relations

Approximately 121 City employees are currently assigned specifically to the Sewer System. Certain functions supporting Sewer System operations, including meter reading, customer billing and collections, are performed by the Public Utilities Department. The majority of the non-administrative City personnel assigned to the Sewer System are represented by the Service Employees International Union ("SEIU"). Portions of the administrative staff are also represented by the SEIU. The City and SEIU are parties to a Memorandum of Understanding that expired on June 30, 2025. The City and the SEIU are currently negotiating a new Memorandum of Understanding and will continue to operate under the terms of the expired Memorandum of Understanding until a new agreement is reached. A small number of City personnel assigned to the Sewer System are represented by the International Brotherhood of Electrical Workers ("IBEW") Local 47—Wastewater Unit. The City and IBEW Local 47 are parties to a Memorandum of Understanding that expires on June 30, 2028.

The Sewer System has faced no strikes or other work stoppages within the last ten years and the City does not anticipate any in the near future.

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 2.7% at 55 Plan for employees hired prior to June 7, 2011 (SEIU) and October 19, 2011 (All others) with a 1-year final compensation calculation; (ii) a 2.7% at 55 Plan for employees hired between June 7, 2011 (SEIU) or October 19, 2011 (All others) and December 31, 2012 with a 3-year final compensation calculation; and (iii) a 2.0% at 62 Plan for employees hired after December 31, 2012. Participants in the 2.7% at 55 Plan are required to contribute 8% of their annual covered salary; and participants in the 2.0% at 62 Plan are required to contribute 50% of the normal cost, which is established by PERS every fiscal year. The City also participates in two Safety Plans; Safety-Fire and Safety-Police with three tiers each. Sewer System employees are covered the Miscellaneous Plan.

Funding Policy. City employees’ contribution rates in pension tiers 1 and 2 range from 5% to 11% for Safety employees and 8% for Miscellaneous employees, calculated as a percentage of their monthly earnings. The City pays a portion of the employees’ contribution to PERS for Miscellaneous 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 of the employee contribution. 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% of covered pay for Miscellaneous employees, as required by PEPRRA.

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

**Table 15
CITY OF RIVERSIDE
PENSION TIERS FOR CITY EMPLOYEES**

<i>Pension Plan</i>	<i>Pension Formula</i>	<i>Benefit Calculation⁽¹⁾</i>	<i>Effective Date – Formula and Benefit Calculation</i>	<i>Effective Date – Employees Paying Employee Share of Contribution</i>
Miscellaneous	Tier 1: 2.7% @ 55	Tier 1: 1 Year	--	January 1, 2019 ⁽³⁾
	Tier 2: 2.7% @ 55	Tier 2: 3 Years	December 16, 2011	October 19, 2011
	Tier 3: 2.0% @ 62 ⁽²⁾	Tier 3: 3 Years	January 1, 2013	January 1, 2013

⁽¹⁾ 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.

⁽²⁾ The Miscellaneous plan mandated by PEPRRA 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⁾ SEIU and SEIU Refuse employees, IBEW, and unrepresented employees currently pay annually 8.0% of covered pay towards PERS normal cost.

Source: City of Riverside.

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

Funding Status. As of June 30, 2023, the date of the most recent actuarial valuation report, the market value of assets in the Miscellaneous Plan was approximately \$1,517,524,223, and the accrued liability was approximately \$1,752,961,359. The Miscellaneous Plan was approximately 86.6% funded on a market value of assets basis as of June 30, 2023, with an unfunded accrued liability of approximately \$235,437,136.

The Sewer System's total contribution to PERS including the unfunded liability as of June 30, 2024, 2023 and 2022 was \$1,276,333, \$1,906,770 and \$1,862,303, respectively. In addition, the Sewer System is obligated to pay its share of the City's pension obligation bonds, which the City issued in 2005, 2017 and 2020 (collectively, the "Pension Obligation Bonds"). The Sewer System's total proportional share of the outstanding principal amount of the Pension Obligation Bonds as of June 30, 2024, 2023 and 2022 was \$12,349,101, \$13,198,097 and \$13,868,970, respectively, which is payable as Operating and Maintenance Expenses. The Sewer System's share of the Pension Obligation Bonds is recorded as an outstanding obligation of the Sewer Revenue Fund and is amortized based on the amortization schedule of the Pension Obligation Bonds. Citywide information concerning elements of the unfunded actuarial accrued liabilities, contributions to PERS, and recent trend information may be found in the notes of the City's audited financial statements for the year ended June 30, 2024, which is attached as APPENDIX B to this Official Statement.

The following table sets forth the market value of the Miscellaneous Plan's assets and funded status as of the valuation dates from June 30, 2019 through June 30, 2023 and the total employer contributions made by the City for such fiscal years. The table is based on PERS actuarial reports for those years:

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

<i>Valuation Date June 30</i>	<i>Accrued Liability</i>	<i>Market Value of Assets (MVA)</i>	<i>Unfunded Accrued Liability (UAL)</i>	<i>MVA Funded Status</i>	<i>Affects City Contribution Rate for Fiscal Year</i>	<i>Annual Covered Payroll</i>	<i>City Contribution Amount⁽¹⁾</i>	<i>UAL as a Percentage of Payroll</i>
2019	\$1,462,992,745	\$1,138,310,022	\$324,682,723	77.8%	2021-22	\$126,381,375	\$28,649,719	256.9%
2020	1,520,527,010	1,368,575,052	151,951,959	90.0	2022-23	129,401,884	29,351,027	117.4
2021	1,570,873,013	1,638,143,404	(67,270,391)	104.30	2023-24	128,059,046	18,864,674	(52.5)
2022	1,639,823,585	1,473,674,465	166,149,120	89.9	2024-25	129,289,938	23,609,334	128.5
2023	1,752,961,359	1,517,524,223	235,437,136	86.6	2025-26	145,914,865	35,051,451	161.4

⁽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 has multiple pension tiers, with new employees paying their own contribution to the plan.

Source: PERS Actuarial Reports for June 30, 2019 through June 30, 2023.

Assuming a fixed annual return of 6.80% on future employer contributions for Fiscal Year 2023-24 and beyond, the following tables show the employer contribution for Fiscal Year 2025-26 and the projected future employer contributions for the Miscellaneous Plan for the next five fiscal years:

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

<i>Fiscal Year</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-31</i>
Normal Cost %	12.93%	12.6%	12.3%	12.0%	11.7%	11.5%
UAL Payment	\$14,555,060	\$18,325,000	\$22,095,000	\$25,865,000	\$26,135,000	\$26,135,000
Total as a % of Payroll	22.11%	23.9%	25.5%	27.0%	26.5%	25.9%
Projected Payroll	\$158,518,109	\$162,956,616	\$167,519,401	\$172,209,945	\$177,031,823	\$181,988,714
Total Employer Contribution⁽¹⁾	\$35,051,451	\$38,857,534	\$42,699,886	\$46,530,193	\$46,847,723	\$47,063,702

⁽¹⁾ Equal to the Normal Cost % multiplied by the Projected Payroll, and added to the UAL Payment.
Source: PERS Actuarial Report for June 30, 2023.

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 the Miscellaneous Plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered. At June 30, 2023, the following employees were covered by the benefit terms of the Miscellaneous Plan: 2,420 inactive employees or beneficiaries currently receiving benefits, 1,537 inactive employees entitled to but not yet receiving benefits and 1,652 active employees.

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 the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability the Miscellaneous Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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, 2023 actuarial valuations were determined using the following actuarial assumptions:

	<i>Miscellaneous</i>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by entry age and service
Mortality Rate Table ⁽¹⁾	Derived using CAL PERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

⁽¹⁾ The mortality table used was developed based on PERS-specific data. The probabilities of mortality are based on the 2021 PERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 PERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the PERS website.

Discount Rate – The discount rate used to measure the total pension liability as of June 20, 2023 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Miscellaneous Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

<i>Miscellaneous</i>	<i>Increase (Decrease)*</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
Balance at June 30, 2022	\$ 1,605,413	\$ 1,473,712	\$ 131,701
Changes recognized for the measurement period:			
Service Cost	27,778	--	27,778
Interest on total pension liability	109,814	--	109,814
Changes of Benefit Terms	1,795	--	1,795
Differences between expected and actual experience	12,692	--	12,692
Net Plan to Plan Resource Movement	--	11	(11)
Contributions - employer	--	29,150	(29,150)
Contributions - employees	--	11,238	(11,238)
Net investment income	--	89,464	(89,464)
Benefit payments, including refunds of employee contributions	(84,559)	(84,559)	--
Administrative expenses	--	(1,084)	1,084
Net Changes	<u>67,520</u>	<u>44,220</u>	<u>23,300</u>
Balance at June 30, 2023	<u>\$ 1,672,933</u>	<u>\$ 1,517,932</u>	<u>\$ 155,001</u>

* 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 the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

<i>Miscellaneous</i>	<i>Discount Rate</i>	<i>Current Discount Rate</i>	<i>Discount Rate</i>
	<i>-1% (5.90%)</i>	<i>(6.90%)</i>	<i>+1% (7.90%)</i>
Plan’s Net Pension Liability/(Asset)	\$380,398	\$155,001	\$(30,278)

Pension Plan Fiduciary Net Position – Detailed information about the Miscellaneous 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, 2024, the City recognized pension expense/(credit) of \$49,037 to the Miscellaneous Plan. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Miscellaneous</i>	<i>Deferred Outflows of Resources*</i>	<i>Deferred Inflows of Resources*</i>
Pension contributions subsequent to measurement date, net	\$ 21,237	\$ --
Changes of assumptions	7,382	--
Differences between expected and actual experience	8,780	(6,632)
Net differences between projected and actual earnings on plan investments	<u>71,309</u>	<u>--</u>
Total	<u>\$ 108,708</u>	<u>\$ (6,632)</u>

The \$47,801 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:

<i>Fiscal Year</i>	<i>Miscellaneous*</i>
2025	\$ 17,876
2026	11,176
2027	49,674
2028	<u>2,113</u>
Total	<u>\$ 80,839</u>

* Stated in thousands.

For additional information relating to the City’s PERS Plans, see Note 16 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 2024 (the most recent valuation provided to the City) covered PERS’ Fiscal Year ended June 30, 2023). 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, 2023 affects the City’s Fiscal Year 2025-26 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 2021 in connection with the preparation of actuarial recommendations by the PERS Chief Actuary as described below.

Beginning in Fiscal Year 2017-18, PERS began collecting employer contributions toward a pension plan's UAL as dollar amounts instead of the prior method of a percentage of payroll. According to PERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the UAL as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the PERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's UAL will continue to be collected as set dollar amounts.

The PERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which adjustments may increase the City's required contributions to PERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. PERS earnings reports for Fiscal Years 2012-13 through 2022-23 report investment gains (and losses) of approximately 12.5%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), and 5.8%, respectively. PERS has preliminarily reported investment gains of approximately 9.3% for Fiscal Year 2023-24. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

PERS' discount rate was lowered from 7.00% to 6.80% in fall 2021. Lowering the discount rate means that employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously PERS members will also see their contribution rates rise under AB 340.

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.

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 retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, 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, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	182
Active plan members	<u>2,113</u>
Total	<u>2,295</u>

Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability. The total OPEB liability was determined by actuarial valuation as of June 30, 2023 using the following actuarial assumptions:

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2023
Funding Policy:	Pay-as-you-go for implicit rate subsidy
Discount Rate:	3.65% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.
Inflation Rate:	2.50% per annum
Salary Inflation:	2.75% per annum
Salary Increases	Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments
Mortality	Based on the PERS 2021 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 4.00%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	<i>1% Decrease</i>	<i>Current healthcare cost trend rates</i>	<i>1% Increase</i>
Total Net OPEB liability (in thousands)	\$42,902	\$48,730	\$55,653

Sensitivity analysis of total net OPEB liability for discount rates. The following presents the total net OPEB liability, calculating using the discount rate of 3.65%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	<i>1% Decrease</i>	<i>Current discount rate</i>	<i>1% Increase</i>
Total Net OPEB liability (in thousands)	\$53,221	\$48,730	\$44,629

Change in total OPEB liability. For Fiscal Year 2023-24, the City recognized total OPEB expense of approximately \$4,139,000. The following table shows the change in the total OPEB liability for the year ended June 30, 2024:

	2024 <i>(In Thousands of Dollars)</i>
Beginning total OPEB liability	\$ 45,471
Service cost	2,576
Interest	1,622
Experience (Gains)/Losses	1,173
Changes of assumptions	(274)
Benefit of implied subsidy payments	<u>(1,838)</u>
Net changes	<u>(3,259)</u>
Ending total OPEB liability	<u>\$ 48,730</u>

The following table shows the City’s Employer Contributions for Fiscal Years 2021-22 and 2022-23, and its projected employer contributions through Fiscal Year 2030-31:

<i>Fiscal Year</i>	<i>Employer Contribution</i>
2021-22	\$ 1,627,695
2022-23	1,835,717
2023-24	1,925,940 ⁽¹⁾
2024-25	2,188,631 ⁽¹⁾
2025-26	2,344,247 ⁽¹⁾
2026-27	2,514,800 ⁽¹⁾
2027-28	2,707,126 ⁽¹⁾
2028-29	2,781,532 ⁽¹⁾
2029-30	3,017,908 ⁽¹⁾
2030-31	3,309,487 ⁽¹⁾

⁽¹⁾ Projected.

Source: OPEB Actuarial Report for June 30, 2024.

The City established a Section 115 Pension Trust to help fund its OPEB Plan contributions on August 6, 2019. As of June 30, 2024, there was approximately \$65 million on deposit in the Section 115 Pension Trust.

For additional information relating to the City’s OPEB Plan, see Note 15 to the City’s audited financial statements set forth in Appendix B.

Insurance

The Sewer System’s insurance needs are handled by the Risk Management Division of the Finance Department. The City has a \$4 million self-insured retention for tort liability claims and a \$3 million self-insured retention for workers’ compensation claims. The City maintains its self-insurance funds in accordance with the City’s Self-Insurance Reserve policy which requires the City to maintain a 50% funding level of all outstanding claim liabilities. Departments, including the Public Works Department Wastewater Division, pay into each of the self-insurance funds based on their percent of shared liability for workers compensation and tort claims. The City also has an insurance policy that provides excess coverage with a \$25 million limit for workers’ compensation. The City maintains property insurance on most City real property holdings with a limit of \$1 billion subject to a \$1,000,000 deductible. The City determines insured values based on periodic appraisals and annual consumer price index adjustments made by the City’s carriers.

OPERATING INFORMATION RELATED TO THE SEWER SYSTEM

Customers

The following table sets forth the actual revenues collected from residential, commercial, industrial, community service districts and other charges from customers since Fiscal Year 2013-14.

CITY OF RIVERSIDE Revenues by Customer Category Fiscal Years 2013-14 through 2023-24

<i>Fiscal Year</i>	<i>Residential Accounts</i>	<i>Commercial Accounts</i>	<i>Industrial Accounts</i>	<i>Community Service Districts⁽¹⁾</i>	<i>Other Charges for Services⁽²⁾</i>	<i>Total⁽³⁾</i>
2013-14	\$31,185,034	\$8,826,526	\$2,064,876	\$3,459,466	\$414,071	\$45,949,973
2014-15	34,099,456	9,257,105	2,804,221	3,552,840	411,695	50,125,317
2015-16	37,361,734	8,894,533	3,510,964	3,335,237	347,590	52,540,058
2016-17	40,798,249	10,380,803	3,388,961	4,927,379	360,808	59,856,200
2017-18	44,518,562	11,794,877	3,226,621	4,916,151	417,179	64,873,391
2018-19	44,853,094	11,361,094	3,400,811	3,984,080	493,581	64,092,660
2019-20	45,181,526	10,768,294	3,265,199	4,152,689	566,755	63,934,463
2020-21	45,733,647	11,061,554	4,109,591	3,728,811	558,207	65,191,810
2021-22	46,335,880	11,650,645	4,229,926	4,779,294	587,999	67,583,744
2022-23	46,397,312	10,962,295	4,025,637	4,826,076	589,443	66,800,763
2023-24	46,617,811	11,243,058	4,118,662	5,193,266	598,750	67,771,546

(1) Includes customer accounts in Highgrove.

(2) Revenues represent charges to customers for services other than sewer treatment collected through sewage collection system. Examples of charges are waste disposal fees charged to haulers for disposal of sewage at the sewer treatment plant, charges to customers for recycled water usage, and fees for City ordinance violations.

(3) Excludes public benefit charges and will therefore not match amounts shown in the City’s audited financial statements.

Source: City of Riverside.

The customer category represented as “Community Service Districts” in the above table includes wastewater service revenue from the CSDs and Highgrove for wastewater treatment services provided as set forth in their respective agreements with the City. For wastewater treatment services provided to Jurupa, Rubidoux and Edgemont, the City has a capacity arrangement with each CSD. As a result, rates and charges specifically noted in such agreements govern the City’s revenues realized rather than the rates and charges related to the City’s Sewer System as further described in this Official Statement. As to Highgrove, the City’s existing agreement to provide wastewater service within the Highgrove unincorporated area allows for the collection of the City’s rates and charges in effect with respect to the Sewer System as described herein. In addition, the existing billing and collection procedures of the City will apply to customers within Highgrove. See “— Historical Wastewater Flows” below for additional information regarding the CSD contracts. See also “THE SEWER SYSTEM — Development of Treatment Facilities at the RWQCP” and “—CSD Litigation and Settlements.”

Sewer Rates and Fees

General. Title 14 of the Riverside Municipal Code sets forth regulations governing the City’s Sewer System, including provisions for sewer service charges and sewer pumping surcharges. Residential units are charged flat monthly amounts with a pumping surcharge applied to certain geographic areas where pumping is required in order for the wastewater to reach the RWQCP. Industrial and commercial facilities sewer service charges are based on water usage and the resulting quantity and type of discharge. Industrial and commercial accounts are assigned to service classes that match the process costs required for treating their discharge. The Wastewater Division employs waste inspectors and laboratory personnel who perform a random testing program on discharge. Because of this monitoring program commercial accounts have improved the composition of their discharge through improved operations or pretreatment programs.

2014 Rate Increase. Pursuant to Resolution No. 22683, adopted on May 13, 2014 (“2014 Rate Increase”), the City Council considered and approved new rates and charges applicable to residential, commercial and industrial customers. Prior to adopting the 2014 Rate Increase, the City commissioned a rate study to assess the adequacy of the City’s sewer user rates and capacity fees for current and future operations and maintenance costs, as well as capital costs expected to be incurred during fiscal years 2014-15 through 2018-19. The rate study used the City’s fiscal year 2013-14 operating and maintenance budget as the basis for future expenses. The rate study also developed user rates to distribute the costs of operating and maintenance, as well as capital improvement and rehabilitation costs to all the users based on wastewater flow and strength characteristics. As part of the rate study, the rates charged to customers of Jurupa, Rubidoux and Edgemont, as well as the unincorporated community of Highgrove, were also evaluated.

The key findings of the rate study made several recommendations. As to the rates and charges of the Sewer System, the rate study concluded that an annual user rate increase of 8.5% will be required in each year of the study period to fund the activities of the Sewer System. The 2014 rate study also recommended increasing capacity fees. To implement these increases, the City has sent and published notices as required under existing laws. The 2014 Rate Increase permitted rate increases by the City Council, effective July 1, 2014 through June 30, 2019; however, the City Council chose to leave rates unchanged for Fiscal Year 2018-19 from the prior year and rates have remained at Fiscal Year 2017-18 levels since such time.

Potential Future Rate Increases. The City currently is undergoing a rate increase process in accordance with Proposition 218. The projected operating results which are set forth under the caption “FINANCIAL RESULTS OF THE SEWER SYSTEM—Historical and Projected Operating Results” assume annual Sewer System rate increases of 6.00% beginning in Fiscal Year 2026-27. However, there can be no assurance that Sewer System rates will be increased as projected in this Official Statement. In the event that the City Council does not adopt such rate increases as currently contemplated, or that any such rate increases encounter majority protest opposition or are challenged by initiative action authorized under Proposition 218, Sewer System operating results could be materially different from the projections in this Official Statement. See the captions “RISK FACTORS—Rate-Setting Process Under Proposition 218” and “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.”

Historical and Current Rates. The following table summarizes the current and historic basic single family and flat commercial customer’s monthly sewer rates and pumping surcharge, if applicable, since 1993.

**CITY OF RIVERSIDE
Monthly Sewer Rates for
Basic Single-Family Dwelling Customers and
Flat Commercial Customers Rate Schedules**

<i>Effective Date</i>	<i>Monthly Sewer Rate</i>	<i>Percent Increase</i>	<i>Pumping Surcharge ⁽¹⁾</i>	<i>Percent Increase</i>
7/1/2014	\$30.98	8.51%	\$4.80	8.59%
7/1/2015	33.62	8.52	5.21	8.54
7/1/2016	36.48	8.50	5.66	8.63
7/1/2017	39.59	8.53	6.14	8.48
7/1/2018 ⁽²⁾	39.59	--	6.14	--

⁽¹⁾ Sewer pumping surcharge is applied to all users within specific areas of the City which require sewage pumping facilities. Currently, 28% of single family dwelling units is subject to the sewer pumping surcharge and less than 1% of commercial customers is subject to the sewer pumping surcharge.

⁽²⁾ Although an approximately 8.5% rate increase was permissible pursuant to the 2014 Rate Increase, the City Council chose to leave rates unchanged for Fiscal Year 2018-19 from the prior year. Therefore, rates have remained unchanged since Fiscal Year 2017-18 and such rates continue to be in effect as of the date of this Official Statement.

Source: City of Riverside.

Additional Monthly Charge for Commercial and Industrial Customers. Commercial customers are charged based on each one hundred cubic feet (“CCF”) or portion of CCF of water used and the type of commercial use.

All commercial customers will continue to be charged a minimum monthly rate equal to the single family dwelling rate so that a commercial customer’s monthly billing cannot be less than the single family dwelling rate. Industrial customers will continue to be subject to a monthly charge based on Flow (per CCF), Chemical Oxygen Demand (per pound) and Total Suspended Solids (per pound).

Capacity Fees

General. Title 14 of the Riverside Municipal Code sets forth regulations governing the City’s Sewer System and provides that any person desiring a permit to connect property to a City sewer shall pay for off-site trunk lines and general plant facilities required for the disposal of sanitary sewage in an amount established by the City Council by resolution. Such fees and charges are referred to as “sewer connection fees” or “Capacity Charges” in this Official Statement.

A Capacity Charge is a one-time fee for a new, additional or larger connection to the Sewer System within the City. Capacity Charges are not treated as operating income for financial reporting purposes but are deposited in the Sewer Revenue Fund, and included in the definition of Gross Operating Revenues. Pursuant to State law, Capacity Charges are applied only to capital expansion, bonds, contracts, or other indebtedness of the Sewer System related to expansion. Capacity Charges are primarily collected on new construction within the service area and revenues therefrom vary based upon construction activity.

The following table sets forth the total amount of connection fees received since Fiscal Year 2013-14.

**CITY OF RIVERSIDE
Total Connection Fee Revenues
for Fiscal Years 2013-14 through 2023-24**

<i>Fiscal Year</i>	<i>City Connection Fees</i>	<i>CSD Capital Contributions</i>	<i>Total Connection Fee Revenues</i>
2013-14	\$2,643,253	\$ 41,053	\$2,684,306
2014-15	1,802,665	41,053	1,843,718
2015-16	618,455	41,053	659,508
2016-17	2,976,609	328,553	3,305,162
2017-18	1,477,007	105,868	1,582,875
2019-19	2,420,744	402,998	2,823,742
2019-20	1,533,015	430,826	1,963,841
2020-21	1,764,157	143,945	1,908,102
2021-22	3,107,844 ⁽¹⁾	582,851	3,690,695
2022-23	4,871,221 ⁽¹⁾	308,328	5,179,549
2023-24	7,464,694 ⁽¹⁾	-- ⁽²⁾	7,464,694

⁽¹⁾ Due to a significant rise in development activities, connections fees have increased.

⁽²⁾ The CSDs are expected to be billed for Fiscal Year 2023-24 amounts in Fiscal Year 2025-26 once the City’s review of the process for billing the CSDs for capital contributions has been completed.

Source: City of Riverside.

The City does not directly charge Capacity Charges to the CSDs. Rather, each CSD holds certain capacity rights and is required, by contract, to remain within its allocated limits. The amounts shown from the CSDs in the table above represent capital contributions received from the CSDs. Two of the CSDs contribute to capital on a per project basis whereas the other makes an ongoing annual contribution. Treatment costs are billed

to the CSDs on a monthly basis based on the City’s budgeted costs. At the end of each fiscal year, the City conducts a reconciliation process, comparing actual costs to the budgeted costs throughout the year. The City is currently undergoing a third-party review of the billing, invoicing and reconciliation process for the CSDs and anticipates billing Fiscal Year 2023-24 amounts to the CSDs during Fiscal Year 2025-26.

Pursuant to Resolution No. 22684, adopted on May 13, 2014, the City Council considered and approved increases to Capacity Charges as to residential, commercial, institutional and industrial customers, effective on July 1, 2014.

The Capacity Fee basis for residential development is charged on a per unit basis. Similarly, commercial and industrial developments continue to be assessed on the usable floor space of buildings constructed. The Capacity Fee is based on the amount of flow and composition of the sewage to be contributed to the Sewer System by the category of development. As a result, effective July 1, 2014 under the 2014 Rate Increase, the Capacity Fee for commercial developments continues to be based on usable floor space and depend on the category of use.

Residential and Commercial Customers. The following table sets forth the existing and increased Capacity Fee for residential and commercial customers. The capacity fee is adjusted annually on July 1 by the Engineering News Record Construction Cost Index for Los Angeles or 20 City Average.

**CITY OF RIVERSIDE
Capacity Fee
For Residential and Commercial Customers**

<i>User Rate Categories</i>	<i>Effective 7/1/2024</i>	<i>Basis Per/Units</i>
Residential Sewer Capacity Charge/Capacity Fee		
Basic Multi-Family Dwelling Unit	\$3,869	Unit
Basic Single-Family Dwelling Unit	\$4,284	Unit
Basic Multi-Family Dwelling Units - Pumping	\$3,869	Unit
Basic Single-Family Dwelling - Pumping	\$4,284	Unit
 Commercial Sewer Capacity Charge/Capacity Fee		
Basic Commercial (Flat Rate)	\$4,148	Unit
 Commercial Sewer Capacity Charge/Capacity Fee Structure		
Department & Retail Stores	\$251	1,000 S.F.
Hotels & Motels	\$1,570	Unit
Laundromats	\$10,679	1,000 S.F.
Laundries	\$9,745	1,000 S.F.
Markets	\$2,407	1,000 S.F.
Mortuaries	\$6,566	1,000 S.F.
Professional Offices	\$416	1,000 S.F.
Repair Shops & Service Stations	\$4,701	1,000 S.F.
Restaurants	\$10,367	1,000 S.F.
Other Commercial	\$692	1,000 S.F.
Hospitals	\$1,710	1,000 S.F.
Churches & Halls	\$1,743	1,000 S.F.
Schools “B”	\$570	1,000 S.F.
Other Commercial “A”	\$1,799	1,000 S.F.
Other Commercial “B”	\$432	1,000 S.F.
Warehouse	\$120	1,000 S.F.

Source: City of Riverside.

Industrial Customers - Supplemental Capacity Charge. For industrial developments, at the time of receiving a building permit, a one-time Capacity Charge is determined based upon anticipated flow, chemical oxygen demand and total suspended solids quantities. In addition, if the development is anticipated to discharge in excess of 33.5 CCF of flow, 150 pounds of COD or 150 pounds of TSS per day, the development is required to pay a Supplemental Capacity Charge monthly. At this time, the City serves 13 industrial customers and expects that a limited number of new industrial customers will be added in the future.

The following table sets forth the Supplemental Capacity Charge for industrial customers. The Supplemental Capacity Fee is increased annually on July 1 by the Engineering News Record Construction Cost Index for Los Angeles or 20 City Average.

**CITY OF RIVERSIDE
Supplemental Capacity Charge for
Industrial Customers**

<i>Effective Date</i>	<i>Flow⁽¹⁾</i>	<i>Chemical Oxygen Demand⁽²⁾</i>	<i>Total Suspended Solids⁽³⁾</i>
7/1/2014	\$1.31	\$0.31	\$0.12
7/1/2015	1.31	0.31	0.12
7/1/2016	1.34	0.32	0.13
7/1/2017	1.39	0.33	0.13
7/1/2018	1.42	0.36	0.16
7/1/2019	2.44	0.44	0.44
7/1/2020	2.44	0.44	0.44
7/1/2021	2.44	0.44	0.44
7/1/2022	2.44	0.44	0.44
7/1/2023	2.44	0.44	0.44
7/1/2024	2.44	0.44	0.44

(1) For each 1 CCF/day in excess of 33.5 CCF/day.

(2) For each 1 lb./day in excess of 150 lbs/day.

(3) For each 1 lb./day In excess of 150 lbs/day.

Source: City of Riverside.

Comparative Rates and Charges

The following table sets forth the monthly basic sewer charge for residential customers within the region.

CITY OF RIVERSIDE
Comparative Residential Monthly Sewer Service Charges
and Connection Fees – Regional
As of July 1, 2024

<i>Service Provider</i>	<i>Monthly Sewer Service Charge</i>	<i>Typical Sewer Connection Fee</i>
City of Redlands	\$ 66.04	\$ 539.00
Western Municipal Water District	58.37	13,539.00
City of San Bernardino	48.98	3,500.00
City of Corona	45.46	4,664.00
City of Riverside	39.59	4,284.00
Eastern Municipal Water District	37.30	6,662.00
Elsinore Valley Municipal Water District	35.05	10,220.00
City of Colton	34.33	2,800.00
Rubidoux Community Services District	31.62	5,200.00
Jurupa Community Services District	26.18	9,537.00
Inland Empire Utilities Agency (Ontario)	24.79	8,620.00

Source: City of Riverside.

Principal Users

The ten principal users of the Sewer System and their respective charges for fiscal year 2023-24 are listed below. Sewer service charges are determined on an individual case basis for large users who discharge in excess of 25,000 gallons per day of equivalent sanitary waste or discharge high strength wastewater. Rates are determined by formula based on quantity and quality of sewage discharged. Based on the total revenues of \$75,413,521 for fiscal year 2023-24, nine of the ten principal users represent less than one percent of the total revenues, and the charges of the ten principal users, combined, represent less than 6.54% of the total Revenues.

CITY OF RIVERSIDE
Principal Users
Fiscal Year 2023-24

<i>Name of Account</i>	<i>Industry</i>	<i>Revenues</i>	<i>% of Total Revenues⁽¹⁾</i>
Stremicks	Dairy Packaging	\$ 1,009,486	1.34%
University of California, Riverside	University	641,062	0.85
OSI	Plastics Producer	522,944	0.69
Cal Baptist University	University	492,247	0.65
Kroger	Dairy & Juice Packaging	488,829	0.65
County of Riverside	County Facilities	447,903	0.59
Pepsi	Drink Manufacturer	389,783	0.52
Riverside Community Hospital	Hospital	368,566	0.49
GH Foods	Food Distributor	286,749	0.38
Triple H	Bottling Company	<u>283,507</u>	0.38
Total		\$ 4,931,076	6.54%

(1) Based on total Revenues for Fiscal Year 2023-24 of \$75,413,521.00.
 Source: City of Riverside Public Works Department.

Historical Wastewater Flows

The table below presents wastewater flows through the treatment plant since Fiscal Year 2013-14, expressed as the average daily flow and peak flow for each fiscal year. The reduction in flows over this period reflect water consumption reductions in response to the City’s water conservation efforts.

**Regional Water Quality Control Plant
 Historical Wastewater Flows
 Average, Peak Demand and System Capacity
 Fiscal Years 2013-14 through 2023-24
 (In MGD)**

<i>Fiscal Year</i>	<i>Average Daily Flow</i>	<i>Peak Flow</i>	<i>System Capacity</i>
2013-14	28.35	35.06	40
2014-15	28.36	31.46	40
2015-16	24.69	29.97	40
2016-17	27.20	45.39*	40
2017-18	26.97	31.75	46
2018-19	25.89	38.50	46
2019-20	24.91	30.19	46
2020-21	25.31	30.42	46
2021-22	26.20	33.23	46
2022-23	26.98	36.83	46
2023-24	26.94	41.74	46

* Onsite storage accommodates peak flow in excess of treatment capacity.
 Source: City of Riverside Public Works Department.

Flow Projections Used to Develop the 2019 Update. The 2019 Update included wastewater flow projections for the years 2016 to 2037, developed upon the Integrated Master Plan and other available information. Flows for the City beyond fiscal year 2016-17 were projected using a value of 77 gallons per capita per day, a lower per capital flow rate than experienced in prior years and reflected both water conservation and then economic conditions. Based on the current capacity rights of the CSDs and a 46 MGD total influent flow at the RWQCP, the RWQCP is calculated to have 16 MGD of available capacity serve the City and Highgrove in the future. Projected flows for the City and Highgrove combined for 2037 were 29 MGD.

Projected CSDs' flows were initially based on actual fiscal year 2015-16 flows and projected increase of flows generated by each CSD. The projected increases used for the CSDs are several years old and have not been updated. CSDs' flows to the RWQCP are capped at the current contractual capacities as shown in the following table.

**COMMUNITY SERVICE DISTRICTS
Capacity Rights and Projected Maximum Flow Period
(In MGD)**

<i>Name</i>	<i>Current Contract Maximum Flow</i>	<i>Forecasted Time to Maximum Flow</i>
Jurupa	4.000	+ 20 years
Rubidoux	3.055	+ 20 years
Edgemont	0.890	+ 20 years

Source: City of Riverside.

The following sets forth a summary of actual flow data for the City, Highgrove and the CSDs since Fiscal Year 2014-15.

**CITY OF RIVERSIDE
Regional Water Quality Control Plant
Historical Wastewater Flows
Fiscal Years 2014-15 through 2023-24
(In MGD)**

<i>Fiscal Year</i>	<i>Domestic⁽¹⁾</i>	<i>City of Riverside⁽¹⁾</i>		<i>Community Service Districts</i>			<i>Total</i>
		<i>Commercial</i>	<i>Industrial</i>	<i>Jurupa</i>	<i>Rubidoux</i>	<i>Edgemont</i>	
2015	17.93	3.97	0.80	3.14	2.0	0.53	28.36
2016	14.98	3.46	0.70	3.08	1.96	0.52	24.69
2017	16.87	3.81	0.77	3.26	1.95	0.54	27.19
2018	16.81	3.77	0.76	3.12	1.94	0.55	26.96
2019	17.76	3.92	0.79	3.03	1.95	0.55	28.01
2020	15.70	3.53	0.71	2.99	1.73	0.56	25.22
2021	16.23	3.58	0.72	2.79	1.70	0.57	25.60
2022	16.70	3.67	0.74	2.84	1.68	0.58	26.20
2023	17.08	3.74	0.76	2.90	1.68	0.58	26.74
2024	17.34	3.82	0.77	2.97	1.73	0.63	27.26

⁽¹⁾ Based on the 2019 Update and assumes 83.1% flow to treatment as domestic/residential source.

⁽²⁾ Includes the unincorporated community of Highgrove.

Source: City of Riverside Public Works Department.

Billing and Collection; Delinquencies

Sewer service charges are billed and collected on a monthly Statement of Municipal Services and combined with the charges of the City's Water, Electric and Refuse utilities. The customer service, billing and collection operations are provided for all utilities by designated functions of the City's Public Works, Public Utilities, Finance and Information Technology Departments, coordinated through Riverside Public Utilities.

Bills are due and payable on presentation, and become delinquent after 21 days. Accounts that have not paid their bills by the delinquency date receive an urgent notice providing an additional 10 days to pay. If payment is not made by this due date, a 48-hour turn-off notice is sent, providing two additional business days for payment. If payment is not received by this deadline, metered service (Water and/or Electric) will be turned off due to non-payment. Metered service is not restored until payment of past-due balances and applicable reconnection fees is made.

Public Utilities manages delinquencies of amounts billed for the City's Sewer, Water, Electric and Refuse utilities. Delinquencies from inactive accounts are turned over to a collection agency 90 days after account closure. Due to a combination of customer deposit, credit and collection programs and the fact that non-payment of the single-bill results in a "cross-default" among the City's Sewer, Water, Electric and Refuse utilities, the average delinquency rate for the Sewer System has been approximately 3.7% over the last five years. As of June 30, 2024, the delinquent amounts for Fiscal Year 2023-24 were approximately \$1,167,060, representing approximately 1.5% of revenues billed for Fiscal Year 2023-24.

FINANCIAL RESULTS OF THE SEWER SYSTEM

Transfers to the City's General Fund

Contributions to the City's General Fund of surplus funds of the Sewer System (after payment of operating and maintenance expenses and debt service on the Bonds and Parity Debt) are limited to the extent of allocable costs for overhead and administration charges from the Sewer System to the City's General Fund. No other transfers are made to the City's General Fund from the funds of the Sewer System.

Investment Policy and Controls

Unexpended revenues from the operation of the Sewer System, including amounts held in the Sewer Revenue Fund prior to expenditure as described herein, are invested under the direction of the City's Treasurer, who is charged to pursue the primary objective of safety, and, thereafter, the objectives of liquidity and yield. The City's investment portfolio is managed to provide the necessary liquidity to fund daily operations. Cash flow is continually reviewed, and the City manages 100% of its own funds.

The management and accounting functions of the City's investment portfolio are separated. The City Treasurer renders a monthly report of investment activity to the City Manager and City Council.

As of March 31, 2025 the City's portfolio is currently comprised of United States Treasury Securities, United States Government Agency Securities, corporate medium term notes, Asset Backed Securities, Supranational Securities and money market funds, and Joint Powers Authority Pools including the California Asset Management Program (CAMP). The current portfolio does not include any derivative type investments.

Significant Accounting Policies

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Sewer System is accounted for as an enterprise fund. Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (ii) where the

governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Investments are stated at fair value. Utility plant assets are valued at historic cost or estimated historical cost, if actual historical cost is not available. Costs include labor, materials, interest during construction, allocated indirect charges such as engineering, supervision, construction and transportation equipment, retirement plan contributions and other fringe benefits, and administrative expenses. Contributable plant assets are valued at their estimated fair market value on the date contributed. For accounting policies specifically relating to the Sewer System, see the notes to the financial statements in APPENDIX B.

Reserves

In November 2016, the City adopted the Sewer Enterprise Reserve Fund Policy (the “Reserve Policy”). The Reserve Policy classifies the Wastewater Division’s reserves into three main categories, and various subcategories therein. The Reserve Policy is monitored during the fiscal year. The Reserve Policy is also reviewed during the City’s two-year budget process and updated, if needed, a minimum one every three years as needed.

The operating/maintenance (working capital) component of the reserves established under the Reserve Policy is set at a minimum level of 60 days of operating and maintenance expenses, with a target level of 120 days. Additional reserve levels are established as restricted reserve, debt service, capital construction, heavy equipment replacement and emergency capital.

The following table shows cash balances in the various reserve funds held for the Sewer System as of June 30, 2024. These reserves are available for use by the Sewer System but are not pledged to the holders of the Series 2025 Bonds and may be changed in the future.

<i>Reserve Category</i>	<i>June 30, 2024 (Audited)</i>
Restricted Reserve	\$ 24,190,014
Operating/Maintenance (Working Capital)	53,135,462
Debt Service ⁽¹⁾	13,398,710
System Improvement/Capital Construction	968,905
Heavy Equipment Replacement	222,314
Emergency Capital and Equipment	<u>606,770</u>
Total	\$ 92,522,175

⁽¹⁾ Debt Service relates to funds held by City for anticipated debt service on the Series 2015A Bonds and the Series 2018A Bonds, a portion of which will be released upon the refunding of the Series 2015A Bonds.

Source: City of Riverside.

Outstanding Long-Term Obligations

As shown below, as of June 30, 2024, the City had the Series 2015A Bonds and the Series 2018A Bonds outstanding in the aggregate principal amount of \$301,625,000. A portion of the proceeds of the Series 2025A Bonds will be used to refund all of the currently outstanding Series 2015A Bonds; therefore, other than the Series 2018A Bonds and the Series 2025A Bonds, no other Parity Debt will be outstanding upon the issuance of the Series 2025A Bonds. The following table sets forth a summary of currently outstanding obligations secured by the Net Operating Revenues.

CITY OF RIVERSIDE
Outstanding Sewer System Obligation
as of June 30, 2024⁽¹⁾

<i>Obligation</i>	<i>Outstanding Principal</i>	<i>Maturity Year</i>
Series 2015A Bonds ⁽²⁾	\$ 167,490,000	2040-41
Series 2018A Bonds	<u>134,135,000</u>	2039-40
Total	\$ 301,625,000	

⁽¹⁾ Does not include Sewer System’s allocable portion of pension obligation bonds issued by the City, which is treated as an Operation and Maintenance Cost. See “—Historical and Projected Revenues, Expenses and Coverage.”

⁽²⁾ Proceeds of the Series 2025A Bonds will be used to refund all of the currently outstanding Series 2015A Bonds.

Source: City of Riverside.

Historical and Projected Operating Results

The following table sets forth the Sewer System’s historical revenues, expenditures and debt service coverage ratios from Fiscal Years 2019-20 through 2023-24. The operating revenues, operating expenses and debt service coverage ratios in each of such Fiscal Years shown are derived from audited financial statements of the District. The audited financial statements of the City for Fiscal Year 2023-24 and the report thereon CliftonLarsonAllen LLP are included as Appendix B to this Official Statement. The following table is derived from such audited financial statements and the audited financial statements for prior Fiscal Years, including the notes contained therein, and should be read in conjunction with the discussion below the table. The summary operating results contained in the below table excludes certain non-cash items, including but not limited to pension liabilities reported pursuant to GASB 68, and reflect certain other adjustments. See Appendix B for further information with respect to such non-cash items. Debt service coverage set forth in the summary operating results is calculated in accordance with the Master Resolution and the Resolution pursuant to which the Series 2025A Bonds are being issued. The Auditor has not reviewed or audited the summary operating results or any other portion of this Official Statement. The summary operating results are qualified in their entirety by reference to Appendix B, including the notes thereto, and Appendix C.

CITY OF RIVERSIDE
Historical Revenues, Expenses and Coverage
Fiscal Years 2019-20 through 2023-24
(In Thousands of Dollars)

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>
<u>Gross Operating Revenues:</u>					
Charges for Services ⁽¹⁾					
User Fees	\$ 59,782	\$ 61,463	\$ 62,804	\$ 61,975	\$ 62,578
Community Service Districts	4,153	3,729	4,779	4,826	5,193
Subtotal	63,935	65,192	67,583	66,801	67,771
Interest income	2,248	1,184	986	2,297	2,768
Capacity fees ⁽²⁾	1,964	1,908	3,691	5,180	7,465
Other ⁽³⁾	2,530	143	933	103	5,342
Transfers (to)/from Rate Stabilization Fund ⁽⁴⁾	--	--	--	--	--
Total	\$ 70,677	\$ 68,427	\$ 73,193	\$ 74,381	\$ 83,346
<u>Operating and Maintenance Expense:</u>					
Personnel services ⁽⁵⁾	\$ 13,245	\$ 11,791	\$ 8,928	\$ 12,868	\$ 13,585
Contractual services ⁽⁶⁾	1,022	950	1,017	1,142	1,149
Maintenance and operation ⁽⁷⁾	8,387	8,698	8,993	12,178	11,094
General ⁽⁸⁾	6,954	5,712	5,341	4,407	6,323
Materials and supplies ⁽⁹⁾	3,415	3,613	4,239	6,104	7,402
Claims/Insurance ⁽¹⁰⁾	676	667	1,121	1,400	1,665
Total	\$ 33,699	\$ 31,431	\$ 29,639	\$ 38,099	\$ 41,218
Net Operating Revenues	\$ 36,978	\$ 36,996	\$ 43,554	\$ 36,282	\$ 42,128
<u>Debt Service</u>⁽¹¹⁾					
State Loans	\$ 340	\$ 340	--	--	--
Series 2015A Bonds ⁽¹²⁾	14,530	14,528	\$ 14,528	\$ 14,529	\$ 14,531
Series 2018A Bonds	11,749	10,916	10,913	10,910	12,068
Total Debt Service	\$ 26,619	\$ 25,784	\$ 25,441	\$ 25,439	\$ 26,599
Debt Service Coverage	1.39	1.43	1.71	1.43	1.58

(1) Includes charges for services paid by City sewer customers, including customers within the City, the CSDs and Highgrove. See the captions "OPERATING INFORMATION RELATED TO THE SEWER SYSTEM—Customers" and "—Sewer Rates and Fees." Excludes public benefit charges and will therefore not match amounts shown in the City's audited financial statements.

(2) Represents one-time fees for new, additional or larger connections to the Sewer System within the City. See the caption "OPERATING INFORMATION RELATED TO THE SEWER SYSTEM—Capacity Fees."

(3) Includes grants, capital improvement fees and other miscellaneous revenues.

(4) See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Stabilization Fund."

(5) Includes pension bond expense allocated to the Sewer System, which amounted to approximately \$1.4 million for Fiscal Year 2023-24.

(6) Includes professional services such as legal and regulatory costs.

(7) Includes utilities, maintenance and repair costs and equipment rental costs.

(8) Includes items such as office expenses, periodicals, dues and software costs.

(9) Includes tools, chemical supplies and fuel.

(10) Includes the Sewer System's portion of liability insurance.

(11) All debt service numbers are shown on a cash/budget basis. May not tie to accounting methods shown in the City's audited financial statements included as Appendix B to this Official Statement, which include accruals and expense period adjustments.

(12) A portion of the proceeds of the Series 2025A Bonds will be used to refund all of the currently outstanding Series 2015A Bonds. See the caption "PLAN OF FINANCE."

Source: City of Riverside.

The projected operating results of the Sewer System for the current and next four fiscal years are set forth in the table below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the City’s estimate of projected financial results based on a variety of assumptions, including the assumptions set forth in the footnotes to the table below. All of such assumptions are material to the development of the financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. See the caption “RISK FACTORS—Accuracy of Assumptions.”

CITY OF RIVERSIDE
Projected Revenues, Expenses and Coverage
Fiscal Years 2024-25 through 2029-30
(In Thousands of Dollars)

	2024-25 ⁽¹⁾	2025-26 ⁽²⁾	2026-27	2027-28	2028-29	2029-30
<u>Gross Operating Revenues:</u>						
Charges for Services ⁽³⁾						
User Fees	\$ 63,300	\$ 63,935	\$ 66,413	\$ 70,966	\$ 75,829	\$81,023
Community Service Districts	5,150	5,325	6,266	6,635	7,009	7,405
Subtotal	68,450	69,260	72,678	77,601	82,838	88,428
Interest	1,534	2,104	1,724	1,378	1,039	1,689
Capacity fees ⁽⁴⁾	3,877	3,916	3,950	3,985	4,020	4,055
Other ⁽⁵⁾	10,211	--	5	5	5	5
Transfers (to) from Rate Stabilization Fund ⁽⁶⁾	--	--	--	--	--	--
Total	\$ 84,071	\$ 75,280	\$ 78,357	\$ 82,970	\$ 87,902	\$94,177
<u>Operating and Maintenance Expense:</u>						
Personnel services ⁽⁷⁾	\$ 16,338	\$ 15,154	\$ 15,626	\$ 15,780	\$ 16,052	\$16,346
Contractual services ⁽⁸⁾	1,573	1,228	4,771	4,815	4,862	4,909
Maintenance and operation ⁽⁹⁾	12,627	13,039	13,591	14,169	14,771	15,399
General ⁽¹⁰⁾	6,591	6,559	6,482	6,702	6,931	7,167
Materials and supplies ⁽¹¹⁾	6,404	7,331	7,741	8,119	8,515	8,931
Claims/Insurance ⁽¹²⁾	1,764	1,786	1,848	1,913	1,980	2,049
Total	\$ 45,297	\$ 45,096	\$ 50,059	\$ 51,499	\$ 53,110	\$54,801
Net Operating Revenues	\$38,774	\$ 30,183	\$ 28,299	\$ 31,471	\$ 34,792	\$39,375
<u>Debt Service</u>⁽¹³⁾						
Series 2015A Bonds ⁽¹⁴⁾	\$ 14,527	\$ 10,763	--	--	--	--
Series 2018A Bonds	12,074	12,075	\$ 12,072	\$ 12,069	\$ 12,074	\$12,072
Series 2025A Bonds ⁽¹⁵⁾	--	--	10,564	12,829	13,822	13,822
Series 2029 Bonds ⁽¹⁶⁾	--	--	--	--	2,041	2,696
Total Debt Service	\$ 26,601	\$ 24,177	\$ 22,637	\$ 24,898	\$ 27,937	\$28,590
Debt Service Coverage	1.46	1.25	1.25	1.26	1.25	1.38

⁽¹⁾ Based on the City’s budget for Fiscal Year 2024-25.

⁽²⁾ Based on the City’s budget for Fiscal Year 2025-26.

⁽³⁾ Includes charges for services paid by City sewer customers, including customers within the City, the CSDs and Highgrove. See the captions “OPERATING INFORMATION RELATED TO THE SEWER SYSTEM—Customers” and “—Sewer Rates and Fees.” Assumes annual Sewer System Rate Increases of 6.00% beginning in Fiscal Year 2026-27. All rate increases are subject to the notice, hearing and protest provisions of Proposition 218, and there can be no assurance that such rate increases will be approved. See the captions “RISK FACTORS—Rate-Setting Process Under Proposition 218” and “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

⁽⁴⁾ Represents one-time fees for new, additional or larger connections to the Sewer System within the City. See the caption “OPERATING INFORMATION RELATED TO THE SEWER SYSTEM—Capacity Fees.” Projected to increase 0.9% annually beginning in Fiscal Year 2025-26.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE.)

(FOOTNOTES CONTINUED FROM PREVIOUS PAGE.)

- (5) Includes grants and other miscellaneous revenues. Fiscal Year 2024-25 amount higher than average amount due to large receipt from County for Van Buren sewer line project.
- (6) As of June 30, 2025, approximately \$4 million was on deposit in the Rate Stabilization Fund. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Stabilization Fund.”
- (7) Includes pension bond expense allocated to the Sewer System. Approximately \$1.5 million is budgeted for Fiscal Year 2024-25, 2025-26, and 2026-27, at which point the budget decreases to \$1 million or less per year as the 2017 Pension Obligation Bonds final payment is in Fiscal Year 2026-27.
- (8) Includes professional services such as legal and regulatory costs. Projected to increase in Fiscal Year 2026-27 and to increase approximately 1.0% annually thereafter.
- (9) Includes utilities, maintenance and repair costs and equipment rental costs. Projected to increase approximately 4.25% annually beginning in Fiscal Year 2026-27
- (10) Includes items such as office expenses, periodicals, dues and software costs. Projected to decrease in Fiscal Year 2026-27 and to increase by approximately 3.4% annually thereafter.
- (11) Includes tools, chemical supplies, and fuel. Projected to increase by approximately 5.6% in Fiscal Year 2026-27 and by approximately 4.9% annually thereafter.
- (12) Includes the Sewer System’s portion of liability insurance.
- (13) All debt service numbers are shown on a cash/budget basis. May not tie to accounting methods shown in the City’s audited financial statements included as Appendix B to this Official Statement, which include accruals and expense period adjustments
- (14) A portion of the proceeds of the Series 2025A Bonds will be used to refund all of the currently outstanding Series 2015A Bonds. Amounts shown for Fiscal Year 2025-26 reflects the August 1, 20205 payment on the Series 2015A Bonds. See the caption “PLAN OF FINANCE.”
- (15) Represents debt service on the Series 2025A Bonds. *Preliminary, subject to change.*
- (16) Assumes the issuance of approximately \$40.8 million of additional Bonds in Fiscal Year 2028-29. See the caption “THE SEWER SYSTEM—Capital Improvement Plans.”
- Source: City of Riverside.

RISK FACTORS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Series 2025A Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Series 2025A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Series 2025A Bonds.

Limited Obligations

The obligation of the City to pay the Series 2025A Bonds is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Operating Revenues. The obligation of the City to pay the Series 2025A Bonds does not constitute an obligation for which the general credit or taxing power of the City is pledged.

Accuracy of Assumptions

To estimate the revenues that will be available to pay debt service on the Series 2025A Bonds, the City has made certain assumptions with regard to the rates and charges to be imposed in future years, the expenses associated with operating the Sewer System and the interest rate at which funds will be invested. The City believes these assumptions to be reasonable, but to the extent that any of these assumptions fail to materialize, the Net Operating Revenues available to pay debt service on the Series 2025A Bonds will, in all likelihood, be less than those projected herein. See the caption “FINANCIAL RESULTS OF THE SEWER SYSTEM—Historical and Projected Operating Results.” The City may choose, however, to maintain compliance with the rate covenant that is set forth in the Resolution in part by means of contributions from other available reserves or resources. In such event, Net Operating Revenues may generate amounts which are less than 110% of the Debt Service in any given Fiscal Year. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant.”

2025A Reserve Account Not Funded

Under the Resolution, the City may, but is not required to, establish a separate reserve account for a Series of Bonds. The City has established a debt service reserve account for the Series 2025A Bonds, but the Series 2025A Bond Reserve Requirement is \$0. Consequently, no amounts will be deposited into such debt service reserve account. The owners of the Series 2025A Bonds have no rights to moneys in the Reserve Accounts established for other Outstanding Bonds.

System Demand

There can be no assurance that the demand for the services of the Sewer System will occur as described in this Official Statement. Reductions in demand could require an increase in rates or charges in order to comply with the rate covenant. Demand for the services of the Sewer System could be reduced as a result of hydrological conditions, conservation efforts (including in response to drought), an economic downturn or other factors. See the captions “OPERATING INFORMATION RELATED TO THE SEWER SYSTEM— Sewer Rates and Fees” and “—Accuracy of Assumptions.”

System Expenses

There can be no assurance that the City expenses will be consistent with the descriptions in this Official Statement. Operating and Maintenance Expenses may vary with labor costs (including costs related to pension liabilities and the costs of retaining qualified personnel with the proper certifications to operate Sewer System treatment and other facilities), treatment costs, energy costs, regulatory compliance costs and other factors. Increases in expenses could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant.” Rate increases are subject to the provisions of Proposition 218 and there can be no assurance that the City will be able to increase rates as needed to address increases in Sewer System expenses. See the caption “—Rate-Setting Process under Proposition 218.”

Rate-Setting Process Under Proposition 218

Proposition 218, which added Articles XIII C and XIII D to the State Constitution, affects the City’s ability to maintain existing rates and impose rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed rate increases cannot be imposed as a result of majority protest or initiative, the City might thereafter be unable to generate Net Operating Revenues in the amounts required by the Resolution to pay the Series 2025A Bonds. The City believes that its current Sewer System rates approved by the City Council were effected in compliance with the notice, public hearing and majority protest provisions of Proposition 218. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

Statutory and Regulatory Compliance

Laws and regulations governing the treatment and disposal of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Sewer System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Sewer System or from other legally available sources. In addition to claims by private parties, changes in the standards for public agency Sewer Systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders could also impose substantial additional costs on the City. No assurance can be

given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the City to generate Net Operating Revenues sufficient to pay the Series 2025A Bonds.

Casualty Risk

Any natural disaster or other physical calamity, including earthquake and flood, may have the effect of reducing Net Operating Revenues through damage to the Sewer System or adversely affecting the economy of the surrounding area. The Resolution requires the City to maintain insurance or self-insurance as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties, but only if and to the extent available from responsible insurers at reasonable rates. In the event of material damage to Sewer System facilities, there can be no assurance that insurance proceeds will be adequate to repair or replace such facilities. The City does not currently maintain and it has not committed to maintain earthquake or flood insurance on the Sewer System's facilities.

Earthquake. The City is located in a seismically active region of Southern California. Three major active earthquake faults are located within 20 miles of Sewer System facilities, including the San Andreas and San Joaquin faults. Earthquakes pose potential significant risks to the Sewer System, and could potentially result in disruptions to the transmission/distribution systems. Another potential hazard related to earthquakes is soil liquefaction. A number of transmission mains are located in potential liquefaction zones.

Flood. According to the City's Urban Water Management Plan dated July 2021, some of the Sewer System's facilities are located within the flood plains of the Santa Ana River and are therefore subject to flooding. Floods may lead to physical damage and/or loss of infrastructure. The City has implemented measures to minimize the risk of groundwater contamination as a result of flooding.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. The County is also periodically subject to large-scale wildfires and is expected to be subject to wildfires in the future. In recent years, wildfires have burned hundreds of acres at a time and destroyed dozens of homes and structures in the County.

Wastewater conveyance facilities generally consist of pipelines and connections, flow control facilities, and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the System are designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as concrete and masonry blocks. Although the RWQCP is not located within a high fire hazard severity zone, it is located adjacent to a portion of the Santa Ana River open space which is located within a moderate fire hazard severity zone. Furthermore, certain portions of the Sewer System's Service Area are located within fire hazard severity zones as designated by the California Department of Forestry and Fire Protection and/or the California Public Utilities Commission, and there is a risk that property within the Sewer System's Service Area may be damaged or destroyed by wildfires, which may reduce the Net Revenues available to pay debt service on the Series 2025A Bonds. The City has taken measures to help ensure continuous operation of its conveyance facilities in emergencies. The City's two largest sewer pumping stations are equipped with emergency generators which provide electricity to run the stations in the absence of grid power. In the event these generators should fail or be otherwise unavailable, each station is also equipped with a pair (lead and back-up) of diesel-fueled pumps which can convey sewage independent of an electric power source. The operability of these back-up systems is confirmed throughout the year as part of each station's routine operations and maintenance program. The remaining small pump stations are each equipped with an emergency power receptacle to which a portable power generator can be connected in the event of an outage. The Sewer Division

maintains a fleet of portable generators for this purpose. However, no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Sewer System's facilities or the Sewer System's Service Area, or the impact on the operations of the Sewer System of any such wildfires.

Security of the Sewer System

The security of the Sewer System is maintained through a combination of regular inspections by Sewer Division personnel, electronic monitoring, and analysis of incident reports. The RWQCP is a controlled access facility with fencing, gates, closed circuit television and 24-hour onsite personnel. Collection system pump stations are fenced with locked gates, in addition to access / intrusion alarms. Security of all facilities is evaluated on an ongoing basis. Improvements are made to the security system whenever needed by enhanced technology and system integration.

Military conflicts and terrorist activities may adversely impact the operations and finances of the Sewer System. The City continually plans and prepares for emergency situations and immediately responds to ensure sewer services are maintained. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that terrorist activities are directed against the Sewer System or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the Sewer System could require the City to increase expenditures for repairs to the Sewer System significantly enough to adversely impact the City's ability to pay debt service on the Series 2025A Bonds.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. In recent years, there have been significant cyber security incidents affecting municipal agencies, including a ransomware attacks targeting the San Bernardino County Sheriff's Department and the Los Angeles Unified School District, a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers, an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal and an attack on a water treatment facility in Oldsmar, Florida.

The City's Information Technology Department provides advisory support for the City's electronic system cyber security. This includes audits and recommended improvements to facility hardware and software to keep up to date with the latest cyber security best practices. The City uses multiple layers of security systems to safeguard against cyber-attacks. These systems are deployed at the perimeter as well as at end points of the City's network. The City's multi-level cyber protection scheme includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection, intrusion detection, log monitoring and other security measures. One of the systems is artificial-intelligence based, which analyzes the behavior of users/devices on the network and takes corrective action if any anomaly is detected. The City's network is scanned by third party consultants on a regular basis. The City's Information Technology Department also conducts security awareness training for employees and maintains cloud-based backup storage for its digital files.

To date, the City has not experienced a successful attack against its network and servers. However, there can be no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature due to its backup/restore procedures and disaster recovery planning.

Limitations on Remedies

The ability of the City to comply with its covenants under the Indenture and to generate Net Operating Revenues in amounts that are sufficient to pay principal of and interest on the Series 2025A Bonds may be adversely affected by actions and events outside of the control of the City or actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption

“CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.” Furthermore, the remedies available to the owners of the Series 2025A Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. In the event that the City fails to comply with its covenants under the Resolution or fails to pay principal of and interest on the Series 2025A Bonds, there can be no assurance as to the availability of remedies adequate to protect the interest of the holders of the Series 2025A Bonds.

In addition to the limitations on remedies contained in the Resolution, the rights and obligations under the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State. The opinion to be delivered by Bond Counsel concurrently with the issuance of the Series 2025A Bonds will be subject to such limitations, and the various other legal opinions to be delivered concurrently with the issuance of the Series 2025A Bonds will be similarly qualified. See Appendix E.

In addition, usual equity principles may limit the specific enforcement under State law of certain remedies, as may 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 and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2025A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Sewer System serves an essential public purpose.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2025A Bonds or, if a secondary market exists, that the Series 2025A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Parity Obligations

The Indenture permits the City to issue additional Bonds or incur additional Parity Debt which are payable from Net Operating Revenues on a parity with the Series 2025A Bonds, subject to the terms and conditions set forth therein. The issuance of additional Bonds or the incurrence of additional Parity Debt could result in reduced Net Operating Revenues available to pay the Series 2025A Bonds. The City has covenanted to maintain Debt Service coverage of 110%, as further described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds and Parity Debt.”

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas (“GHG”) emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City and its finances is difficult to predict, but it could be significant and it could have a material adverse effect on the City’s finances by requiring greater expenditures to counteract the effects of climate change.

The City's existing Economic Prosperity Plan and Climate Action Plan (the "CAP"), which was adopted in 2016, evaluated the impact of climate change through 2020 and established a roadmap by which the City could measure GHG emissions, assist residents in adapting to the effects of climate change and increase the City's resilience to the effects of climate change. The CAP also sought to ensure that the City's climate change response supported economic development in the City, including by encouraging investments in green technology.

The City is currently in the process of evaluating and updating the CAP as part of the upcoming General Plan update which began in early 2024. The City's Community and Economic Development Department is taking the lead on the CAP update, with support from the City's Office of Sustainability. The updated CAP is expected to implement actions to reduce GHG emissions and measure progress with respect thereto, with one goal expected to be achieving carbon neutrality by 2040. There can be no assurance as to when the updated CAP will be adopted, or as to the ultimate content thereof.

Rate Covenant Not a Guarantee

The Series 2025A Bonds are payable from Net Operating Revenues of the Sewer System. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The City's ability to pay debt service on the Series 2025A Bonds depends on its ability to generate Net Operating Revenues at the levels required by the Indenture. Although the City has covenanted in the Resolution to impose rates and charges as more particularly described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS —Rate Covenant," and although the City expects that sufficient Net Operating Revenues to pay the Series 2025A Bonds will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Operating Revenues in amounts that are sufficient to pay the Series 2025A Bonds. Among other matters, the availability of and demand for water and changes in law and government regulations could adversely affect the amount of Net Operating Revenues realized by the City.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2025A Bonds, the City has covenanted in the Resolution to comply with the applicable requirements of the Code, and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2025A Bonds under Section 103 of the Code. Interest on the Series 2025A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Series 2025A Bonds as a result of acts or omissions of the City in violation of this or other covenants in the Resolution applicable to the Series 2025A Bonds. The Series 2025A Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See the caption "TAX MATTERS."

Drought Declarations

On January 17, 2014, the Governor declared a drought state of emergency (the "**Declaration**") with immediate effect. The Declaration included an order encouraging local urban water suppliers, including the City of Riverside, to implement their local water shortage contingency plans. On April 7, 2017, after significant improvement in water supply conditions across California, the Governor issued Executive Order B 40-17, which rescinded mandatory conservation measures for most California counties (including the County).

In 2018, the California Governor signed Senate Bill 606 and Assembly Bill 1668 into law. These bills relate to water conservation and drought planning and empower the State of California Department of Water Resources and the SWRCB to adopt long-term standards for the following: (i) indoor residential water use; (ii) outdoor residential water use; (iii) commercial, industrial and institutional water use for landscape irrigation;

and (iv) water loss. The indoor water use standard has been defined as 55 gallons per person per day (“GPCD”) until January 2025; the standard will decrease over time to 50 GPCD in January 2030. Standards for outdoor residential water use and commercial, industrial and institutional water use for landscape irrigation are still being developed. Urban water suppliers will be required to stay within annual water budgets, based on these standards, for their service areas.

Flow in the Sewer System has been stable subsequent to the passage of Senate Bill 606 and Assembly Bill 1668. Existing and future water conservation measures are not expected to significantly impact Net Operating Revenues because City customers already engage in water conservation.

On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. On March 28, 2022, the Governor requested that all water users voluntarily reduce water use by 20%. These declarations encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the SWRCB to adopt regulations that prohibit wasteful water use (such as the use of potable water to wash paved surfaces or to irrigate landscaping during the two days following rainfall). Due to improved hydrological conditions, most of the Executive Orders executed during the most recent drought have been rescinded.

The projected Sewer System operating results that are set forth under the caption “FINANCIAL RESULTS OF THE SEWER SYSTEM—Historical and Projected Operating Results” do not reflect any reductions in Wastewater Service demand as a result of drought. The City does not currently expect that any drought restrictions imposed by the State or the City will have a material adverse effect on its ability to pay the Series 2025A Bonds from Net Operating Revenues. As discussed under the caption “OPERATING INFORMATION RELATED TO THE SEWER SYSTEM—Sewer Rates and Fees,” the City’s rate structure consists of a fixed rate for residential customers, which comprise the majority of the City’s customer base. Decreased Wastewater Service demand by commercial customers (whose rates also include a significant fixed rate component) is partially offset by a decrease in related variable wastewater treatment costs, while fixed charges largely cover the Sewer System’s fixed operating and maintenance costs. In addition, the City has covenanted to set Sewer System rates and charges in amounts that it expects to be sufficient to pay the Series 2025A Bonds from Net Operating Revenues. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS —Rate Covenant.”

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The “base year” for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIII B generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIII B

includes a requirement that if an entity's revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The City is of the opinion that its charges for the Sewer System do not exceed the costs that it reasonably bears in providing such service and therefore are not subject to the limits of Article XIII B. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant" for a description of the City's covenant to set rates and charges for the Sewer System.

Proposition 218

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "**Initiative**") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIII C and XIII D to the State Constitution. According to the "Title and Summary" of the Initiative prepared by the State Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Article XIII D. Article XIII D defines the terms "fee" and "charge" to mean "any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service." A "property-related service" is defined as "a public service having a direct relationship to property ownership." Article XIII D further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency which imposes or increases any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, because fees for wastewater service are a "fee" or "charge" as defined in Article XIII D, the local government's ability to increase such fees or charges may be limited by a majority protest.

In addition, Article XIII D includes a number of limitations that are applicable to existing fees and charges, including provisions to the effect that: (a) revenues that are derived from the fee or charge may not exceed the funds which are required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge that is imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIII D did not apply to charges for water and wastewater services that are "primarily based on the amount consumed" (i.e., metered water or wastewater rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The State Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the "**Bighorn Case**"), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The State Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of*

Los Angeles that metered water rates are not subject to Proposition 218. The City has complied with the notice and public hearing requirements of Article XIID in determining whether to change Sewer System rates and charges since the decision in the *Bighorn* Case was rendered.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn* Case that the provisions of Article XIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (2020) 9 Cal. 5th 1105, holding that taxpayers do not have the right under Proposition 218 to challenge water rates by referendum, and the City does not believe that Article XIIC grants to the voters within the City the power (whether by initiative under Article XIIC or otherwise, or by referendum, which is not authorized under Article XIIC) to repeal or reduce rates and charges for the Sewer System in a manner that would interfere with the contractual obligations of the City or the obligation of the City to maintain and operate the Sewer System. However, there can be no assurance as to the availability of particular remedies adequate to protect the Beneficial Owners of the Series 2025A Bonds. Remedies that are available to Beneficial Owners of the Series 2025A Bonds in the event of a default by the City are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the Series 2025A Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Series 2025A Bonds and the rights and remedies of the Series 2025A Bond Owners will be exercised through the procedures of DTC.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC 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 XIID. Proposition 26 applies to charges imposed or increased after November 2, 2010 and 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 believes that its Sewer System rates and charges meet the exception that is described in clause (g) above and are not taxes under Proposition 26.

Future Initiatives

Articles XIII B, XIII C and XIII D and Proposition 26 were adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiatives could be proposed and adopted affecting the City's revenues or ability to increase revenues.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Series 2025A Bonds is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest on the Series 2025A Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2025A Bonds to assure that interest on the Series 2025A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025A Bonds. The City has covenanted to comply with all such requirements.

The amount by which a Series 2025A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2025A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2025A Bond Owner's basis in the applicable Series 2025A Bond (and the amount of tax-exempt interest received with respect to the Series 2025A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2025A Bond Owner realizing a taxable gain when a Series 2025A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2025A Bond to the Owner. Purchasers of the Series 2025A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2025A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2025A Bonds might be affected as a result of such an audit of the Series 2025A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2025A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2025A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2025A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2025A BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2025A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2025A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2025A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR

REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2025A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2025A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Bond Counsel's engagement with respect to the Series 2025A Bonds terminates upon their delivery and Bond Counsel disclaims any obligation to update the matters set forth in its opinion. The Relating and the Tax Certificate relating to the Series 2025A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest for federal income tax purposes with respect to any Series 2025A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes provided that the City continues to comply with certain requirements of the Code, the ownership of the Series 2025A Bonds and the accrual or receipt of interest on the Series 2025A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2025A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2025A Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX E.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2025A Bonds are subject to the unqualified approving opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Said opinion in substantially the form attached as Appendix E will be delivered at the time of delivery of the Series 2025A Bonds. Certain legal matters will be passed upon for the City by the City Attorney and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood, LLP. The payment of the fees and expenses of Bond Counsel, Disclosure Counsel and counsel to the Underwriters is contingent upon the closing of the sale of the Series 2025A Bonds.

LITIGATION

No Litigation Relating to Series 2025A Bonds. At the time of delivery and payment for the Series 2025A Bonds, appropriate officers of the City will certify that there is no litigation pending, or, to the knowledge of the City, threatened, (i) questioning the corporate existence of the City, or the title of the officers of the City to their respective offices, or the validity of the Series 2025A Bonds or the power and authority of the City to issue the Series 2025A Bonds, or (ii) seeking to restrain or enjoin the collection of revenues pledged to pay the Series 2025A Bonds.

Litigation Relating to Sewer System. Pending lawsuits and other claims against the City with respect to the Sewer System are incidental to the ordinary course of operations of the Sewer System and are largely covered by the City's self-insurance program. In the opinion of the Wastewater Division's management and the City Attorney, such lawsuits and claims will not have a materially adverse effect upon the financial position of the Sewer System. However, investors are directed to the discussion relating to the litigation brought by the City against the CSDs relating to the Sewer System's capital improvement plans. See "THE SEWER SYSTEM — CSD Litigation and Settlements."

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report for the City’s fiscal year ended June 30, 2024 have been audited by CliftonLarsonAllen LLP, the City’s independent auditor (the “Auditor”), as stated in its Independent Auditor’s Report, dated December 16, 2024, which is included in Appendix B. The City has not requested the consent of the Auditor, nor has the Auditor consented, to the inclusion of the basic financial statements or the Independent Auditor’s Report in the Comprehensive Annual Financial Report in Appendix B. The Auditor has not been engaged to perform, and has not performed, since the date of its Independent Auditor’s Report included in Appendix B, any procedures on the basic financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this official statement.

RATINGS

Moody’s Ratings and S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, have assigned their ratings of “_____” and “_____” respectively, to the Series 2025A Bonds. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the agencies. There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025A Bonds.

UNDERWRITING

BofA Securities, Inc. and Cabrera Capital Markets, LLC (together, the “Underwriters”), have agreed, subject to certain conditions, to purchase the Series 2025A Bonds from the City at a price of \$ _____ (which consists of the \$ _____ principal amount of the Series 2025A Bonds, less \$ _____ in Underwriters’ discount and [plus/less] \$ _____ in [net] original issue [premium/discount]) and to make a bona fide public offering of the Series 2025A Bonds at not in excess of the initial public offering prices. The Underwriters will be obligated to purchase all of the Series 2025A Bonds if any Series 2025A Bonds are purchased. The Underwriters may offer and sell the Series 2025A Bonds to certain dealers and others at prices lower than the respective initial public offering prices listed in this Official Statement, and the public offering prices may be changed from time to time by the Underwriters.

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

MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC of San Rafael, California, as municipal advisor (the “Municipal Advisor”) in connection with issuance and sale of the Series 2025A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of the fees of the Municipal Advisor is contingent upon the remarketing of the Series 2025A Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Series 2025A Bonds to provide certain financial information and operating data relating to the Sewer System (the “Annual Report”) by not later than 270 days following the end of the City’s fiscal year (which fiscal year currently ends on June 30), commencing with the Annual Report for the fiscal year ended June 30, 2025, and to provide notices of the occurrence 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 D — FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters 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 certain 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) the City’s biennial budget for Fiscal Years 2018-2020 in connection with the City of Riverside Variable Rate Refunding Certificates of Participation (Riverside Renaissance Projects) Series 2008; (3) a notice of successor trustee for a prior City debt obligation; and (4) certain Fiscal Year 2018-19 operating data in connection with an issuance of pension obligation bonds by the City. In addition, the City did not link certain Fiscal Year 2017-18 information with respect to bonds of the Electric Utility 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, including 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 its and its related governmental entities’ continuing disclosure obligations internally and no longer uses third-party dissemination agents for that purpose. Additionally, the City has engaged 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.

VERIFICATION OF MATHEMATICAL ACCURACY

_____ (the “Verification Agent”), a firm of independent certified public accountants, will deliver to the City, on or before the settlement date of the Series 2025A Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Series 2015A Bonds and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, the Verification Agent has relied on any

information provided to it by the City's retained advisors, consultants or legal counsel. The Verification Agent was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

MISCELLANEOUS

References are made in this Official Statement to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Riverside, 3900 Main Street, Riverside, California 92522.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Series 2025A Bonds.

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

CITY OF RIVERSIDE, CALIFORNIA

By: _____
Assistant City Manager/Chief Financial
Officer/Treasurer

APPENDIX A

CITY OF RIVERSIDE AND COUNTY OF RIVERSIDE ECONOMIC AND DEMOGRAPHIC INFORMATION

The Series 2025A Bonds will not be secured by any pledge of ad valorem taxes or City General Fund revenues but will be payable solely from the Net Operating Revenues of the City's Sewer System. The information set forth below is included in this Official Statement for background purposes only.

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 of Riverside 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 Geronimo 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 January 1, 2024, the County had a population estimated at 2,442,378 and San Bernardino County had a population estimated at 2,181,433. With a population of over 4.6 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 the 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 2,700 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 and Welfare. The City provides law enforcement and fire protection services. The Police Department currently employs approximately 360 sworn officers and the Fire Department employs approximately 227 sworn firefighters operating out of over a dozen 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 services to 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, the Riverside Metropolitan Museum, the Cheech Marin Center for Chicano Art, 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

The following table offers population figures for the City, the County and the State as of January 1 for the years 2021 through 2025.

**Table 1
POPULATION
2021-2025**

<i>Area</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
City of Riverside	313,505	317,669	319,474	321,538	320,337
County of Riverside	2,423,069	2,435,510	2,467,690	2,491,037	2,495,640
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Census Benchmark. Sacramento, California, May 2025.

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 68.24% between 2014 and 2023. The following tables summarize personal income for Riverside County for 2014 through 2023.

PERSONAL INCOME
Riverside County
2014-2023
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2014	\$ 79,630,223	N/A
2015	84,597,340	6.24%
2016	88,997,439	5.20
2017	92,451,456	3.88
2018	96,994,918	4.91
2019	103,647,288	6.86
2020	115,370,344	11.31
2021	126,493,256	9.64
2022	126,174,731	(0.25)
2023	133,968,557	6.18

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 2014-2023. 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
2014-2023

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2014	\$34,786	\$50,619	\$46,287
2015	36,590	53,817	48,060
2016	38,050	55,863	48,971
2017	39,060	58,214	51,004
2018	40,582	60,984	53,309
2019	43,086	64,219	55,566
2020	47,615	70,098	59,123
2021	51,558	76,882	64,460
2022	50,995	76,941	66,244
2023	53,750	81,255	69,810

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 Alvard 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 about 48 private or parochial schools for kindergarten through twelfth grade. Higher education is available at four institutions: Riverside Community College, University of California, Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are California School for the Deaf and Sherman Indian High School, a federally-run school for Native Americans.

Employment

The City is included in the Riverside-San Bernardino Primary Metropolitan Statistical Area (the “PMSA”). The following table shows the average annual estimated numbers of wage and salary workers by industry for the PMSA. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

**RIVERSIDE-SAN BERNARDINO PRIMARY MSA
CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT (ANNUAL AVERAGES)
(For Calendar Years 2020 Through 2024)**

	2020	2021	2022	2023	2024
Civilian Labor Force	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Civilian Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Civilian Unemployment	205,100	156,700	90,700	102,300	115,300
Civilian Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
Total Farm	14,100	13,700	13,800	13,200	13,700
Total Nonfarm	1,495,800	1,575,100	1,660,200	1,681,000	1,700,400
Total Private	1,247,800	1,333,100	1,410,200	1,420,700	1,430,200
Goods Producing	202,200	207,700	216,300	215,300	212,900
Mining and Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Service Providing	1,293,700	1,367,400	1,443,900	1,465,700	1,487,500
Trade, Transportation and Utilities	406,900	443,200	464,900	457,900	456,400
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing and Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Financial Activities	44,100	45,200	46,000	44,900	44,100
Professional and Business Services	152,100	166,600	173,900	164,400	161,800
Private Education and Health Services	248,800	254,300	267,900	287,800	306,000
Leisure and Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Government	<u>248,000</u>	<u>242,000</u>	<u>250,000</u>	<u>260,200</u>	<u>270,200</u>
Total, All Industries	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The “Total, All Industries” data is not directly comparable to the employment data found in this Appendix A.

Source: State of California, Employment Development Department, March 2024 Benchmark.

The following tables show the largest employers in the City and in the County.

**CITY OF RIVERSIDE – TEN LARGEST EMPLOYERS
As of June 30, 2024**

<i>Employer Name</i>	<i>Number of Employees</i>	<i>% of Total City-wide Employment</i>
County of Riverside	25,300	17.5%
March Air Force Reserve Base	9,750	6.7
University of California, Riverside	9,316	6.4
Kaiser Permanente	7,420	5.1
Riverside University Health System	7,355	5.1
Riverside Unified School District	4,596	3.2
Riverside Community Hospital	2,958	2.0
City of Riverside	2,709	1.9
Riverside Community College District	2,300	1.6
Alvord Unified School District	<u>1,955</u>	<u>1.3</u>
Total	73,659	50.8%

Source: City of Riverside Annual Financial Reports.

**COUNTY OF RIVERSIDE – LARGEST EMPLOYERS
As of June 30, 2024**

<i>Employer Name</i>	<i>Employees</i>	<i>% of Total County Employment</i>
County of Riverside	23,772	2.18%
Amazon	14,317	1.31
University of California, Riverside	8,593	0.79
State of California	8,398	0.77
Wal-Mart	6,465	0.59
Moreno Valley Unified School District	6,020	0.55
Kaiser Permanente Riverside Medical Center	5,817	0.53
Riverside Unified School District	5,431	0.50
Stater Brothers Market	4,990	0.46
Mt. San Jacinto Community College District	<u>4,638</u>	<u>0.43</u>
	88,441	8.11%

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2024.

Construction Activity

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

CITY OF RIVERSIDE BUILDING PERMIT ACTIVITY For Calendar Years 2019 Through 2023 (Valuation in Thousands of Dollars)

	2019	2020	2021	2022	2023
<u>Permit Valuation</u>					
New Single-family	\$ 35,621	\$ 76,746	\$ 81,057	\$ 148,281	\$ 167,214
New Multi-family	61,488	20,059	37,332	16,242	63,276
Res. Alterations/Additions	<u>8,154</u>	<u>6,182</u>	<u>4,411</u>	<u>18,212</u>	<u>19,653</u>
Total Residential	\$ 105,264	\$ 102,988	\$ 122,800	\$ 182,736	\$ 250,145
New Commercial/Industrial	\$ 53,083	\$ 4,612	\$ 0	\$ 62,533	\$ 26,057
New Other	4,323	17,103	6,537	24,510	23,414
Com. Alterations/Additions	<u>74,407</u>	<u>50,537</u>	<u>3,585</u>	<u>58,343</u>	<u>67,809</u>
Total Nonresidential	\$ 131,813	\$ 72,251	\$ 10,022	\$ 145,387	\$ 117,281
<u>New Dwelling Units</u>					
Single Family	163	271	290	579	653
Multiple Family	<u>328</u>	<u>214</u>	<u>367</u>	<u>153</u>	<u>478</u>
TOTAL	491	485	707	732	1,131

Source: Construction Industry Research Board.

COUNTY OF RIVERSIDE BUILDING PERMIT ACTIVITY For Calendar Years 2019 Through 2023 (Valuation in Thousands of Dollars)

	2019	2020	2021	2022	2023
<u>Permit Valuation</u>					
New Single-family	\$ 1,834,822	\$ 2,315,365	\$ 2,013,159	\$ 2,429,329	\$ 2,407,919
New Multi-family	282,465	93,149	149,081	339,474	730,912
Res. Alterations/Additions	<u>158,118</u>	<u>110,789</u>	<u>100,402</u>	<u>152,309</u>	<u>167,225</u>
Total Residential	\$ 2,275,405	\$ 2,519,303	\$ 2,262,642	\$ 2,921,113	\$ 3,306,086
New Commercial/Industrial	\$ 805,908	\$ 539,130	\$ 792,812	\$ 727,504	\$ 749,259
New Other	179,861	233,710	460,224	449,357	455,542
Com. Alterations/Additions	<u>300,087</u>	<u>380,938</u>	<u>290,962</u>	<u>524,757</u>	<u>486,007</u>
Total Nonresidential	\$ 1,285,856	\$ 1,153,778	\$ 1,543,998	\$ 1,701,618	\$ 1,676,498
<u>New Dwelling Units</u>					
Single Family	6,563	8,443	7,360	8,863	8,894
Multiple Family	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>
TOTAL	8,361	9,166	8,486	11,724	15,322

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, County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, County voters approved extending Measure A until 2039. Measure A is expected to generate \$4.6 billion between 2009 and 2039. In 1990, voters of the adjacent San Bernardino County approved a similar program, and that sales tax was similarly increased by a vote of the electorate in November 2003.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIVERSIDE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) dated _____, 2025 is executed and delivered by the City of Riverside (the “Issuer”) in connection with the issuance and delivery of \$_____ City of Riverside Refunding Sewer Revenue Bonds, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to Resolution No. 21860 of the Issuer, adopted by the City Council on July 14, 2009, as amended and supplemented, including as supplemented by Resolution No. _____, adopted by the City Council on August 5, 2025 (collectively, the “Resolution”).

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Disclosure Representative” shall mean the City Manager, Treasurer or Chief Financial Officer of the Issuer or either of their designees, or such other officer or employee as the Issuer shall designate in writing from time to time.

“Dissemination Agent” shall mean, initially, the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the Issuer and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Financial Obligation.” The term “Financial Obligation” means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as such term is defined in the Rule) has been provided to EMMA consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement relating to the Bonds dated _____, 2025.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“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 Issuer shall, or shall cause the Dissemination Agent upon written direction to, not later than 270 days following the end of the Issuer's fiscal year (which presently ends on June 30), commencing with the report for the fiscal year ending June 30, 2025, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. 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 Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the MSRB and the Dissemination Agent (if other than the Issuer) of a change in the fiscal year dates. The Issuer 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 it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) If the Dissemination Agent is a person or entity other than the Issuer then, not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a). If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report due date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB, in the form required by the MSRB.

(d) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided the MSRB. The Dissemination Agent's duties under this clause (ii) shall exist only if the Issuer provides the Annual Report to the Dissemination Agent for filing.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer's Sewer System for the most recent fiscal year of the Issuer then ended, which may be a part of the Issuer's audited financial statements. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer's Sewer System in a format

similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the Issuer's Sewer System shall be audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to the MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) To the extent not included in the audited financial statements of the Issuer's Sewer System, the Annual Report shall also include the following:

- (1) the principal amount of the Bonds outstanding as of the end of the immediately preceding fiscal year and a list of Parity Debt issued and then currently outstanding under the Resolution and their respective principal amounts,
- (2) the balance in the 2025A Reserve Account as of the end of the immediately preceding fiscal year, if any, and a statement of the 2025A Bond Reserve Requirement,
- (3) updated information comparable to the information in the table entitled "Revenues by Customer Category" as it appears in the Official Statement,
- (4) updated information comparable to the information in the table entitled "Total Connection Fee Revenues" as it appears in the Official Statement, and
- (5) updated information comparable to the information in the table entitled "Historical Summary of Operations" as it appears in the Official Statement.

(c) 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 Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer 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 Issuer 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 more than ten (10) business days after the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;

- (5) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determinations of taxability or of the Notice of Proposed Issue (IRS Form 5701-TEB);
- (6) tender offers;
- (7) defeasances;
- (8) ratings changes; and
- (9) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- 10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Issuer 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) unless described in paragraph 5(a)(5), notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (2) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (3) appointment of a successor or additional trustee or the change of the name of a trustee;
- (4) nonpayment related defaults;
- (5) modifications to the rights of Owners of the Bonds;
- (6) notices of redemption; and
- (7) release, substitution or sale of property securing repayment of the Bonds.
- (8) incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (b), the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) and (b)(6) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Resolution. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subsection (f) prior to the occurrence of such Listed Event.

(g) Any of the filings required to be made under this Section 5 shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 6. Termination of Reporting Obligation. The obligation of the Issuer and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer. The Dissemination Agent may resign by providing thirty days written notice to the Issuer and the Fiscal Agent. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment.

(a) This Disclosure Certificate may be amended, in writing, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the Issuer an opinion of a nationally recognized bond counselor counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners, and (5) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(b) This Disclosure Certificate may be amended in writing with respect to the Bonds, upon obtaining consent of Owners at least 25% in aggregate principal of the Bonds then outstanding; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event the Issuer fails to comply with any provision in this Disclosure Certificate, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal of the Bonds then outstanding or the Participating Underwriter) take all action necessary to cause the Issuer to comply with this Disclosure Certificate. In the event of a failure of the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. If the Dissemination Agent is a person or entity other than the Issuer, this Section 11 shall apply. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer 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 Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no

duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bond Owner's, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent hereunder, seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

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

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative: City of Riverside
 3900 Main Street
 Riverside, CA 92501

CITY OF RIVERSIDE

By: _____
 Assistant City Manager/Chief Financial
 Officer/Treasurer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Riverside

Name of Issue: Refunding Sewer Revenue Bonds, Series 2025A

Date of Issuance: _____, 2025

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 Certificate dated _____, 2025. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

Upon issuance of the Series 2025A Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

City of Riverside
Riverside, California

Re: \$ _____ *City of Riverside Refunding Sewer Revenue Bonds, Series 2025A*

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Riverside, California (the “City”) of the \$153,670,000 aggregate principal amount of the City’s Sewer Revenue Bonds, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to the Charter of the City (the “Charter”), Ordinance No. 5001 adopted by the City Council on April 20, 1982, as amended (the “Ordinance”), and Resolution No. 21860 adopted by the City Council on July 14, 2009, as amended and supplemented, including as amended and supplemented by Resolution No. _____ adopted by the City Council on August 5, 2025 (collectively, the “Resolution”).

In rendering the opinions set forth below, we have examined the Constitution and statutes of the State of California, the Charter, the Ordinance and the Resolution, certified copies of the proceedings of the City, and other information submitted to us relative to the issuance and sale by the City of the Bonds. We have examined originals, or copies identified to our satisfaction as being true copies of the Charter, the Ordinance, the Resolution and the Tax Certificate relating to the Bonds, opinions of counsel to the City, certificates of the City and others, and such other documents, agreements, opinions and matters as we have considered necessary or appropriate under the circumstances to render the opinions set forth herein.

In connection with our representation we have examined a certified copy of the proceedings relating to the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth in the Resolution, we are of the opinion that:

1. The Bonds constitute the valid and binding special revenue obligations of the City.
2. The Resolution was duly adopted at meetings of the City Council of the City.
3. The Bonds are special limited obligations of the City payable from and secured by a pledge of and lien and charge upon the Net Operating Revenues and certain amounts held under the Resolution. The general fund of the City is not liable for the payment of the Bonds, any premium thereon upon redemption prior to maturity or their interest, nor is the credit or taxing power of the City pledged for the payment of the Bonds, any premium thereon upon redemption prior to maturity or their interest.

4. Additional Bonds and other Parity Debt of the City have been and may from time to time hereafter be issued under the Resolution which are payable from Net Operating Revenues on a parity basis with the Bonds.

5. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the Resolution, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations

6. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

7. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

8. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the City and others and are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City covenanted to comply with all such requirements.

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. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to the Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than Stradling Yocca Carlson & Rauth LLP. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Resolution and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

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 F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2025A Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2025A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2025A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2025A Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

11. The City 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.