PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW ISSUE BOOK-ENTRY-ONLY

RATING:
S&P "__"
(See "RATING" herein.)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the 2023A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. It is also the opinion of Bond Counsel that under existing law interest on the 2023A Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein.

$[Par Amount]*
RIALTO PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, 2023 SERIES A
(POLICE STATION PROJECT)

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

The Rialto Public Financing Authority (the "Authority") is issuing its $[Par Amount] Lease Revenue Bonds, 2023 Series A (Police Station Project) (the "2023A Bonds") to provide funds to: (i) finance the acquisition, construction and improvement of a new police station (the "Police Station Project") in the City of Rialto, California (the "City"), as described herein, (ii) fund a portion of interest for the 2023A Bonds, and (iii) pay the related costs of issuing the 2023A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Interest on the 2023A Bonds is payable on June 1 and December 1 of each year (each an "Interest Payment Date"), commencing June 1, 2024. The 2023A Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2023A Bonds, if issued, will be issued in denominations of $5,000 or any integral multiple thereof. DTC will act as securities depository of the 2023A Bonds. Individual purchases of 2023A Bonds will be made in book-entry form only. Payments of principal of and interest on the 2023A Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the 2023A Bonds purchased by them. See APPENDIX F – "BOOK-ENTRY SYSTEM."

The 2023A Bonds are subject to extraordinary, mandatory and optional redemption prior to their stated maturities, as described herein. See "DESCRIPTION OF THE 2023A BONDS – Redemption" herein.

The 2023A Bonds are special limited obligations of the Authority secured by and payable from Revenues pledged to the 2023A Bonds under the Indenture, as hereinafter described. Such Revenues primarily consist of Base Rental Payments to be made by the City to the Authority under the Lease, as hereinafter described. Pursuant to the Lease, the City will lease certain property described herein (the "Leased Property") from the Authority. The City is required under the Lease to make Base Rental Payments each year in consideration for the use of the Leased Property, as described herein, from any source of legally available funds, in an amount sufficient to pay the annual principal of and interest on the 2023A Bonds. The City's obligation to make Base Rental Payments is subject to abatement in the event of substantial interference with the use and possession of all or a part of the Leased Property supporting the 2023A Bonds, as described herein. See "RISK FACTORS – Abatement" herein. The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental Payments in its budget and to make the necessary appropriations therefor, subject to such abatement.

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the 2023A Bonds. The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State of California or any of its political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of 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.

* Preliminary, subject to change.

The 2023A Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, as Bond Counsel to the Authority. Certain legal matters will be passed on by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel for the Authority and the City, for the Authority and the City by its counsel Burke, Williams & Sorensen, LLP, and for the Underwriter by its counsel Orrick, Herrington & Sutcliffe LLP, Sacramento, California. It is anticipated that the 2023A Bonds will be available for delivery through the facilities of DTC on or about _____, 2023.

Citigroup

Dated: _____, 2023

MATURITY SCHEDULE

**$[Par Amount]*
Rialto Public Financing Authority
Lease Revenue Bonds, 2023 Series A
(Police Station Project)**

(Base CUSIP No.† _____)

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

$_____ ___% Term Bonds due June 1, 20__, Yield: ___%; Price: ___
CUSIP†: _____

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Authority, the Underwriter or the Municipal Advisor and are included solely for the convenience of investors. None of the City, the Authority, the Underwriter or the Municipal Advisor is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2023A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023A Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023A Bonds.

CITY OF RIALTO
RIALTO PUBLIC FINANCING AUTHORITY

CITY COUNCIL/BOARD OF DIRECTORS

Deborah Robertson, *Mayor*
Andy Carrizales, *Mayor Pro Tem*
Ed Scott, *Councilmember*
Rafael Trujillo, *Councilmember*
Joe Baca, *Councilmember*

CITY OFFICIALS

Henry Garcia, *Interim City Manager*
Arron Brown, *Assistant City Manager*
Katherine Stevens, *Director of Finance*
Edward J. Carrillo, *Treasurer*
Barbara McGee, *City Clerk*
Eric Vail, *City Attorney*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Municipal Advisor

Urban Futures, Inc.

Trustee

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

Dissemination Agent

Willdan Financial Services

No dealer, broker, salesperson or other person has been authorized by the Rialto Public Financing Authority (the "Authority"), the City of Rialto, California (the "City") or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the City or the Underwriter. 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 2023A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2023A Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been furnished by the Authority and the City and includes information from sources that are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, or other matters described herein since the date hereof.

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

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access ("EMMA") website. Unless otherwise expressly stated, references to Internet websites in this Official Statement are shown for reference and convenience only, and none of their content (including any content on the City's website) is incorporated in this Official Statement by reference. The City and the Authority make no representation regarding the accuracy or completeness of the information presented on such websites.

IN CONNECTION WITH THE OFFERING OF THE 2023A BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2023A BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as otherwise noted, neither the City nor the Authority plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

INTRODUCTION 1
Purpose of the 2023A Bonds 1
Security for the 2023A Bonds 1
No Reserve Fund 2
The City 2
Continuing Disclosure 2
DESCRIPTION OF THE 2023A BONDS 2
Redemption 3
Selection of Bonds for Redemption 3
Notice of Redemption 4
Partial Redemption of Bonds 4
Effect of Redemption 4
Book-Entry System 4
SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS 5
2023A Bonds 5
Additional Rental Payments 5
Covenant to Budget and Appropriate 5
Limited Obligations 6
Abatement of Base Rental Payments 6
Maintenance, Utilities, Taxes and Assessments 6
Insurance Coverages 7
Substitution and Release of Property 8
PLAN OF FINANCE 9
General 9
The Police Station Project 9
LEASED PROPERTY 12
ESTIMATED SOURCES AND USES OF FUNDS 13
DEBT SERVICE REQUIREMENTS 14
THE AUTHORITY 14
THE CITY 15
General 15
Audited Financial Statements 15
General Fund Revenue Sources 18
Certain City Policies and Practices 20
City Budget 20
Appropriations Limit 21
Assessed Valuation 21
Largest Secured Taxpayers 23
Direct and Overlapping Debt 24
General Fund Long-Term Obligations 26
Labor Contracts 26
Pension Plans 26
Other Post-Employment Benefits 29
STATE OF CALIFORNIA BUDGET INFORMATION 30
State Budget 30

Future State Budgets 32
RISK FACTORS 32
Base Rental Payments Are Not Debt; 2023A Bonds are Limited Obligations 32
Additional General Fund Obligations 33
Abatement 33
Police Station Project Completion 33
Risk of Uninsured Loss 34
City General Fund 34
Public Health Emergencies 34
Bankruptcy 35
State Finances 36
No Liability of Authority to the Owners 36
No Limitation on Incurring Additional Obligations 37
Natural Disasters 37
Hazardous Substances 38
Cybersecurity 38
Climate Change 39
Future Initiatives 39
Limitations on Remedies 39
Remedies on Default 39
Substitution of Property 40
Secondary Market Risk 40
LIMITATIONS ON REVENUES AND APPROPRIATIONS 40
Property Tax Limitations – Article XIIIA, XIIIB, XIIIC (Proposition 218) 40
Article XIIIA Implementing Legislation 41
Challenges to Article XIIIA 41
Statutory Revenue Limitations – Proposition 62 41
Proposition 1A 42
Proposition 22 43
Proposition 26 43
Unitary Property 44
TAX MATTERS 44
General 44
Tax Accounting Treatment of Discount and Premium on Certain 2023A Bonds 45
LITIGATION 46
FINANCIAL STATEMENTS 47
MUNICIPAL ADVISOR 47
RATING 47
UNDERWRITING 48
CONTINUING DISCLOSURE 48
APPROVAL OF LEGAL PROCEEDINGS 48
EXECUTION AND DELIVERY 50

APPENDIX A – SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY A-1
APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR THE FISCAL YEAR ENDED JUNE 30, 2022 ..... B-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT D-1
APPENDIX E – FORM OF OPINION OF BOND COUNSEL E-1
APPENDIX F – BOOK-ENTRY SYSTEM F-1
APPENDIX G – DEVELOPMENT AGREEMENT G-1

OFFICIAL STATEMENT

**$[Par Amount]*
RIALTO PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS, 2023 SERIES A
(POLICE STATION PROJECT)**

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and attached appendices, provides certain information in connection with the sale and delivery of the $[Par Amount] Rialto Public Financing Authority Lease Revenue Bonds, 2023 Series A (Police Station Project) (the "2023A Bonds"). Capitalized terms used and not otherwise defined herein shall have the meanings given in the Indenture or the Lease (each as hereinafter defined). See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."*

Purpose of the 2023A Bonds

The 2023A Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Bond Law"). The 2023A Bonds are being issued pursuant to an Indenture, dated as of December 1, 2023 (the "Indenture"), by and between the Rialto Public Financing Authority (the "Authority") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Authority is issuing the 2023A Bonds, to provide funds to: (i) finance the acquisition, construction and improvement of a new police station (the "Project") in the City of Rialto, California (the "City"), as described herein, (ii) fund a portion of interest for the 2023A Bonds, and (iii) pay the related costs of issuing the 2023A Bonds. The City will contribute certain other funds to finance the Project. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

Security for the 2023A Bonds

The 2023A Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues, including all of the moneys in the 2023 Interest Account and the 2023 Principal Account, including all amounts derived from the investment of such moneys. "Revenues" means (i) all Base Rental Payments payable by the City pursuant to the Lease (defined below) (including prepayments), (ii) any proceeds of Bonds deposited with the Trustee and all moneys on deposit in the funds and accounts established under the Indenture, except the Rebate Fund, (iii) investment income with respect to such moneys held by the Trustee, and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS."

Pursuant to a Site and Facility Lease, dated as of December 1, 2023 (the "Site Lease"), by and between the City and the Authority, the Authority will lease from the City certain real property, constituting the land and improvements of the City's current police station (collectively, the "Leased Property"). Pursuant to the Lease Agreement, dated as of December 1, 2023 (the "Lease"), by and between the Authority and the City, the Authority will sublease the Leased Property to the City. See "LEASED PROPERTY."

* Preliminary, subject to change.

Pursuant to the Lease, the City will pay to the Trustee, as the assignee of the Authority, base rental payments (collectively, the "Base Rental Payments") in amounts equal to scheduled debt service on the 2023A Bonds, as set forth in the base rental payment schedule for the 2023A Bonds. The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. Pursuant to the Lease, the City has covenanted to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its annual budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments required to be made under the Lease, subject only to abatement as provided therein. See "RISK FACTORS – Base Rental Payments Are Not Debt; 2023A Bonds are Limited Obligations" and "– Abatement." See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS."

No Reserve Fund

No reserve fund supporting the 2023A Bonds is being funded under the Indenture.

The City

The City was incorporated in 1911 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services. As of January 1, 2023, the City had a population of 102,985. For additional information regarding the City and surrounding area, see APPENDIX A – "SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY."

Continuing Disclosure

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2023A Bonds and as such, the Authority will not provide any such information.

The City has agreed to provide, with respect to the 2023A Bonds, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system (the "EMMA System"), certain annual financial information and operating data relating to the City and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12, as amended (the "Rule 15c2-12") adopted by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" for a description of the annual reports and notices of enumerated events to be provided by the City.

DESCRIPTION OF THE 2023A BONDS

The 2023A Bonds will be dated their date of delivery and issued in the aggregate principal amount and bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest on the 2023A Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2024 (each an "Interest Payment Date"). Each 2023A Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is executed after the fifteenth calendar day of the month immediately preceding an Interest Payment Date, in which case interest will bear from such Interest Payment Date, or (ii) it is authenticated on or before May 15,

2023, in which event interest will accrue from the date of initial delivery of the 2023A Bonds. If, at the date of authentication of any 2023A Bond, interest thereon is in default, such 2023A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on such outstanding 2023A Bond, or if no interest has been paid, from the date of initial delivery of the 2023A Bonds. Interest on the 2023A Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption*

Optional Redemption of Bonds. The 2023A Bonds maturing on or after June 1, 20__ shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after June 1, 20__, in any order deemed reasonable by the Authority, and by lot within a maturity, from prepayments of Base Rental Payments made at the option of the City pursuant to the Lease, at a redemption price equal to the principal amount of the 2023A Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption of 2023A Bonds. The 2023A Term Bond maturing on June 1, 20__ is subject to mandatory redemption, in part by lot, from sinking account payments set forth in the following schedule commencing on June 1 in each year to and including June 1, 20__ at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

Redemption Date (June 1)	**Principal Amount To be Redeemed**
	$
*	

* Maturity.

If some but not all of a 2023A Term Bond has been redeemed pursuant to extraordinary or optional redemptions, the total amount of sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of such 2023A Term Bond so redeemed by reducing each such future sinking account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee. In the event of any reductions in the amount of sinking account payments due as a result of some but not all of the 2023A Bonds being redeemed pursuant to extraordinary or optional redemptions, the Authority shall provide the Trustee with a revised schedule reflecting such reductions.

Extraordinary Redemption. The 2023A Bonds are subject to redemption prior to their respective maturity dates, upon notice as provided in the Indenture, as a whole or in part on any date, from prepayments of Base Rental Payments made by the City pursuant to the Lease from funds received by the City due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed herein and in the Lease. Redemption of 2023A Bonds shall be made at a redemption price equal to the sum of the principal of the 2023A Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the 2023A Bonds, the Trustee shall select the 2023A Bonds to be redeemed from all 2023A Bonds not previously

* Preliminary, subject to change.

called for redemption, in such maturities as the Authority shall designate (and by lot within any maturity). For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 portions and such portions shall be treated as separate 2023A Bonds, which may be separately redeemed.

Notice of Redemption

The Trustee on behalf and at the expense of the Authority shall send (by first class mail or other means acceptable to the recipient thereof) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least twenty (20) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the 2023A Bond numbers and the maturity or maturities (except in the event of redemption of all of the 2023A Bonds) of the 2023A Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Any notice given pursuant to the Indenture may be conditional and/or rescinded by written notice given to the Trustee by the Authority and the Trustee shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given pursuant to the Indenture.

Partial Redemption of Bonds

If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2023A Bond or Bonds, interest rate and maturity date, in aggregate principal amount equal to the unredeemed portion of the 2023A Bond being redeemed.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the 2023A Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date. All 2023A Bonds redeemed pursuant to the Indenture shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

Book-Entry System

The 2023A Bonds are being issued as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York,

New York ("DTC"). The 2023A Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Individual purchases of 2023A Bonds will be made in book-entry form only. Payments of principal of and interest on the 2023A Bonds are to be made to purchasers by DTC through DTC Participants. Purchasers will not receive physical delivery of the 2023A Bonds purchased by them. See APPENDIX F – "BOOK –ENTRY SYSTEM."

SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS

2023A Bonds

General. The 2023A Bonds will be secured by a first lien on and pledge of the Revenues, which consist substantially of the Base Rental Payments payable by the City pursuant to the Lease. The Base Rental Payments will be paid by the City in an amount sufficient to pay the principal of and interest on the 2023A Bonds on each Interest Payment Date. On or before the fifteenth (15) Business Day preceding each Interest Payment Date, the City is required to pay to the Trustee the Base Rental Payments coming due on the next succeeding Interest Payment Date, respectively, from any legally available sources.

Pursuant to an Assignment Agreement, dated as of December 1, 2023 (the "Assignment Agreement"), by and between the Authority and the Trustee, relating to the 2023A Bonds, the Authority has and will assign, as further security for its obligations to make timely payment of principal of and interest on the 2023A Bonds to the Trustee for the benefit of the Owners certain of the Authority's rights under the Lease and Site Lease, including the right to receive all Base Rental Payments.

Additional Rental Payments

Under the Lease, in addition to Base Rental Payments, the City has agreed to pay Additional Rental Payments in such amounts in each year as shall be required for the payment of all costs and expenses (not otherwise paid for or provided for out of the proceeds of sale of the 2023A Bonds) incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Lease or the assignment thereof, the Indenture, or the Authority's or the Trustee's interest in the Leased Property, including, but not limited to, all fees, costs and expenses, all administrative costs of the Authority relating to the Leased Property (including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture), fees of auditors, accountants, attorneys or engineers, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the 2023A Bonds or of the Indenture. Such Additional Rental Payments shall be billed to the City by the Authority or the Trustee from time to time. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City.

Covenant to Budget and Appropriate

The City has covenanted in the Lease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease in its budget and to make the necessary annual appropriations for all such Base Rental Payments and Additional Rental Payments, subject only to abatement as provided in the Lease.

The City will furnish to the Authority and the Trustee annually a certificate stating that it has complied with this covenant, as set forth in the Lease. The covenants on the part of the City contained in the Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

Limited Obligations

The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or premium (if any) on the 2023A Bonds. The 2023A Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The obligation of the City to make Base Rental Payments or Additional Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments or Additional Rental Payments constitutes an indebtedness of the City, the State of California or any of its political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

Abatement of Base Rental Payments

General. The obligation of the City to pay Base Rental Payments and Additional Rental Payments is subject to abatement during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the City of the Leased Property or any portion thereof. See "RISK FACTORS – Abatement." Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the City's use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation, taking or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed.

An abatement will continue for the period commencing with the date on which the Leased Property is not available for use and occupancy and ending with the date on which the Leased Property is available for use and occupancy by the City. The term of the Lease will be extended by the period during which Base Rental Payments or Additional Rental Payments is abated, except that the term may in no event be extended beyond ten years following the stated term thereof.

Maintenance, Utilities, Taxes and Assessments

During such time as the City or any assignee or sublessee thereof is in possession of the Leased Property, all maintenance and repair, ordinary or extraordinary, of the Leased Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of (a) all utility services supplied to the Leased Property, (b) the cost of operation of the Leased Property, and (c) the costs of maintenance of and repair to the Leased Property resulting from ordinary wear and tear or want of care on the part of the City. The City shall at the City's sole cost and expense keep and maintain the Leased Property clean and in a safe and good condition and repair. The Authority shall have no obligation to alter, remodel, improve, repair, decorate, or paint the Leased Property or any part thereof, and the parties hereto affirm that the Authority has made no representations or warranties to the City respecting the condition of the Leased Property. The City shall comply with all statutes, ordinances, regulations, and other requirements of all governmental entities that pertain to the occupancy or use of the Leased Property. The Authority has no responsibility or obligation whatsoever to construct any improvements, modifications or alterations to the Leased Property. The City waives the right to make repairs at the Authority's expense under Subsection 1 of Section 1932 and Section 1942 of the California Civil Code, or any other such law, statute, or ordinance now or hereafter in effect. The Leased Property will be used for public purposes by the City and, therefore, the Leased Property will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. If the use, possession or acquisition by the Authority

or the City of the Leased Property is found to be subject to taxation in any form, the City will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property and any other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Leased Property; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as the Lease is in effect.

Insurance Coverages

Pursuant to the Lease, the City shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Leased Property on which improvements are constructed required by the Lease. Such insurance shall consist of (i) comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Leased Property. Such insurance shall afford protection with a combined single limit of not less than $1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the City's risk management officer or an independent insurance consultant retained by the City for that purpose, subject to a deductible clause of not to exceed $500,000. The City's obligations under this clause (i) may be satisfied by self-insurance; (ii) casualty insurance, throughout the term of the Lease, against loss or damage to any or all of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and against loss of Leased Property by theft. Such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The insurance required by this paragraph shall be in an amount not less than the principal amount of the Outstanding Bonds. The City's obligations under this clause (ii) may be satisfied by self-insurance; (iii) workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Leased Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this clause (iii) may be satisfied by self-insurance.

Rental interruption insurance will also be maintained in an amount not less than the maximum remaining scheduled Base Rental Payments in any twenty-four (24) month period, by an insurance provider rated at least "A" by A.M. Best & Company, to insure against loss of use of the Leased Property caused by perils covered by the comprehensive general liability coverage insurance). Such insurance may be maintained as part of or in conjunction with any other rental interruption insurance carried by the City and must list the Authority and the Trustee as additional insured parties. The net proceeds of such insurance shall be paid to the Trustee and credited toward the payment of the Base Rental Payments in the order in which such Base Rental Payments come due and payable.

Builders' risk insurance in an amount equal to the lesser of the Outstanding principal amount of the Bonds, or the replacement cost of the Project, which insurance shall be outstanding until Final Completion of the Project.

All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Authority and the Trustee. Certificates of comprehensive general liability and workers' compensation insurance shall be furnished by applicable insurers to the City, and, at least ten days prior to the expiration dates of such policies, if any, evidence of renewals shall be deposited with the Trustee. If the City elects to provide self-insurance

pursuant to clauses (i), (ii) and/or (iii) above, the City shall annually cause to be delivered to the Trustee, upon request, a certificate of an Insurance Consultant certifying to the adequacy of the City's reserves for such insurance. All policies or certificates of insurance provided for in the Lease shall name the City as a named insured and the Trustee as an additional insured. All proceeds of insurance maintained under clauses (i) and (ii) shall be deposited with the City and under clause (2) shall be deposited with the Trustee. Notwithstanding the generality of the foregoing, the City shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market.

Substitution and Release of Property

Pursuant to the Lease, the City and the Authority specifically acknowledge that the annual fair rental value of the Leased Property is in excess of the maximum annual Base Rental Payments. The City shall have, so long as the Lease is in effect, and is granted under the Lease, the option at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Leased Property (the "Former Property") or release any identifiable real property and/or improvements currently constituting the Leased Property (in such case, Substitute Property shall mean the Former Property less any portion released pursuant to the Lease); provided, that the City must satisfy all of the following requirements, which are conditions precedent to such substitution:

(a) No default under the Lease or Event of Default shall have occurred and be continuing;

(b) The City shall file with the Authority and the Trustee, and cause to be recorded in the office of the County Recorder, sufficient memorialization of amendments to the Lease and the Site Lease which replaces Exhibit A to the Lease and Exhibit A to the Site Lease with a description of such Substitute Property which deletes therefrom the description of the Former Property;

(c) The City shall obtain an extended California Land Title Association ("CLTA") policy of title insurance insuring the City's fee or leasehold estate in such Substitute Property, the City's leasehold estate under the Lease, and the Authority's leasehold estate under the Site Lease in such Substitute Property, subject only to Permitted Encumbrances, in an amount not less than the aggregate principal amount of the Outstanding Bonds; provided, however, that this requirement shall not apply to Substitute Property that consists only of Former Property less any released portion;

(d) The City shall provide a Certificate of the City to the Authority and to the Trustee that such Substitute Property constitutes property which the City is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the City to violate any of its covenants, representations and warranties made herein;

(f) The City shall file with the Authority and the Trustee a Certificate of the City or other evidence which establishes that the annual fair rental value of the Substitute Property after substitution or release will be at least equal to 100% of the maximum amount of the Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year and the useful economic life of the Substitute Property shall be at least equal to the maximum remaining term of the Lease; and

(g) The City shall furnish to the Trustee an opinion of Bond Counsel addressed to the Trustee, the City and the Authority to the effect that the substitution or release is permitted under the Lease.

Upon the satisfaction of all such conditions precedent, and upon the City delivering to the Authority and the Trustee a Certificate of the City certifying that the conditions set forth in subsections (a), (c) and (e) outlined above have been satisfied, the Term of the Lease shall thereupon end as to the Leased Property and shall thereupon commence as to the Substitute Property, and all references to the Leased Property shall apply with full force and effect to the Substitute Property. The City shall not be entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of any substitution or removal under the Lease.

PLAN OF FINANCE

General

The Authority is issuing the 2023A Bonds, to provide funds to: (i) finance the acquisition, construction and improvement of the Project, (ii) fund a portion of interest for the 2023A Bonds, and (iii) pay the related costs of issuing the 2023A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Police Station Project

General. The Project is located at 128 N. Willow Avenue, Rialto, California 92376 and consists of a two-story concrete police administration building of approximately 50,814 square feet, a support building of approximately 11,403 square feet, and approximately 230 spaces of on-site parking. The Project's expected total capital cost is approximately $83 million, with completion expected in July 2026. [The Police Station Project site is fully entitled and has satisfied all environmental requirements. No hazardous substances that would impair the Project have been identified on the site. [An underground fuel tank with suspected leakage will be remediated as part of the Project.]]

Substantial completion of the Project and beneficial use and occupancy by the City is expected to occur by July 2026, subject to unexpected delays. Upon substantial completion, the City will maintain and operate the Project.

Project Team. The Project will be designed and constructed by the Project Team comprised of Griffin Structures Inc. (the "Developer"), LPA, Inc. (the "Architect") and Swinerton Builders (the "General Contractor"). See APPENDIX G – "DEVELOPMENT AGREEMENT" hereto. Following are brief descriptions of the Project Team. The Developer, Architect, and the General Contractor have successfully collaborated on 25 public-sector projects over more than 20 years including the recent public-private partnership for the Salinas Police Services Headquarters, the delivery of the Quartz Hill Library project for the County of Los Angeles and the Orange County Civic Center buildings.

Developer. Griffin Structures, Inc. is the developer for the Project. The Developer's website is: www.griffinstructures.com. Information set forth on such website is not incorporated herein by reference. The Developer is a California-based, award-winning, development, program, design and construction management organization providing strategic project delivery solutions to public, non-profit, and private sector clients since 1981. Headquartered in Irvine, California, the Developer also maintains a Northern California office in Santa Clara. For more than four decades Griffin has worked with California cities and counties to plan, design, build, and finance facilities needed to serve their communities. The Developer provides a team of highly experienced and proven professionals in the design, development, and construction fields. The firm's professionals deliver complex projects-managing projects from planning, design, development, and construction, to entitlements through post-occupancy. Several of the firm's professionals are Certified Construction Managers, LEED certified, and/or Design-Build Institute of America (DBIA) Associates. The Developer has provided services in connection with a wide range of

project delivery methods, including public-private partnerships, progressive design-build, and related project financings.

The Developer has completed over 250 projects for the public sector. The Developer's experience includes administrative complexes, police, fire and public safety facilities, city halls, libraries, community/senior centers, parking structures, corporation yards, parks and trail systems, sports and recreational complexes, zoos, non-profit facilities, commercial buildings, healthcare facilities, and related infrastructure.

In addition to its current portfolio of public projects (e.g. $1 billion Irvine Great Park Facilities Framework Plan, $400 million San Bernardino County Downtown Government Campus and Master Plan, $135 million San Bernardino County Valley Communication Center, $190 million Eastvale Civic Center the Developer also recently completed the award-winning $400 million County of Orange Civic Center, including both Administration North and Administration South as the key component of the County's 20-year Facilities Strategic Plan. This project was delivered utilizing Public-Private Partnership (P3) form of project delivery).

Representative examples of projects that have received awards and reputable distinctions include: the County of Orange Civic Center (LEED Silver, APWA Project of the Year), the Environmental Nature Center (LEED Platinum, Net Zero Energy, Top 10 AIA COTE), Burlingame Community Center (Net Zero Energy, Clean Peninsula Award), MidPen Housing (Best Housing Community Award), Salinas Police Services Headquarters (ENR Best Project, APWA Project of the Year), Quail Hill Community Center (LEED Gold), Quartz Hill Library (LEED Gold), Westminster Police Department Headquarters (LEED Platinum), Newport Beach Marina Park Community & Sailing Center (APWA National Project of the Year), Great Park Ice & FivePoint Arena (LEED Silver), and government campuses for the County of San Bernardino, the City of Hesperia and the City of Fullerton (LEED Certified).

General Contractor. Swinerton Builders, the general contractor for the Project, was founded in 1888 and undertakes construction projects throughout California and other states. The General Contractor's website is: www.swinerton.com. Information set forth on such website is not incorporated herein by reference. Swinerton currently has the oldest active California General Contractor's License, #92. For the last three years the General Contractor has been ranked as the largest general contractor in California by the Engineering News Record. The General Contractor completed approximately $5 billion "put in place" construction in 2022. The firm currently employs approximately 4,300 professionals throughout 20 offices across the nation. The General Contractor has an aggregate bonding limit of over $6 billion, available bonding capacity of $2.3 billion, and a maximum bonding limit of $750 million per project.

Representative Southern California projects completed by the General Contractor include the following: Delta Airlines Sky Club, Bank of New York Mellon, High Desert Health System Multi-Service Ambulatory Care Center, Turner Riverwalk, UCSD Charles David Keeling Apartments, the Carlyle, Sunroad Centrum, a LEED certified office structure, and NASA Jet Propulsion Laboratory Flight Projects Center. The General Contractor has completed more than 200 LEED projects, valued at more than $4.2 billion. The firm's experience includes civic infrastructure projects, many of them in collaboration with the Developer.

Architect. LPA, Inc. (the "Architect"), the architect for the Project has been in business for more than fifty years. Architect's website is: www.lpadesignstudios.com. Information set forth on such website is not incorporated herein by reference. The Architect has approximately 400 employees: 70% LEED Accredited Professionals and 47% licensed professionals (Architect, PE, CID, etc.). As one of the largest integrated design firms in California and Texas, the Architect provides architecture, planning, landscape architecture, interior design, engineering, and graphic/signage services from early program development to project closeout. Representative projects completed by the Architect include the following: NASA Jet Propulsion Laboratory Flight Projects Center, Capital Group Companies, Premier Automotive Group, 200

Spectrum Center, 520 Newport Center, Santa Clara Gateway, Edwards Lifescience, Brentwood Civic Center, Hesperia Civic Center and San Bernardino County Public Safety Operations Center. The Architect has won more than 700 major design awards, and completed over 200 LEED certified projects in California.

Development Agreement and General Contractor Contract. The City and the Developer have entered into a Development Agreement in connection with the Project; see APPENDIX G hereto (the "Development Agreement"). The Development Agreement is the primary document governing development and construction management services in connection with the construction of the Project. The Developer will not personally perform any design or construction services, but has or will contract directly and separately with (i) the General Contractor who is to be engaged to construct the Project, (ii) the Architect and engineers and related design consultants designing the Project, and (iii) such other contractors or consultants who may be engaged to perform discrete elements of design or construction work on the Project to the extent not covered by the construction management contract for the Project (the "General Contractor Contract") between the City and the General Contractor or the Architect Agreement, between the Developer and the Architect.

Pursuant to the Development Agreement, the Developer will require that the General Contractor to include in all Construction Contracts recitations or provisions requiring the following:

- Labor Code §1700: Provisions requiring all Contractors employed on the Project to be responsible to pay the prevailing rate of wages as defined in California Labor Code Sections 1700 et seq. (but expressly excluding the Davis-Bacon Act and any rules and regulations promulgated thereunder), and to indemnify the City, the Developer and the Trustee for claims arising out of failure to pay proper wages;

- Safety: Provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Project;

- Indemnity: Provisions for indemnifying the City, the Developer and Trustee for claims arising out of the negligence or willful misconduct of such Contractor and its employees and agents; and

- Assignment: Provisions for assignment to the Trustee upon an Event of Default under the Indenture for which the Developer has received written notice from the Trustee.

Liquidated Damages. As the City's sole remedy for delay, the Developer agrees to forfeit and pay to the City the sum of $12,000 per day as liquidated damages, and not as a penalty ("Liquidated Damages"), for each calendar day that Substantial Completion of the Project is delayed beyond the Developer Obligation Date, as that date may be adjusted pursuant to the terms of the Development Agreement. The City may deduct such sum from any payments due to or to become due to the Developer. See APPENDIX G – "DEVELOPMENT AGREEMENT" hereto. Developer will have a claim for (and be able to deduct from amounts owing the General Contractor or otherwise collect from the General Contractor) the actual damages that the Developer suffers as a result of the General Contractor's failure to achieve Substantial Completion as provided in the General Contractor Contract, including Liquidated Damages. Pursuant to the Facility Lease, the City will assign and transfer to the Authority all right, title, and interest in, to, and under any payments received pursuant to the Liquidated Damages provisions of the Development Agreement for deposit in the Revenue Fund.

Payment and Performance Bonds. Under the General Contractor Contract, the Developer will require the General Contractor to furnish a payment bond for 100% of the amount of the construction portion of the Guaranteed Maximum Construction Price, in accordance with Civil Code Section 9554, and a performance bond for 100% of the amount of the construction portion of the Guaranteed Maximum Construction Price, guaranteeing the faithful performance of the General Contractor Contract.

Capitalized Interest. A portion of the proceeds of the 2023A Bonds will fund interest [on a portion of the 2023A Bonds through _____ 1, 20__. Capitalized interest will be funded in the amount of interest attributable to the portion of 2023A Bonds payment of which, during the construction period, would not be supported by sufficient fair rental value of the Leased Property.] See "RISK FACTORS – Police Station Project Completion" herein.

Insurance During Construction. During construction of the Project, the Developer will be required to procure and maintain, at a minimum, for the duration of the Development Agreement the insurance coverages set forth in Exhibit G to the Development Agreement. See APPENDIX G – "DEVELOPMENT AGREEMENT" hereto.

Insurance Following Construction. Following delivery of the Certificate of Substantial Completion pursuant to the Lease, the City will maintain the insurance coverages described in the Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" herein.

Assignment of Documents on Event of Default. Upon written notice from the Trustee to the Developer of the occurrence of an Event of Default under the Indenture, the Developer will assign the Development Agreement, the Architect's Agreement and the General Contractor Contract, together with such other Construction Contracts as the Trustee may request, to Trustee for such time as the Event of Default in the sole judgment of the Trustee remains uncured.

LEASED PROPERTY

General. The Leased Property consists of the land and improvements of the City's current police station, which will also be the site for the Project. Once the Project is completed and the City has beneficial use and occupancy of the site and building, it is expected that the existing police station structure will be demolished and removed from the site. The City may substitute other real property for any portion of the Leased Property described above, or release any identifiable real property and/or improvements currently constituting the Leased Property, provided the City satisfies the provisions of the Lease. See "SECURITY AND SOURCES OF PAYMENT OF THE 2023A BONDS – Substitution and Release of Property."

No Remedy of Foreclosure. The City has not granted any security interest in the Leased Property for the benefit of the owners of the 2023A Bonds, and there is no deed of trust or mortgage or remedy of foreclosure on the Leased Property upon the occurrence of an Event of Default under the Indenture or the Lease.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds:

Sources:	
Par amount of the 2023A Bonds	$
[Net] Original Issue Premium	
[City Contribution]	
Total Sources	$
Uses:	
[2023 Project Fund]	$
2023 Interest Account[(1)]	
Costs of Issuance[(2)]	
Total Uses	$

[(1)] Interest funded as follows: _____. See "PLAN OF FINANCE" and "RISK FACTORS - Police Station Project Completion."

[(2)] Costs of issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Trustee, printing expenses, rating fee, underwriter's discount and other miscellaneous costs.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the 2023A Bonds, assuming no optional or extraordinary redemptions.

Year Ending	Principal	Interest	Total
	$	$	$
Total	$	$	$

THE AUTHORITY

The Authority is a joint powers authority, organized under an Amended and Restated Joint Exercise of Powers Agreement, dated as of October 10, 2023 (the "Joint Powers Agreement"), with the Rialto Housing Authority and the City as the Authority's members. The Joint Powers Agreement was entered into pursuant to the provisions of the Act. The Authority is governed by a five-member Board of Directors that comprises the members of the City Council. The Authority has no separate staff, but operates using City staff members.

THE CITY

General

The City is located in the western portion of the County of San Bernardino (the "County"), approximately 60 miles east of the City of Los Angeles and just west of the City of San Bernardino. The City was incorporated in 1911, and is organized as a general law city with a Council-Manager form of government. The City is approximately four miles wide and eight and one-half miles long. The City is served by Interstate Freeways 210, 215, 10 and 15. See APPENDIX A – "SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY" and APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Audited Financial Statements

The following table sets forth the City's General Fund Balance Sheet for Fiscal Years ended June 30, 2018 through June 30, 2023.

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TABLE 1
CITY OF RIALTO
GENERAL FUND BALANCE SHEET FOR FISCAL YEARS
ENDED JUNE 30, 2018 THROUGH JUNE 30, 2023

	2018	2019	2020	2021	2022	Unaudited 2023
Assets						
Cash and investments	$ 87,751,932	$ 84,002,253	$50,769,459	$ 68,197,287	$ 39,710,974	$ 83,186,770
Accounts receivable, Net	4,316,413	3,456,795	5,782,661	4,952,342	10,092,206	18,300,766
Interest receivable	184,223	214,419	79,484	176	65,074	398,351
Prepaid costs	142,765	4,810	5,753	29,311	60,778	67,717
Deposits	4,037,165	4,678,056	4,817,803	4,828,059	4,791,464	5,803,833
Due from other governments	4,303,422	5,774,535	8,544,137	12,957,524	11,206,829	478,145
Due from other funds	3,220,138	1,425,581	4,732,147	1,829,553	16,090,214	1,604,355
Due from Successor Agency	137,503	220,390	141,480	-	-	
Advances to other funds	1,300,000	18,799,195	18,799,195	18,799,195	18,799,195	12,192,605
Inventory	52,184	50,365	56,754	59,398	84,817	185,514
Property held for development	719,969	719,969	719,969	719,969	719,969	719,968
Restricted assets: Cash and Investments	182,806	185,383	251,221	251,221	251,221	251,220
Total assets	$106,348,520	$119,531,751	$94,700,063	$112,624,035	$101,872,741	$123,189,244
Liabilities						
Accounts Payable and Accrued Liabilities	$ 5,570,262	$ 3,658,021	$ 5,449,510	$ 5,894,905	$ 7,747,916	25,614,268
Deposits	90,361	102,694	99,801	135,461	185,181	1,643,021
Unearned Revenues	27,390,708	32,992,278	1,541,052	1,132,726	2,681,842	638,970
Due to Other Funds	269,435	230,364	-	-	4,873,105	
Total Liabilities	$ 33,320,766	$ 36,983,357	$ 7,090,363	$ 7,163,092	$ 15,488,044	$27,896,259
Total Liabilities and Deferred Inflows of Resources	$ 46,967	$ 49,211	$ 88,187	$ 873,969	$ 4,716,513	72,781
Total Fund Balances	$ 72,980,787	$ 82,499,183	$87,521,513	$104,586,974	$ 81,668,184	$95,220,204
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$106,348,520	$119,531,751	$94,700,063	$112,624,035	$101,872,741	$123,189,244

Source: City of Rialto.

The following table summarizes the City's General Fund Balance Sheet for the Fiscal Years ended June 30, 2018 through June 30, 2023. This information has been derived from the audited financial statements of the City for the fiscal years shown, except for Fiscal Year ended June 30, 2023. This information should be read in conjunction with APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022."

TABLE 2
CITY OF RIALTO
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCE
FOR FISCAL YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2023

	2018	2019	2020	2021	2022	Unaudited 2023
REVENUES						
Taxes	$58,442,946	$ 66,888,344	$68,600,527	$ 89,826,689	$111,985,260	$119,260,413
Licenses and permits	5,324,291	5,489,889	5,751,170	5,354,961	5,840,694	6,646,718
Fines and forfeitures	690,784	542,765	504,431	567,929	938,527	998,279
Use of Money and Property	(368,577)	3,296,456	1,613,398	(237,931)	(7,600,400)	3,090,995
Revenue from other agencies	9,973,520	5,758,792	7,581,247	7,481,318	5,787,852	6,040,297
Charges for services	8,750,006	11,671,434	9,316,984	9,111,405	12,250,587	11,056,843
Rialto Utility Authority Lease Payments	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
Reimbursement from Successor Agency	978,716	-	-	-		
Other	1,589,197	4,438,756	2,090,505	1,742,259	1,665,288	3,045,944
Total Revenues	$87,380,883	$100,086,436	$97,458,262	$115,846,630	$132,867,808	$150,139,489
EXPENDITURES						
Current:						
General government	$16,549,072	$15,068,819	$16,665,951	$ 17,233,935	$ 35,985,643	$ 43,975,041
Public safety	53,280,014	54,270,094	58,704,099	63,068,172	68,319,553	67,868,220
Community development	7,911,202	9,643,504	9,414,121	12,286,809	15,105,609	21,052,318
Capital Outlay	4,867,692	6,984,689	366,554	109,401	45,925	
Debt Service						
Principal retirement	122,029	133,413	-	162,835	245,684	271,642
Interest and Fiscal Charges	195,524	300,946	-	289,588	284,058	282,146
Total expenditures	$82,925,533	$86,401,465	$85,150,725	$ 93,150,740	$119,986,472	$133,449,367
Excess of Revenues Over (Under) Expenditures	$ 4,455,350	$13,684,971	$12,307,537	$ 22,695,890	$ 12,881,336	$ 16,690,122
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	$ 21,791	$ 19,002	$ 16,112	$ 308,727	$ 3,422,727	
Transfers in	8,492,760	66,092,173	1,865,036	3,709,729	9,950,403	8,192,809
Transfers out	(9,360,366)	(70,277,750)	(9,166,355)	(3,104,532)	(49,173,256)	(11,330,911)
Total Other Financing Sources (Uses)	$ (845,815)	$(4,166,575)	$(7,285,207)	913,924	$(35,800,126)	$(3,138,102)
Net Change in Fund Balances	$ 3,609,535	$ 9,518,396	$ 5,022,330	23,609,814	$(22,918,790)	$13,552,020
Fund Balances – Beginning of Year	$69,371,252	$72,980,787	$82,499,183	80,977,160[(1)]	$104,586,974	$81,668,184
Fund Balances – End of Year	$72,980,787	$82,499,183	$87,521,513	$104,586,974	$ 81,668,184	$ 95,220,204

Source: City of Rialto.
(1) [describe restatement]

General Fund Revenue Sources

The table below provides the amount of General Fund revenues that each source represents for the fiscal years shown.

TABLE 3
CITY OF RIALTO
GENERAL FUND REVENUES

Revenue Source	Actual FY 2020	Actual FY 2021	Actual FY 2022	% of General Fund Revenues (FY 2022)[1]	Projected Actual FY 2023	% of General Fund Revenues (FY 2023)[1]
Property Tax	$27,005,679	$29,542,220	$ 32,700,353	21%	$ 37,446,473	25%
Sales Tax	22,172,254	39,384,990	55,080,619	35	58,428,973	39
Other	19,495,138	20,899,500	24,204,285	15	23,384,967	16
Totals	$68,673,071	$89,826,710	$111,985,257	71%	$119,260,413	80%

Source: City of Rialto.
(1) Rounded.

Property Taxes. Taxes are levied by the County for each Fiscal Year on taxable real and personal property which is situated in the City as of the preceding January 1. Effective July 1, 1983, real property which changes ownership or is newly constructed is reassessed at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and if unpaid become delinquent on December 10 and April 10, respectively, subject to a penalty of ten percent. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and, in general, become delinquent on August 31, subject to a ten percent penalty. If unsecured taxes are unpaid on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The City has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and Recorder's office in order to obtain a lien on certain property of the taxpayer, and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the entity assessed.

Economic and other factors beyond the City's control, such as economic recession, deflation of land values, or the complete or partial destruction of taxable property caused by, among other things, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City. See also "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Property Tax Limitations – Article XIIIA, XIIIB, XIIIC (Proposition 218)" and "– Article XIIIA Implementing Legislation."

Sales Taxes. A sales tax is imposed on the privilege of consuming personal property in California. California does not tax services. The tax rate is established by the State Legislature, and is presently 7.25%, statewide (of which 1% is paid to the City). The State's actual administrative costs with respect to the portion of sales taxes allocable to the City are deducted before distribution. In addition, many of California's cities, counties, and communities have special taxing jurisdiction to impose a transaction (sales) or use tax. These so-called district taxes increase the tax rate in a particular area by adding the local option tax to the statewide tax. These district taxes can vary up to 1%, and more than one district tax may be in effect for a particular location. Sales taxes represent the largest revenue source for the City's General Fund.

E-commerce. During the past ten years, E-commerce retail sales have increased rapidly. In June 2018, the United States Supreme Court published its landmark decision in *South Dakota v. Wayfair* (the "Wayfair Decision"), holding that sales to a customer in a particular state alone are sufficient to create a nexus for purposes of determining whether a seller is required to collect sales taxes of the applicable state. Prior to the Wayfair Decision, courts had interpreted the dormant Commerce Clause of the United States Constitution to require that a company have a physical nexus in a state for the seller to be liable for the collection of that state's sales tax. Physical nexus is defined as having either property or payroll in the state, including a resident employee working from home or inventory stored in that state. Thus, prior to the Wayfair Decision, states had much more limited means to collect sales tax revenue from E-commerce.

Following the Wayfair Decision, the State of California enacted Assembly Bill No. 147 on April 25, 2019, pursuant to which California Department of Tax and Fee Administration (the "CDTFA") has developed policies and procedures to govern the administration, collection and allocation of sales and use taxes for E-commerce retail sales. Among the factors that determine the allocation of sales and use tax revenue from E-commerce retail sales among California local jurisdictions such as the City, are the location from which the E-commerce order was placed, the location of the goods at the time of sale, the location of the fulfillment center.

Amazon Center in the City. [Discussion re significance of Amazon distribution in the City and potential legislation.]

Teeter Plan. Certain counties in the State operate under a statutory program entitled the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Each participating local agency levying property taxes receives from its county the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuation or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuation from two-thirds of the participating revenue local agencies in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The City does not participate in the County's Teeter Plan.

Future Financings. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments, or which the City, in its discretion, may determine to pay prior to the Base Rental Payments. See "RISK FACTORS – Additional General Fund Obligations."

Certain City Policies and Practices

Debt Management Policy. The City adopted a Debt Management Policy on August 8, 2017 (the "Debt Policy") to establish guidelines and parameters for the effective governance, management, internal control and administration of debt and other financing obligations of the City or issued by the City. The Debt Policy was prepared to comply with Section 8855(i) of the California Government Code.

Investment Policy. In accordance with California Government Code, Sections 53600 et seq., the City maintains an Investment Policy, which was most recently adopted on December 13, 2022 (the "Investment Policy"). The Investment Policy's primary objectives are to ensure the safety of principal, maintain a sufficiently liquid investment portfolio to ensure that the City has adequate cash to meet reasonably anticipated operating requirements and earn a reasonable yield consistent with the objectives of safety and liquidity. These objectives reflect the City's investment philosophy, as expressed in the Investment Policy, to invest conservatively in order to minimize risk. The fundamental principles of the investment philosophy are: diversification of the portfolio by investment type, quality standards for securities issuers, limits on the maximum maturity of investments, passive investment strategy of purchasing investments with the intent to hold them until maturity.

Cybersecurity. The City provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat or breach. See "RISK FACTORS – Cybersecurity." Staff is currently developing a standard operating procedure that will include cybersecurity related matters specifically.

City Budget

Budget Process. The City prepares an annual budget consistent with Generally Accepted Accounting Principles ("GAAP") for all governmental funds on a modified accrual basis where revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recorded when the goods or services are received, and the liabilities are incurred.

The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the fiscal year. Public meetings are conducted prior to the adoption by City Council. It is the City Council's goal to adopt an annual balanced budget, a budget in which current revenues equal recurring expenditures. Once the annual budget is adopted, department directors are responsible, not only to accomplish particular goals within each program, but also to monitor budget allocations consistent to the funding levels adopted by the City Council prior to July 1 of the budget year.

Adopted Budgets. The following table sets forth the City's adopted budget and actual General Fund revenues, expenditures and changes in fund balance for the Fiscal Year shown. The adopted budget is the original budget at the start of the new Fiscal Year. Throughout the year, budget changes may be authorized by City Council which increase or decrease the City's spending authority. Therefore, variances between the adopted budget and actual expenditures are common.

TABLE 4
CITY OF RIALTO GENERAL FUND
COMPARISON OF ADOPTED BUDGET TO ACTUAL RESULTS

	Final Fiscal Year 2022 Budget	Fiscal Year 2022 Actual	Variance	Final 2023 Budget
Revenues				
Taxes	$99,782,615	$111,985,257	$13,787,425	$107,751,830
Licenses and permits	5,641,235	5,915,192	189,257	5,508,100
Fines and forfeitures	652,000	958,019	303,019	588,000
Use of money and property	1,015,600	1,077,868	(195,232)	2,261,070
Revenue from other agencies	4,575,436	5,663,457	688,617	4,977,840
Charges for services	11,047,727	10,966,103	1,703,553	10,284,777
Rialto Utility Authority Lease Payments	2,000,000	3,141,212	680	3,140,530
Other	3,375,000	14,826,502	12,248,970	2,185,892
Total Revenues	$132,067,707	$154,533,610	$28,726,389	$136,698,039
Expenditures				
Current:				
General government	$41,117,636	$35,985,643	$5,131,993	$39,643,988
Public safety	69,246,482	68,319,553	926,929	75,879,388
Community Development	15,998,743	15,105,609	893,134	20,202,558
Capital Outlay:	323,584	45,925	277,659	-
Total Expenditures	$126,686,445	$119,986,472	$7,229,715	$135,725,934
Excess (deficiency) of revenues over (under) expenditures	$5,381,262	$12,881,336	-	$972,105
Other Financing Sources (Uses):				
Transfers in	$10,125,931	$9,950,403	($175,528)	$1,364,092
Transfers out	49,173,256	49,173,256	-	8,289,761
Total Other Financing Sources (Uses)	($39,047,325)	($35,800,126)	($175,528)	($6,925,669)
Net Change in Fund Balances	($33,666,063)	($22,918,790)	($10,747,273)	($5,953,564)
Fund Balances at Beginning of Year	$104,586,970	$104,586,974		$81,668,184
Fund Balances at End of Year	$70,030,194	$81,668,184		$75,714,620

Source: City of Rialto.

Appropriations Limit

Section 7910 of the Government Code of the State requires the City to adopt a formal appropriations limit for each fiscal year. The City's appropriations limit for Fiscal Year 2023-24 is $101,845,889. The appropriations limit is not expected to have any impact on the ability of the City to budget and appropriate the Base Rental Payments and Additional Rental Payments as required by the Lease.

Assessed Valuation

The City's second largest revenue source, property tax, is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (moveable property)

located within the City. The assessed valuation of property in the City is established by the County Assessor, except for public utility property which is assessed by the CDTFA. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution. See " – Limitations on Taxes and Appropriations" below. Certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Economic and other factors beyond the City's control, such as economic recession, deflation of land values, or the complete or partial destruction of taxable property caused by, among other things, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City. See "RISK FACTORS."

The following table sets forth the historical assessed valuations for secured and unsecured property within the City for the fiscal years shown.

TABLE 5
CITY OF RIALTO
ASSESSED VALUE OF ALL TAXABLE PROPERTY

Roll Year	Secured	Unsecured	Total
2014	$ 5,885,181,579	$ 578,031,980	$ 6,463,213,559
2015	6,291,027,118	646,168,256	6,937,195,374
2016	6,677,551,639	659,303,329	7,336,854,968
2017	7,105,006,388	802,045,794	7,907,052,182
2018	8,277,155,422	868,370,316	9,145,525,738
2019	9,038,669,651	912,396,270	9,951,065,921
2020	9,520,084,370	1,240,843,552	10,760,927,922
2021	10,549,431,826	1,338,753,843	11,888,185,669
2022	11,562,543,427	1,486,672,063	13,049,215,490
2023	13,058,304,982	1,784,411,182	14,842,716,164

Source: City of Rialto.

The following table sets forth property tax levies and collections for the City for the fiscal years shown.

TABLE 6
CITY OF RIALTO
TAX LEVIES AND COLLECTIONS
(Fiscal Year Ended June 30)

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2013	$22,604,425	$22,503,375	99.55%	$101,049	$22,604,425	100.00%
2014	21,095,830	20,913,162	99.13	182,668	21,095,830	100.00
2015	24,231,424	24,045,621	99.23	185,803	24,231,424	100.00
2016	23,902,218	23,750,424	99.36	151,765	23,902,189	100.00
2017	23,719,160	23,608,043	99.53	110,730	23,718,773	100.00
2018	31,445,680	31,292,569	99.51	152,743	31,445,312	100.00
2019	34,643,458	34,544,095	99.71	99,342	34,643,437	100.00
2020	37,223,333	37,079,154	99.61	144,179	37,223,333	100.00
2021	39,826,549	39,708,855	99.70	117,694	39,826,549	100.00
2022	44,085,823	43,804,013	99.36	281,810	44,085,823	100.00

NOTE: Amounts exclude debt service levies and former redevelopment agency property tax increments.
Source: County of San Bernardino Auditor-Controller; City of Rialto.

Largest Secured Taxpayers

The following table sets forth the largest 2021-22 local secured taxpayers in the City by taxable assessed value.

TABLE 7
CITY OF RIALTO
LARGEST 2021-22 LOCAL SECURED TAXPAYERS

	Property Owner	Primary Land Use	2021-22 Assessed Valuation	% of Total[(1)]
1.	Target Corporation	Commercial	$ 496,815,045	4.15%
2.	Prologis-Macquarie US LLC	Industrial	490,746,651	4.10
3.	El Rivino Industrial I LLC	Industrial	335,688,815	2.81
4.	Amazon Com Service Inc.	Industrial	242,788,604	2.03
5.	Niagra Bottling LLC	Industrial	196,066,809	1.64
6.	Liberty Property LP	Industrial	186,461,939	1.56
7.	Fedex Ground Package System Inc.	Industrial	175,896,858	1.47
8.	GPT BTS Linden Avenue Owner	Industrial	135,584,513	1.13
9.	B9 Kline Ranch Owner LLC	Industrial	123,719,453	1.03
10.	MRE Propco LP	Industrial	113,950,968	0.95
	TOTAL		$2,497,719,655	20.87%

(1) 2021-22 Assessed Valuation: $12,226,951,239.

Source: HdL Coren & Cone; City of Rialto ACFR Fiscal Year 2021-22.

Direct and Overlapping Debt

Set forth on the following table is a direct and overlapping debt report (the "Debt Report") for the City prepared by California Municipal Statistics, Inc., dated as of November 1, 2023. The Debt Report is included for general information purposes only.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable from the general fund or other revenues of such public agency. The City has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

[Remainder of page intentionally left blank.]

TABLE 8
CITY OF RIALTO
Statement of Direct and Overlapping Debt
As of November 1, 2023

2023-24 Assessed Valuation: $14,908,243,043

OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 11/1/23**	
The Metropolitan Water District of Southern California	4.680%	$ 899,262	
Chaffey Community College District	1.159	3,361,448	
San Bernardino Community College District	12.874	88,071,712	
Colton Joint Unified School District	19.749	34,223,318	
Fontana Unified School District	7.100	18,412,064	
Rialto Unified School District	74.512	114,620,225	
San Bernardino City Unified School District	0.016	50,494	
City of Rialto Community Facilities District No. 2006-1	100.	3,885,000	
City of Rialto Community Facilities District No. 2019-2	100.	4,850,000	
City of Rialto Community Facilities District No. 2020-1	100.	16,840,000	
California Statewide Communities Development Agency Assessment District No. 22-01	100.	1,435,000	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$286,648,523	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Bernardino County General Fund Obligations	4.680%	$ 6,157,242	
San Bernardino County Flood Control District General Fund Obligations	4.680	1,745,406	
Chaffey Community College District Certificates of Participation	1.159	287,780	
Fontana Unified School District Certificates of Participation	7.100	1,217,295	
Rialto Unified School District Certificates of Participation	74.512	5,461,666	
San Bernardino City Unified School District Certificates of Participation	0.016	8,964	
City of Rialto General Fund Obligations	**100.**	**10,150,852**	(1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$25,029,205	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100. %	$101,645,000	
COMBINED TOTAL DEBT		$413,322,728	(2)

(1) Excludes 2023A Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.92%
Total Direct Debt ($10,150,852)..... 0.07%
Combined Total Debt 2.77%

Ratios to Redevelopment Successor Agency Incremental Valuation ($8,281,383,342):
Total Overlapping Tax Increment Debt 1.23%

_____
Source: California Municipal Statistics, Inc.

General Fund Long-Term Obligations

The following obligations payable from the City's General Fund are identified as governmental activities in the City's audited financial statements for the Fiscal Year ended June 30, 2022.

Long-Term Debt	Beginning at June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More than One Year
Certificates of Participation	$ 270,000	-	$ (270,000)	-	-	-
Leases	240,339		(57,004)	$ 183,335	$ 58,959	$ 124,376
Direct Borrowings:		-				
Financed Purchases	11,128,200	-	(389,389)	10,738,811	480,666	10,258,145
Notes payable	2,200,000	-	(410,000)	1,790,000	84,000	1,706,000
Subtotal	13,328,200	-	(799,389)	12,528,811	564,666	11,964,145
Total	$13,838,539	-	$(1,126,393)	12,712,146	$623,625	$12,088,521

Source: City of Rialto and APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR THE FISCAL YEAR ENDING JUNE 30, 2022 – Note 9 Long-Term Obligations."

Labor Contracts

The following table sets forth the current status of the employment contracts, as applicable, for the City's employee groups. The City has not experienced a labor stoppage during the past thirty-seven years and has generally experienced good relations with each employee group.

Unit	Budgeted Number of Employees	Date of Contract Expiration
RCEA	124	06/30/2023
TMMU	39	06/30/2023
RFMA	7	06/30/2023
RPBA Management	27	06/30/2023
RPBA General	160	06/30/2023
3688	80	06/30/2023
Total	437	

Source: City of Rialto.

Pension Plans

Pension Funding Policy. Like most municipalities, the City is facing rising pension costs and growing unfunded pension liabilities. On June 14, 2022, the City Council of the City adopted a pension funding policy. The pension funding policy, among other things, provides guidance in making annual budget decisions and creating sustainable and affordable budgets for pension obligations.

General. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans. The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System ("CalPERS"), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding

benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided. CalPERS 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 fulltime employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

General Information for the Pension Plans. The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous Plan	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 55	52 – 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates	22.87%	12.79%
	Safety Plan	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 – 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	14.25%
Required employer contribution rates	35.43%	25.23%

Employees Covered. At June 30, 2022, the following employees were covered by the benefit terms of each Plan:

	Miscellaneous Plan	**Safety Plan**
Inactive Employees or Beneficiaries Currently Receiving Benefits	397	268
Inactive Employees entitled to but not Yet Receiving Benefits	216	98
Active Employees	176	152
Total	789	518

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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Assumptions. A summary of actuarial assumptions and methods used to determine the net pension liability for each Plan is as follows:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15
Inflation	2.50
Projected Salary Increase	Varies[(1)]
Investment Rate of Return	7.65
Mortality Rate Table	CalPERS' membership data[(2)]
Post Retirement Benefit Increase	See footnote[(3)]

Source: APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022" at Note 12.

(1) Depending on age, service and type of employment.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on the table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) Contract COLA up to 2% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

For further information see APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022" at Note 12.

Funding Status. The Unfunded Accrued Liability ("UAL") is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The City's required UAL payment contributions for 2024-25 for its Miscellaneous Plan is $6,626,107 and $14,410,802 for its Safety Plan.

The funded status is an assessment of the need for future employer contributions based on the actuarial cost method used to fund the Plans. The following tables set forth the valuation results as of June 30, 2022, in reports by CalPERS dated July 2023. The valuation results are based on an investment return assumption of 6.8%. Other assumptions used in valuation reports are those recommended from in the CalPERS Experience Study and Review of Actuarial Assumptions November 2021 report available on the CalPERS website.

Miscellaneous Plan

		June 30, 2021	June 30, 2022
1.	Present Value of Projected Benefits	$177,394,336	$191,025,036
2.	Entry Age Normal Accrued Liability	156,516,893	164,948,683
3.	Market Value of Assets	121,070,728	109,605,934
4.	Unfunded Accrued Liability (UAL) [(2) – (3)]	$35,446,165	$55,342,749
5.	Funded Ratio [(3) / (2)]	77.4%	66.4%

Source: July 2022 CalPERS Annual Valuation.

Safety Plan

		June 30, 2021	June 30, 2022
1.	Present Value of Projected Benefits	$399,502,756	$428,594,830
2.	Entry Age Normal Accrued Liability	337,567,559	362,656,244
3.	Market Value of Assets	274,165,461	251,786,618
4.	Unfunded Accrued Liability (UAL) [(2) – (3)]	$63,402,098	$110,869,626
5.	Funded Ratio [(3) / (2)]	81.2%	69.04%

Source: July 2022 CalPERS Annual Valuation.

Public Employees' Pension Reform Act ("PEPRA"). On September 12, 2012, Governor Brown signed Assembly Bill 340, creating PEPRA. Among other things, PEPRA creates a new benefit tier for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013. The new tier has a single general member benefit formula and three safety member benefit formulas that must be implemented by all public agency employers unless the formula in existence on December 31, 2012 has both a lower normal cost and a lower benefit factor at normal retirement age. PEPRA requires that all new employees/members, hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. The normal cost contribution is the contribution set by the retirement system's actuary to cover the cost of a current year of service.

Other Post-Employment Benefits

The City provides postemployment healthcare benefits through the CalPERS healthcare program entitled Public Employees' Medical and Hospital Care Act ("PEMHCA") to eligible employees and any qualified family members under the authority of a Memorandum of Understanding with the employee bargaining units. The City contributes toward the health premium based on the Memorandum of Understanding. The City does not provide a retiree contribution for dental, vision, or life insurance benefits.

Upon attainment of a minimum age of 50 (or age 52, if a new miscellaneous employee was hired on or after January 1, 2013) and completion of a minimum State or public agency service requirement of five years, an employee may retire and remain covered at the City's expense for period depending on employment classification. The City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. Benefits continue to dependents so long as they remain eligible for coverage. The City contributes 100% of medical premiums for the retiree and his or her covered dependents, but not more than the maximum monthly premiums as follows: $279.25 for single, $558.49 for two-party, and $726.04 for family. Insurance provided by the City will be supplemental to Medicare upon the retiree reaching the age of 65. In addition, the City will not contribute less than the PEMHCA minimum employer contribution of $149 for 2022 and so on. In fiscal year ended June 30, 2022, the City made contributions of $10,000,000 and $848,268 implied subsidy benefit payments.

The City established a trust account with Public Agency Retirement Services ("PARS") to hold assets that are legally restricted for use in administering the City's OPEB health plan. The OPEB Trust's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City. The City generally makes an annual contribution to the Trust and currently pays benefits either directly to retirees or through PEMHCA during the year as pay-as-you-go expenses.

As of June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active Employees	338
Inactive Employees or Beneficiaries Currently Receiving Benefits	239
Inactive Employees entitled to, but not Yet Receiving Benefits	91
Total	668

For a further description of the OPEB plan, the City's net liability, actuarial assumptions and other information, see APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO FOR FISCAL YEAR ENDED JUNE 30, 2022" at Note 12.

STATE OF CALIFORNIA BUDGET INFORMATION

State Budget

General. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, *www.dof.ca.gov*, under the heading "California Budget." An nonpartisan analysis of each State budget is posted by the Office of the Legislative Analyst at *www.lao.ca.gov*. A summary of the May Revision related to the State budget described below is located at *www.ebudget.ca.gov*. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at *www.emma.msrb.org*. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Authority, and the City and the Authority can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references. Actions by the State, including through its budget process may have material impacts on the City's operations and finances.

2023-24 State Budget. On June 27, 2023, Governor Newsom signed into law the Fiscal Year 2023-24 State Budget (as amended effective July 10, 2023, the "2023-24 Budget"). The 2023-24 Budget totals approximately $310.8 billion while closing a shortfall of more than $30 billion. The 2023-24 Budget does not draw from budgetary reserves to close the projected shortfall, but rather includes building up these reserve accounts by $600 million more than in the May Revision. The 2023-24 Budget includes $37.8 billion in budgetary reserves, which include: $22.3 billion in the Budget Stabilization Account (the "Rainy Day Fund") for fiscal emergencies; $10.8 billion in the Public School System Stabilization Account ("PSSSA") (used to lessen the impact of State revenue volatility on K-12 schools and community colleges); $900 million in the Safety Net Reserve Fund (used to maintain benefits and services for CalWORKs and Medi-Cal participants during economic downturns); and $3.8 billion in the State's operating reserve. The Rainy Day Fund is now at its constitutional maximum (10 percent of General Fund revenues).

Due to severe winter storms during fiscal year 2022-23 the Internal Revenue Service extended certain federal tax filing and payment deadlines (first to October 16, 2023 and then on such date extending them again to November 16, 2023. The Franchise Tax Board extended certain state tax filing and payment deadlines in line with the federal tax relief extensions). The extensions applied to over 99 percent of the

State's tax filers in 55 of the State's 58 counties. The 2023-24 Budget projected a shift in State revenue collections (based on the initial delay to October 16, 2023), from earlier months to October 2023 of $42 billion in tax receipts – $28.4 billion from personal income tax and $13.3 billion from corporation tax – representing nearly one-fourth of the 2022-23 Fiscal Year's total projected personal income tax, and nearly one-third of the 2022-23 Fiscal Year's corporation tax. The 2023-24 Budget closes the $31.7 billion shortfall through fund shifts ($9.3 billion), reductions and pullbacks ($8.1 billion), funding delays ($7.9 billion), revenue and internal borrowing ($6.1 billion) and trigger reductions ($340 million).

Significant features of the 2023-24 Budget affecting cities in California include the following:

- ***Climate***. The 2021 and 2022 budget acts allocated approximately $54.3 billion over five years and delivered a climate agenda to fully integrate climate solutions with equity and economic opportunity. The 2023-24 Budget maintains approximately $51.4 billion (approximately $2.9 billion reduction, or 5% reduction) of these investments.

- ***Homelessness***. The Homeless Housing, Assistance, and Prevention ("HHAP") program was created in 2019 and has since provided large cities, counties, and continuums of care ("CoCs") with $2.95 billion General Fund monies in one-time flexible aid, through several rounds of multi-year grants, to address homelessness in their communities. The 2023-24 Budget includes an additional $1 billion in one-time General Fund monies for a fifth round of HHAP grants. The 2023-24 Budget provides for new accountability measures that hold cities, counties, and CoCs more accountable by requiring coordinated regional plans – identifying each jurisdiction's role, outcome goals, and how local entities are using various state, local and federal funding resources to reduce homelessness.

- ***Affordable Housing***. The 2022 budget act included $500 million one-time General Fund monies to the California Housing Finance Agency for the Dream for All program, which provides shared-appreciation loans to help low and moderate-income first-time homebuyers achieve homeownership. The 2023-24 Budget maintains this investment of $500 million one-time General Fund monies. The 2022 budget act included $350 million one-time General Fund monies ($250 million in the 2022 budget act and $100 million committed for fiscal year 2023-24) for the Department of Housing and Community Development's CalHome program, to provide local agencies and nonprofit agencies with grants to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The 2023-24 Budget withdraws $50 million one-time General Fund monies in fiscal year 2023-24, leaving $300 million for this program.

- ***Healthcare***. The 2023-24 Budget reflects a new Managed Care Organization ("MCO") Provider Tax effective April 1, 2023 through December 31, 2026. The MCO tax provides a benefit of $19.4 billion in funding to the state over the period of the tax, resulting in a total of $8.3 billion to support the Medi-Cal Program and achieve a balanced budget and $11.1 billion Medi-Cal Provider Payment Reserve Fund to support investments in Medi-Cal that maintain and expand access and quality of care. Further, with respect to Covered California, the 2023-24 Budget ensures that $361.7 million in revenues in fiscal year 2023-24, and increasing in future years, from penalty collections will be deposited into the Health Care Affordability Reserve Fund ("HCARF"), instead of the General Fund. The 2023-24 Budget also commits $82.5 million in fiscal year 2023-24 and $165 million ongoing of new HCARF spending for healthcare affordability. The 2023-24 Budget provides for a $600 million budgetary loan from the HCARF to the General Fund to help address the state's shortfall, which will be repaid in fiscal year 2025-26.

- ***Public Transportation***. The 2023-24 Budget includes a total of $5.1 billion over four years, restoring the full $4 billion for construction and adding the $1.1 billion from cap-and-trade, with

complete flexibility for transit operators to use the money for operations as well as construction, subject to accountability measures and state oversight.

- ***Infrastructure***. The 2023-24 Budget includes proposals to facilitate and streamline project approval and completion to maximize California's share of the federal infrastructure spending opportunity and expedite the implementation of projects that meet our social, climate, and economic goals. The State has received about $50.9 billion in federal infrastructure funding so far.

Future State Budgets

No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including any future economic downturn, over which the City has no control.

RISK FACTORS

Purchase of the 2023A Bonds will constitute an investment subject to certain risks, including the risk of nonpayment of principal and interest. Before purchasing any of the 2023A Bonds, prospective investors should carefully consider, among other things, the risk factors described below and otherwise referenced herein. However, the following is not meant to be an exhaustive listing of all the risks associated with the purchase of the 2023A Bonds. Moreover, the order of presentation of the risk factors does not necessarily reflect the order of their importance.

Base Rental Payments Are Not Debt; 2023A Bonds are Limited Obligations

The obligation of the City to make the Base Rental Payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the 2023A Bonds nor the obligation of the City to make Base Rental Payments constitutes a debt of the City, the State or any political subdivision thereof (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The 2023A Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues and amounts held in the funds and accounts created under the Indenture, consisting primarily of applicable Base Rental Payments. The Authority has no taxing power.

The 2023A Bonds are being issued by the Authority pursuant to the Act. The Supreme Court of the State in its 1998 decision of *Rider v. City of San Diego*, 18 Cal. 4th 1035, upheld the validity of a joint powers agency financing and found that bonds issued pursuant to the Act and payable from lease payments made pursuant to a lease with the City of San Diego were not subject to the State constitutional provisions that require two-thirds voter approval of indebtedness incurred by a city, county or school district. No voter approval of the 2023A Bonds or the Lease has been sought.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease to pay the Base Rental Payments from any source of legally available funds and the City has covenanted in the Lease that, for so long as the Leased Property is available for its

use, it will make the necessary annual appropriations within its budget for the Base Rental Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments, or which the City, in its discretion, may determine to pay prior to the Base Rental Payments.

Additional General Fund Obligations

The City has the capacity to enter into other obligations payable from the City's General Fund, without the consent of or prior notice to the Owners of the 2023A Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. If the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease. The same result could occur if state constitutional expenditure limitations were to prohibit the City from appropriating and spending all of its otherwise available revenues.

Abatement

The obligation of the City to pay Base Rental Payments and Additional Rental Payments shall be abated during any period in which by reason of any damage, destruction, condemnation or title defect there is substantial interference with the use by the City of the Leased Property or any portion thereof. Such abatement shall be in an amount such that the resulting Base Rental Payments in any year during which such interference continues does not exceed the fair rental value of the portions of the Leased Property as to which such damage, destruction, taking or title defect does not substantially interfere with the City's use and right of possession, as evidenced by a Certificate of the City. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation, taking or title defect and, with respect to damage to or destruction of the Leased Property, ending with the substantial completion of the work of repair or replacement of the Leased Property, or the portion thereof so damaged or destroyed, and the term of the Lease shall be extended as provided in the Lease. Notwithstanding the foregoing, to the extent that moneys are available for the payment of base rental payments in any of the funds and accounts established under the Indenture, such base rental payments shall not be abated but shall be payable by the City as a special obligation payable solely from such funds and accounts. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease – Abatement of Rental."

Police Station Project Completion

There can be no assurance that the Project will be completed for the costs and within the time described in this Official Statement. A delay in the completion or damage to the Project during construction could have an adverse effect on the costs of the Project. Contractor and subcontractor performance and integrity, availability and cost of labor, equipment and materials, and weather conditions, among other unexpected factors, could cause such a failure of timely on-budget construction.

If the Project is not delivered and installed by [_____ 20__], and if there are no amounts on deposit in the Lease Revenue Fund, and the City determines that the fair rental value of the site for the Project and any completed improvements on the Project site is less than the Base Rental Payment then due, the Lease remains in effect, but the Base Rental Payments are abated so as to equal the then-current fair rental value of completed improvements of the Project and the fair rental value of the site for the Project, but not more, until the Project or portion thereof is completed. The combination of the unabated Base Rental Payments plus other funds held by the Trustee may not be sufficient to pay the full amount of principal and interest due with respect to the 2023A Bonds.

Risk of Uninsured Loss

The City covenants under the Lease to maintain certain insurance policies on the Leased Property. These insurance policies do not cover all types of risk. The Leased Property could be damaged or destroyed due to earthquake or other casualty for which the Leased Property is uninsured. The Lease does not require earthquake insurance. Additionally, the Leased Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Base Rental Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Leased Property will be sufficient to repair the Leased Property or to redeem the 2023A Bonds secured by Base Rental Payments.

City General Fund

In General. The Base Rental Payments and other payments due under the Lease are payable from funds lawfully available to the City. If the amounts which the City is obligated to pay in a fiscal year exceed the revenues for such year, the City may choose to make some payments rather than making other payments, including Base Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare. For more information regarding California Constitutional limits on expenditures see "LIMITATIONS ON REVENUES AND APPROPRIATIONS – Property Tax Limitations – Article XIIIA, XIIIB, XIIIC (Proposition 218)."

Risk of Increased Expenditures. Under the Lease, provided the City is not currently in default thereunder, the City is permitted to expend for any municipal purpose or otherwise incur other evidences of indebtedness or other obligations payable from the City's General Fund without the consent of Owners of the 2023A Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Base Rental Payments could decrease.

Risk of Decreased Revenues. A variety of national, state or regional factors, which are beyond the control of the City's fiscal policies, as well as the City's fiscal policies could reduce the amount of the City's General Fund revenues. To the extent that City revenues decrease, the funds available to pay Base Rental Payments could decrease.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. The spread of COVID-19 had adverse health and financial impacts throughout the City. From time to time since the onset of the COVID-19 pandemic, in California local authorities implemented and revised restrictions on mass gatherings and widespread closings or other limitations of the operations of government, commercial, educational, and other institutions. While significant portions of the population of the State of California have been vaccinated, COVID-19 variants have resulted, and may continue to result, in increased infection rates and the imposition of certain restrictions on commercial and other activities in the future. The City cannot predict what impact future public health emergencies will have on the City's operations and finances or the regional economy.

Bankruptcy

General. A bankruptcy petition may be filed by the City. In particular, the City may file a petition under Chapter 9 ("Chapter 9") of Title 11 of the United States Code (the "Bankruptcy Code"), provided that it complies with requirements of Section 53760 *et seq.* of the Government Code of the State. Under the Government Code, a local public entity, including the City, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

The adjustment plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations substantially identical or similar to the 2023A Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any adjustment plan if it were to file for bankruptcy.

City Bankruptcy. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of the Base Rental Payments under the Lease as they relate to Revenues due to Owners of 2023A Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of 2023A Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease or assume the Lease despite any provision of the Lease which makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Lease, the Trustee, on behalf of the Owners of the 2023A Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the 2023A Bonds. Moreover, such rejection would terminate the Lease and the City's obligations to make payments thereunder.

Authority Bankruptcy. Further, the Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the 2023A Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the 2023A Bonds, which plan may restructure, delay, compromise or reduce

the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Trustee's rights under the Lease. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the 2023A Bonds could be required to litigate these issues in order to protect their interests.

Opinion Qualifications. The various legal opinions to be delivered concurrently with the 2023A Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the 2023A Bonds by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

State Finances

According to the State Constitution, the Governor is required to propose a budget to the State Legislature by no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been breached in the past. In November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

The State's financial condition and budget policies affect communities and local public agencies throughout California. State budgets are affected by regional, national or even international economic conditions and a multitude of other factors over which the City has no control. The City cannot give any assurances regarding the financial conditions of the State during any period of time. The City also cannot predict what measures the State will adopt to respond to any future financial difficulties. The City can provide no guarantees regarding the outcome of future State budget negotiations, the actions that will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures, or the impact that such budgets or actions will have on the City's finances and operations. Some of the State's budget solutions have caused in the past, and may cause in the future, increased financial stress to cities, counties and other local governments by: (i) decreasing local revenues (for example, the property tax, road improvement funding, public safety or other categorical funded initiatives), or (ii) increasing directly or indirectly demand for local programs (such as public safety or indigent health programs).

Information about the State budget and State spending is available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance, *www.dof.ca.gov*. An analysis of the budget is posted by the Office of the Legislative Analyst at *www.lao.ca.gov*. In addition, various official statements for State-issued bonds, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, *www.treasurer.ca.gov*. None of the websites referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The City makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites by the respective entities.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the 2023A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be

performed by it contained in the Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

No Limitation on Incurring Additional Obligations

Neither the Lease nor the Indenture contains any limitations on the ability of the City to enter into other obligations that may constitute additional claims against its General Fund revenues. To the extent that the City incurs additional obligations, the funds available to make Base Rental Payments may be decreased. The City is currently liable on other obligations payable from General Fund revenues and expects to enter into other such obligations in the future. Such obligations may impose significant additional burdens on the City's General Fund.

Natural Disasters

General. From time to time, the City is subject to natural calamities which could result in the substantial interference with the use and occupancy of the Leased Property, which could result in Base Rental Payments being subject to abatement or an adverse impact on the City's General Fund. Under such circumstances, no assurance can be given that the City would have insurance or other resources available to make repairs to the Leased Property or to make Base Rental Payments under the Lease.

Geological and Seismic. Rialto, like most cities in California, is located in a seismically active region. The timing and magnitude of any particular seismic event cannot be predicted by the City. There are three major faults within the City: The San Jacinto, Glen Helen, and Lytle Creek Faults. These faults are included in the San Jacinto Fault System, an extension of the San Andreas Fault System. The San Jacinto Fault Zone is considered one of the most active in Southern California. Unless proven otherwise, the area within 50 feet of an active fault is presumed to be underlain by that fault. The fault system parallels Lytle Creek Wash, north of Riverside Avenue and then enters the City limits slightly south of El Rancho Verde Golf Course; it then traverses and cuts through Frisbie Park, runs along the bench area and leaves the City at the intersection of Baseline and Meridian Avenues. The Glen Helen Fault, part of the San Jacinto Fault System, is located in the extreme northeastern section of the planning area. This fault has been relatively inactive with no major ground displacement occurring along its path. The Lytle Creek Fault, also part of the San Jacinto Fault System, runs along the northernmost section of the planning area and merges with the San Jacinto Fault northwest of the Country Club area. Because of this fault's close relationship to the San Jacinto System, the possibility of major ground displacement occurring along its path is likely.

The Rialto-Colton Fault System is an ancient fault system that runs between the Rialto and Chino Water Basins. This fault, though inactive for a long period of time, has a maximum credible earthquake magnitude of 6.5 on the Richter Scale. The fault is 16 miles in length and is considered relatively stable Liquefaction is unlikely to occur in most portions of Rialto.

Liquefaction is a process whereby strong earthquake shaking causes sediment layers that are saturated with groundwater to lose strength and behave as fluid. This subsurface process can lead to near-surface or surface ground failure that can result in property damage and structural failure. Liquefaction is a concern in the Lytle Creek Wash area where there are sand soils and a high water table, and in the areas near the Santa Ana River due to an extremely high water table.

The City makes no representation regarding the impact that a future seismic event may have on the Leased Property. The City is not required to, and currently does not, maintain earthquake insurance with respect to the facilities. Therefore, the damage from earthquakes may not be insured in future years.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund to make Base Rental Payments would be likely to occur and therefore, Revenues available to pay debt service on the Bonds could be materially adversely affected. Seismic activity may also reduce or eliminate the use and occupancy of the Leased Property by the City. There is no assurance that, in the event of a natural disaster, sufficient City reserves or Federal Emergency Management Agency assistance would be available for the repair or replacement of any Leased Property.

Should an earthquake occur that results in substantial interference with the use of the Leased Property, under the abatement provisions of the Lease, the City would not be obligated to make the Base Rental Payments. See "RISK FACTORS – Abatement" above.

Wildfires. There are three categories of interface fire: The classic wildland/urban interface exists where well-defined urban and suburban development presses up against open expanses of wildland areas; the mixed wildland/urban interface is characterized by isolated homes, subdivisions and small communities situated predominantly in wildland settings; and the occluded wildland/urban interface exists where islands of wildland vegetation occur inside a largely urbanized area. Certain conditions must be present for significant interface fires to occur. The most common conditions include: hot, dry and windy weather; the inability of fire protection forces to contain or suppress the fire; the occurrence of multiple fires that overwhelm committed resources; and a large fuel load (dense vegetation). Once a fire has started, several conditions influence its behavior, including fuel topography, weather, drought and development. Although major fire conflagrations have spread over flat areas of communities, because of wind driven flames spotting from roof to roof, most communities are at highest risk of wildland fires in their hillside areas.

If such events described above occur, the City's emergency response to such an event may add unanticipated expenditures to the General Fund budget, some or all of which may not be reimbursed by federal or state disaster funding, and, if reimbursed, may not be received by the City in a timely manner. This could lead to reduced ability by the City to make Base Rental Payments and therefore, Revenues available to pay debt service on the Bonds could be materially adversely affected. Such event could also result in substantial damage to properties in the City, which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their property taxes or of businesses to operate and generate sales tax.

Hazardous Substances

The public works activities of the City may, from time to time, result in the use of hazardous substances on the facilities owned and operated by the City, including, but not limited, to the Leased Property. Accordingly, it is possible that spills, discharges or other adverse environmental consequences of such use in the future could cause an adverse effect on the fair rental value of the Leased Property and lead, in an extreme case, to abatement, in whole or in part, of all or a portion of the Base Rental Payments. See "RISK FACTORS – Abatement" above.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private or other electronic sensitive information, the City is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

The City provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat or breach. A ransomware or other cyber-attack could result in the disruption of City operations and a material financial liability.

Climate Change

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, wildfires will become more common and intense, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. The City cannot predict what impacts climate change will ultimately have on its finances and operations in the future. Such impacts could be material and adverse.

Future Initiatives

From time to time, other initiative measures may be adopted, which may affect the City's revenues and its ability to expend said revenues. The above-mentioned measures and any future measures could restrict the City's ability to raise additional funds for its General Fund.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2023A Bonds and the Trustee, and the obligations incurred by the Authority and the City, respectively, may be subject to the following, among others: the limitations on legal remedies against joint powers authorities and cities in California; the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; principles of equity that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the U.S. 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 2023A 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. See also, "– Bankruptcy" above.

Remedies on Default

If an Event of Default occurs and is continuing under the Lease, the Authority at its option may terminate the Lease and re-lease all or any portion of the Leased Property. The City irrevocably appoints the Authority under the Lease as the agent and attorney-in-fact of the City and the City will allow the Trustee to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default, other than as described in the preceding paragraph. The Authority may take whatever action at law or in equity may appear necessary or desirable, to collect each Base Rental Payment as it becomes due under the Lease, if the Lease is not terminated in accordance with its terms. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."

Substitution of Property

Pursuant to the Lease, the City will have, so long as the Lease is in effect, the option at any time and from time to time, to substitute other real property for any portion of the Leased Property or release any identifiable real property and/or improvements constituting the Leased Property, provided that the City shall satisfy all of the requirements set forth in the Lease. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – The Lease – Substitution and Release of Property."

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the 2023A Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

LIMITATIONS ON REVENUES AND APPROPRIATIONS

There are a number of provisions in the State of California Constitution that limit the ability of the City to raise and expend revenues. Contained below is a description of some of these limitations. In addition to the ones discussed in this section below, other initiative measures could be adopted from time to time further affecting the City's revenues and finances.

Property Tax Limitations – Article XIIIA, XIIIB, XIIIC (Proposition 218)

Article XIIIA of the California Constitution limits the amounts of *ad valorem* tax on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the City Assessor's valuation of real property as shown on the 1975-76 tax bill under `full cash value,' or thereafter the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period." Furthermore, all real property valuation may be increased to reflect the inflation rate, as shown by the consumer price index, not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors.

Article XIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voters voting on the proposition approving such bonds, and requires a vote of two-thirds of the qualified electorate to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature to change any State tax law resulting in increased tax revenues.

Article XIIIB of the California Constitution limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the subsequent two years.

On November 5, 1996, California voters approved an initiative to amend the California Constitution known as the Right to Vote on Taxes Act ("Proposition 218"), which added Article XIIIC and XIIID to the California Constitution. Among other provisions, Proposition 218 requires majority voter

approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include cities. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 will continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. Proposition 218 also provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. This extension of the initiative power is not limited by the terms of Proposition 218 to impositions after November 6, 1996 and absent other legal authority, could result in retroactive reduction in any existing taxes, assessments, fees and charges. In addition, Proposition 218 limits the application of assessments, fees and charges and requires certain existing, new and increased assessments, fees and charges to be submitted to property owners for approval or rejection, after notice and public hearing. Neither the City nor the Authority expects the provisions of Proposition 218 to have any immediate material effect on the revenues from which Base Rental Payments are expected to be appropriated.

Article XIIIA Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA of $4.00 per $100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for Fiscal Year 1978-79 only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

Future assessed valuation growth allowed under Article XIIIA (i.e., new construction, change of ownership, and 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Authority is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

Challenges to Article XIIIA

There have been many challenges to Article XIIIA of the California Constitution. The United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in Nordlinger, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution. Neither the Authority nor the City can predict whether there will be any future challenges to California's present system of property tax assessment.

Statutory Revenue Limitations – Proposition 62

Proposition 62 is a statewide statutory initiative adopted by the voters at the November 4, 1986 general election. It added Sections 53720 to 53730 to the Government Code to require that all new local taxes be approved by the voters. The statute provides that all local taxes are either general taxes or special taxes. General taxes are imposed for general governmental purposes. Special taxes are imposed for specific purposes only. General taxes may not be imposed by local government unless approved by a two-thirds

vote of the entire legislative body and a majority of the voters voting on the proposed general tax. Special taxes may not be imposed by local government unless approved by a majority of the entire legislative body and by two-thirds of the voters voting on the special tax. Soon after Proposition 62 was adopted by the voters, legal challenges to taxes adopted contrary to its provisions were filed. In 1991, in the most significant case, *City of Woodlake v. Logan*, the California Court of Appeal held that the statutory voter approval requirement for general taxes was unconstitutional. The California Supreme Court refused to review *Woodlake*.

On September 28, 1995, the California Supreme Court, on a 5-2 vote, in a decision entitled *Santa Clara County Local Transportation Authority v. Guardino* (Case No. S036269), "disapproved" Woodlake and held that the voter approval requirements of Proposition 62 are valid. On December 14, 1995, the Supreme Court made minor nonsubstantive changes to its written opinion and denied the petition for rehearing. The decision provides that the voter approval requirements of Proposition 62 for both general and special taxes are valid. The *Guardino* case fails to say (1) whether the decision is retroactively applicable to general taxes adopted prior to the decision; (2) whether taxpayers have any remedies for refund of taxes paid under a tax ordinance that was not voter approved; (3) what statute of limitations applies to taxes adopted without voter approval prior to *Guardino*; (4) whether Proposition 62 applies only to new taxes or to tax increases as well.

The Court of Appeals in a December 15, 1997 decision entitled *McBearty v. City of Brawley* (Case No. D027877) addressed some of these issues. In Brawley, a taxpayer challenged the city's utility tax that was passed by the city council in 1991 without a vote of the electorate. The Court of Appeals held that (i) a three year statute of limitations applies to challenges to a tax ordinance subject to Proposition 62; and (ii) the statute of limitations did not begin to run until September 1995 when the *Guardino* case determined that Proposition 62 was constitutional. The effect of the holding in Brawley is that any tax ordinances passed between November 1986 and December 1995 that were not approved by the electorate would be subject to a challenge until December 1998. The court ordered the city to either cease collecting the tax or seek voter approval to continue levying the tax. However, in *Howard Jarvis Taxpayers Association v. City of La Habra*, decided on June 4, 2001, the California Supreme Court overruled part of *McBearty*, finding that the three year statute of limitations applicable to such taxes does not run from the date of the *Guardino* decision, but rather the continued imposition and collection of such tax is an ongoing violation, upon which the limitations period begins with each new collection.

Several questions raised by the *Guardino* decision remain unresolved. Proposition 62 provides that if a jurisdiction imposes a tax in violation of Proposition 62, the portion of the one percent general *ad valorem* tax levy allocated to that jurisdiction is reduced by $1 for every $1 in revenue attributable to the improperly imposed tax for each year that such tax is collected. The practical applicability of this provision has not been fully determined. Potential future litigation and legislation may resolve some or all of the issues raised by the *Guardino* decision.

Neither the Authority nor the City can predict the outcome of any pending or future litigation concerning the validity of Proposition 62, nor can either predict the scope of the *Guardino* or *McBearty* decisions discussed above. Proposition 62 could affect the ability of the City to continue the imposition of, or to retain, certain taxes, and restrict the City's ability to raise revenue.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004/05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority

to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such a shift may not occur more than twice in any ten-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

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

Proposition 22

On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for state-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26

On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. Neither the City nor the Authority expects provisions of Proposition 26 to materially impede the City's ability to pay Base Rental Payments when due.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the CDTFA ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

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

TAX MATTERS

General

The delivery of the 2023A Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the 2023A Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the 2023A Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The delivery of the 2023A Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State, that interest on the 2023A Bonds is exempt from personal income taxes of the State. A form of Bond Counsel's anticipated opinion is included as APPENDIX E – FORM OF OPINION OF BOND COUNSEL. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the Authority and the City made in a certificate of even date with the initial delivery of the 2023A Bonds (the "Tax Certificate") pertaining to the use, expenditure and investment of the proceeds of the 2023A Bonds and will assume continuing compliance with the provisions of the Indenture and the Lease by the Authority and the City subsequent to the issuance of the 2023A Bonds. The Indenture, the Lease and the Tax Certificate contain covenants by the Authority and the City with respect to, among other matters, the use of the proceeds of the 2023A Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2023A Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2023A Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the 2023A Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2023A Bonds. Prospective purchasers of the 2023A Bonds should be aware that the ownership of tax-exempt obligations such as the 2023A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or

Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the City described above. No ruling has been sought from the Internal Revenue Service (the "Service") or the State with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the Service or the State. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2023A Bonds is commenced, under current procedures, the Service is likely to treat the Authority as the "taxpayer," and the owners of the 2023A Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2023A Bonds, the Authority may have different or conflicting interests from the owners of the 2023A Bonds. Public awareness of any future audit of the 2023A Bonds could adversely affect the value and liquidity of the 2023A Bonds during the pendency of the audit, regardless of its ultimate outcome.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the 2023A Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the 2023A Bonds.

Existing law may change to reduce or eliminate the benefit to owners of the 2023A Bonds of the exclusion of interest on the 2023A Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2023A Bonds. Prospective purchasers of the 2023A Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain 2023A Bonds

The initial public offering of certain of the 2023A Bonds (the "Discount Bonds") may be less than the amount payable on such 2023A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the 2023A Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the 2023A Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, "S" corporations with "subchapter C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued original issue discount on Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain 2023A Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such 2023A Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable 2023A Bond, the yield based on a call date that results in the lowest yield on the 2023A Bond). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LITIGATION

General. There is no controversy of any nature now pending against the City or the Authority or, to the knowledge of their respective officers threatened, seeking to restrain or enjoin the sale, execution, issuance or delivery of the 2023A Bonds or in any way contesting or affecting the validity of the 2023A Bonds or any proceedings of the City or the Authority taken with respect to the sale, execution, issuance or delivery thereof or the pledge or application of any moneys or security provided for the payment of the 2023A Bonds or the use of the 2023A Bond proceeds or contesting the corporate existence of the City or the Authority, or the title of the officers thereof to their respective offices.

Bridgette Angulo v. City of Rialto and Does 1-50. This case involves allegations of failure to perform mandatory duties, gross negligence/bad faith pre-hospital care and wrongful death/negligence relating to the death of Plaintiff's father. The Complaint in Case No. CIV SB 2218619 alleges that City first responders with the Rialto Fire Department failed to render assistance to Plaintiff's father in a timely

manner resulting in his demise. Allegedly, such first responders refused to enter the Rialto Post Acute Center to assist Plaintiff's father and transport him from the center to a local hospital because of COVID-19 related restrictions. The initial demand from the Plaintiff is $100 million. The City has been advised that its excess and reinsurance coverages may apply for all or a portion of an adverse judgment, if any. No trial date has been set for the matter and the City cannot predict the outcome or potential uninsured exposure to the City at this time.

Claims of Lelia Deborah Robertson. Lelia Deborah Robertson (also known as Deborah Robertson, the current Mayor of the City) has filed three claims for damages with the City (dated in February, March and May 2023, respectively) under California Government Code section 900 et seq. (the "Government Claims Act"). Claims under the Government Claims Act are not court proceedings, but often precede lawsuits. Under the claims, Ms. Robertson alleges that the City (i) impermissibly accessed her personal information through the State of California's criminal justice information systems without a permitted law enforcement purpose (with a $1 million claim of damages), (ii) made a calculation error regarding in-lieu health retirement system reimbursements (with a claim of damages of up to approximately $480,000) and (iii) violated regulations under the Americans with Disabilities Act and Fair Employment and Housing Guidelines (with a claim of damages of $5 million). The City denied such claims. Ms. Robertson has filed and served on the City a lawsuit regarding the calculation error regarding in-lieu health retirement system reimbursements. [To be update further.]

Other Lawsuits and Claims. There are currently some lawsuits and claims pending against the City for which the City is either self-insured or insured in varying degrees by commercial insurance, or which in the aggregate, if determined adversely to the City, could have a material adverse impact on the City's finances in the future. However, the City does not expect any such suits or claims to have a material adverse effect on the City's ability to make Base Rental Payments under the Lease.

FINANCIAL STATEMENTS

The City's financial statements for the Fiscal Year ended June 30, 2022, included in APPENDIX B hereto, have been audited by Lance, Soll & Lunghard, LLP (the "Auditor"). The Auditor was not requested to consent to the inclusion of its report in APPENDIX B and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in the Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., as Municipal Advisor in connection with the authorization and delivery of the 2023A 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 municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

S&P Global Ratings ("S&P) has assigned its rating of "___" to the 2023A Bonds. Such rating reflects only the view of S&P. Any explanation of the significance of such rating may only be obtained from S&P. The information set forth on such website is not incorporated by reference herein. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any rating will continue for any given period of time

or that any of them will not be revised downward, suspended or withdrawn entirely by the rating agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the 2023A Bonds.

UNDERWRITING

Citigroup Global Markets Inc. (the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the 2023A Bonds from the Authority at a price equal to $_____ (which equals the principal amount of the 2023A Bonds, plus a [net] original issue premium of $_____, and less an underwriting discount of $_____). The Underwriter intends to offer the 2023A Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the 2023A Bonds to the public.

In connection with the offering of the 2023A Bonds, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the 2023A Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, the Underwriter may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may in the future perform various investment banking services for the Authority and/or the City for which they would receive customary fees and expenses.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the 2023A Bonds and the Authority will not provide any such information.

The City has covenanted for the benefit of the holders and beneficial owners of the 2023A Bonds pursuant to a Continuing Disclosure Agreement, dated as of December 1, 2023 (the "Continuing Disclosure Agreement"), by and between the City and Willdan Financial Services, as Dissemination Agent, to provide certain financial information and operating data relating to the City (the "Annual Report") no later than March 31 following the end of each fiscal year, commencing with the report for Fiscal Year 2022-23, and to provide notices of the occurrence of certain enumerated events through the EMMA System. The specific nature of the information to be contained in the Annual Report and the enumerated events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2023A Bonds is subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, to be delivered in substantially the form set forth in APPENDIX E. Norton Rose Fulbright US LLP in its role as Bond Counsel has undertaken no responsibility to the owners of the 2023A Bonds or any other party for the accuracy,

completeness or fairness of this Official Statement or any other offering material related to the 2023A Bonds, and expresses no opinion to the Owners with respect thereto. Certain legal matters also will be passed upon for the City and the Authority by Burke, Williams & Sorensen, LLP and for the Underwriter by its counsel Orrick, Herrington & Sutcliffe LLP, Sacramento, California.

[Remainder of page intentionally left blank.]

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement has been authorized by the Authority and the City.

RIALTO PUBLIC FINANCING AUTHORITY

By: _____
Interim Executive Director

CITY OF RIALTO, CALIFORNIA

By: _____
Interim City Manager

APPENDIX A

SUPPLEMENTAL INFORMATION – THE CITY OF RIALTO AND SAN BERNARDINO COUNTY

The following information relating to the City of Rialto, California (the "City") and the County of San Bernardino (the "County") is provided for informational purposes only. The 2023A Bonds (as defined in the front part of this Official Statement) are payable solely as described in the body of this Official Statement and are not payable or secured by a pledge of the faith and credit or taxing power of the City.

General

The City. The City is located in the western portion of the County of San Bernardino (the "County"), approximately 60 miles east of the City of Los Angeles and just west of the City of San Bernardino. The City was incorporated in 1911 and is organized as a general law city with a Council-Manager form of government. The City is approximately four miles wide and eight and one-half miles long, encompassing 22 square miles. The City is served by Interstate Freeways 210, 215, 10 and 15.

The County. The County is located in Southern California and was established by an act of the State Legislature on April 23, 1853, which formed the County over an area formerly composing the eastern part of the County of Los Angeles. The County encompasses an area of over 20,000 square miles and includes twenty-four incorporated cities. It is bordered on the west by Los Angeles County, on the east by the State of Arizona and the State of Nevada, on the north by Inyo and Kern Counties, and on the south by Orange and Riverside Counties. The County is the largest county in the State of California in terms of geographical area.

Municipal Government

The City provides general government services either with its own employees or through contracts. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments. The Mayor is elected at large to serve a four-year term. The four Council Members are elected to serve staggered four-year terms. The City Council is composed of five members elected biannually at large to four-year staggered terms.

The current members of the City Council, term expiration and their current Council position are as follows:

City Council	Term Expires	Position
Deborah Robertson	November 2024	Mayor
Andy Carrizales	November 2026	Mayor Pro Tem
Rafael Trujillo	November 2024	Councilmember
Ed Scott	November 2026	Councilmember
Joe Baca	November 2024	Councilmember

Current City Management Staff includes the following:

Henry T. Garcia – Interim City Manager. Mr. Garcia has over 30 years of professional public administration, where he served as City Manager for the cities of Azusa, Colton, Rialto, and Moreno Valley, and worked in other managerial capacities for the cities of Fontana, Riverside, and San Jacinto. Mr. Garcia has served as a professor of public policy at California State University teaching a variety of undergraduate

and graduate level courses. With Henry's broad background, he has served as a consultant to cities and organizations in areas of Consensus Building, Strategic Planning and Goal Setting; City Manager and City Council Evaluation Process; Executive Coaching and Leadership Development; Team building and Conflict Resolution; Economic Development; and Management Problem Solving.

Mr. Garcia received his Master's degree from the University of California, Los Angeles, in Political Science and his Bachelor's degree from the University of California, Riverside in Political Science. He is a graduate of Berkeley's Executive Institute of Public Policy, Harvard's Leadership and Strategic Planning Program, and University of Virginia's Public Policy Program. Henry is also a distinguished author of two major publications with the League of California Cities.

Arron Brown – Assistant City Manager. Mr. Brown has 20 years of various government experience working for municipalities, a joint powers agency, the County of Riverside, and the State of California. Arron started his public service career with four years in the military and is an honorably discharged disabled veteran of the United States Marine Corps. Mr. Brown has a multifaceted background in information technology, marketing, project management, public procurement, and human resources. He came to the City from the City of Palm Springs where he was the Deputy City Manager and managed numerous capital improvement projects such as the $36 million Palm Springs International Airport ticket wing expansion project.

Mr. Brown earned a Bachelor of Science degree in Business Administration with a concentration in Information Systems and a Master of Business Administration degree with a concentration in Management, both from California Baptist University. Arron also holds numerous certifications such as Certified Government Chief Information Officer (CGCIO) and the Society for Human Resources Management Senior Certified Professional (SHRM-SCP).

Katherine Stevens – Finance Director. [to come]

Municipal Services

The City provides a full range of services to its residents with 452 full-time employees as of June 30, 2023. Major services such as attorney, library, transit, street sweeping, and landscape maintenance are provided through contractual arrangements. The City provides services such as fire, police, affordable housing, economic development, planning, community compliance, recreation programs, humane services, park and facilities maintenance, street maintenance, city engineering, and administrative management services with city employees.

Population

The following table shows a historical comparison of the respective populations of the City, the County and the State for the last five years.

Table A-1
City of Rialto, San Bernardino,
and the State Of California
Population Comparison[(1)]

Year	City of Rialto	San Bernardino County	State of California
2019	102,733	2,165,876	39,605,361
2020	102,813	2,175,424	39,648,938
2021	103,760	2,179,007	39,286,510
2022	103,406	2,180,777	39,078,674
2023	102,985	2,182,056	38,940,231

[(1)] As of January 1.

Source: State Department of Finance, 2010 Benchmark for Years 2019-2020 and 2020 Benchmark for Years 2021-2023.

Income

The U.S. Census Bureau *American Community Survey* reports that the median income of households in the City for 2021 is $69,982 compared to $84,907 for the State and $69,717 for the nation.

Employment and Industry

The following table summarizes the annual average civilian labor force, employment and unemployment in the County for the calendar years 2018 through 2022.

Table A-2
San Bernardino
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2018	2019	2020	2021	2022
Civilian Labor Force[(1)]	955,100	967,100	974,700	992,200	1,008,500
Employment	915,800	929,800	880,900	918,600	967,200
Unemployment	39,200	37,400	93,800	73,600	41,300
Unemployment Rate	4.1%	3.9%	9.6%	7.4%	4.1%
Wage and Salary Employment:[(2)]					
Total Farm	2,200	2,500	2,300	2,300	2,400
Mining and Logging	800	700	900	1,000	1,100
Construction	37,800	39,000	38,100	39,200	40,900
Manufacturing	56,600	55,400	52,200	52,500	54,600
Wholesale Trade	40,500	41,500	41,100	41,800	42,500
Retail Trade	88,300	87,000	81,800	85,600	88,200
Transportation, Warehousing, Utilities	87,100	96,300	110,800	127,700	136,100
Information	5,300	5,000	4,100	4,400	5,100
Finance and Insurance	12,700	13,600	13,400	33,500	13,210
Real Estate and Rental and Leasing	9,000	9,800	9,700	10,300	11,200
Professional and Business Services	80,900	85,000	83,900	92,100	99,300
Educational and Health Services	124,500	135,000	129,100	129,700	135,600
Leisure and Hospitality	76,900	78,100	63,700	71,600	79,300
Other Services	23,000	22,900	20,300	21,800	24,100
Federal Government	13,500	13,800	14,400	6,300	6,100
State Government	13,100	13,500	13,500	13,400	13,200
Local Government	100,400	101,700	96,100	95,100	101,400
Total, All Industries [(3)]	772,700	801,000	775,400	808,200	854,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department, March 2020 Benchmark.

Permits

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table.

Table A-3
City of Rialto
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Total Retail and Food Services	Total All Outlets	
	Taxable Transactions	Number of Permits	Taxable Transactions
2018	$ 804,442	1,791	$1,759,274
2019	882,892	1,943	1,880,217
2020	916,844	2,311	1,972,235
2021	3,385,629	2,179	4,653,920
2022	3,569,656	2,245	5,015,008

Sources: California Department of Tax and Fee Administration, Taxable Sales – Cities by Type of Business.

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table.

Table A-4
San Bernardino
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Number of Permits	Taxable Transactions
2018	61,838	$40,554,024
2019	64,771	41,768,748
2020	71,145	43,265,512
2021	66,585	55,378,097
2022	68,480	59,992,846

Source: California Department of Tax and Fee Administration, Taxable Sales – By County (2018- 2022 data).

Housing

As of January 1, 2023, the California Department of Finance reported that there were 20,239 single family detached units in the City, 788 single family attached units, 5,515 multifamily housing units and 1,688 mobile home units. The vacancy rate is approximately 2.4%.

Construction Activity

The following tables show a five year summary of the valuation of building permits issued in the City and the County.

Table A-5
City of Rialto
Building Permit Valuation

	2018	2019	2020	2021	2022
Permit Valuation					
Single-family dwelling	$3,401,547	$15,054,141	$ 54,522	$5,067,290	$ 943,087
Multi-family	0	0	0	0	0
Res. Alterations/Additions	801,827	1,143,213	267,602	31,645	175,300
Total Residential	$4,203,374	$16,197,354	$322,124	$5,098,935	$1,118,387
Hotels & Motels	0	0	0	0	0
Non-Housekeeping Shelter	0	0	0	0	0
Amusement and Recreation	0	0	0	0	0
Churches	0	0	0	0	0
Industrial & Manufacturing	2,418	111,571,554	0	0	0
Parking Garages	0	0	0	0	0
Service Stations	181,116	0	0	0	0
Hospitals	0	0	0	0	0
Offices	0	914,056	0	0	0
Public Works	0	0	0	0	0
Schools Education	908,371	3,348,272	0	0	0
Stores, Mercantile & Warehouses	12,895,273	22,359,113	0	0	200,000
Other Non-Residential Buildings	515,868	956,392	0	0	8,363,088
Structures Other Than Buildings	3,001,049	3,199,608	741,281	100,000	321,000
Non-Residential Alterations	15,891,000	108,956,410	7,437,068	0	269,271
Residential Garages	13,708	225,926	4,750	5,000	0
Total Nonresidential	$33,408,803	$251,531,331	$8,183,099	$105,000	$9,153,359
New Dwelling Units					
Single Family	16	59	1	19	7
Multiple Family	0	0	0	0	0
Total	16	59	1	19	7

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

Table A-6
County of San Bernardino
Building Permit Valuation

	2018	2019	2020	2021	2022
Permit Valuation					
New Single-family	$1,114,777,827	$1,078,797,667	$934,304,422	1,086,398,163	$1,028,474,447
New Multi-family	268,564,946	232,079,305	143,366,170	310,255,425	345,433,503
Res. Alterations/Additions	71,937,836	139,761,121	61,788,531	88,244,125	89,903,254
Total Residential	$1,455,280,609	$1,450,638,093	$1,139,459,123	$1,484,897,713	$1,463,811,204
New Commercial	$211,175,724	$413,404,484	$237,588,657	$218,357,692	$389,536,575
New Industrial	387,108,590	476,322,279	330,960,066	385,616,522	588,067,879
New Other	388,145,460	365,127,043	486,398,444	273,490,954	819,692,658
Alterations/Additions	93,699,940	122,245,823	9,748,343	288,180,759	277,379,266
Total Nonresidential	$1,080,129,714	$1,377,099,629	$1,064,695,510	$1,165,645,927	$2.074,676,378
New Dwelling Units					
Single Family	3,311	4,096	3,631	4,376	3,701
Multiple Family	1,775	1,884	910	2,636	2,852
Total	5,086	5,980	4,541	7,012	6,553

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

Development Activity within the City

The following are examples of recently completed and currently planned economic development projects in the City. The City makes no assurance whether or when any of the below-listed on-going economic development projects will be completed.

Housing. Richmond American Homes is currently selling detached single-family homes in a new community known as Seasons at Acacia. The Seasons at Acacia a community that will ultimately be comprised of 82 detached single-family homes within the City. Century Communities is also currently selling detached single-family homes in a new community known as The Depot. At full buildout, the Depot will be comprised of 56 detached single-family homes. Lastly, Monte Vista Homes recently began construction on a new gated community comprised of 22 detached single-family homes that will be known as Cedar Villas.

Commercial. Link Logistics recently completed development of a 135,408 square foot industrial warehouse building. Lovett Industrial is nearing completion of development of a 116,060 square foot industrial warehouse building. Birtcher Logistics recently began construction of a new 492,410 square foot industrial warehouse development.

Civic Uses. The City recently completed several projects including the construction of the $3 million Fire Station 205, the Community Resource Center ADA Improvement project and the Cactus Trails project, a multi-use path along the west side of Cactus Avenue, from Rialto Avenue to Baseline Road.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY OF RIALTO
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

[insert Appendix C]

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Rialto Public Financing Authority
Rialto, California

City of Rialto
Rialto, California

$[Par Amount]
Rialto Public Financing Authority
Lease Revenue Bonds, 2023 Series A
(Police Station Project)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Rialto Public Financing Authority (the "Authority") in connection with the issuance by the Authority of its $[Par Amount] Lease Revenue Bonds, 2023 Series A (Police Station Project) (the "2023A Bonds"). The 2023A Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Bond Law"), and pursuant to an Indenture, dated as of December 1, 2023 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The 2023A Bonds are limited obligations of the Authority secured under the Indenture by a pledge of Revenues and certain other moneys held under the Indenture. The Revenues consist of (i) all Base Rental Payments payable by the City pursuant to the Lease Agreement, dated as of December 1, 2023 (the "Lease"), by and between the Authority, as lessor, and the City, as lessee (including prepayments), (ii) any proceeds of 2023A Bonds deposited with the Trustee and all moneys on deposit in the funds and accounts established under the Indenture, (iii) investment income with respect to such moneys held by the Trustee and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments.

The City has leased certain real property and improvements (the "Leased Property") to the Authority pursuant to the Site and Facility Lease, dated as of December 1, 2023 (the "Site Lease"), by and between the City and the Authority. Pursuant to the Assignment Agreement, dated as of December 1, 2023 (the "Assignment Agreement"), by and between the Authority and the Trustee, the Authority has assigned to the Trustee, for the benefit of the Owners, certain of the Authority's rights under the Site Lease and the Lease, including the right to receive Base Rental Payments under the Lease.

As Bond Counsel, we have reviewed relevant portions of the Bond Law, the Indenture, the Site Lease, the Lease, the Assignment Agreement and certifications of the Authority, the City, the Trustee and others, opinions of counsel to the Authority, the City and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The 2023A Bonds constitute valid and binding limited obligations of the Authority as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the 2023A Bonds, of the Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.

3. The Lease and Site Lease have been duly and validly authorized, executed and delivered by the Authority and the City and constitute the legally valid and binding obligations of the Authority and the City, enforceable against the Authority and the City in accordance with their terms.

4. The Assignment Agreement has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.

5. Under existing law, and assuming compliance with the covenants mentioned below after the date hereof, interest on the 2023A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 as amended to the date hereof (the "Code") from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. We are further of the opinion that interest on the 2023A Bonds is exempt from personal income taxes of the State of California under present state law.

   The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the 2023A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the 2023A Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the 2023A Bonds. Pursuant to the Indenture, the Lease and the Tax Certificate being delivered by the Authority and the City in connection with the issuance of the 2023A Bonds, the Authority and the City are making representations relevant to the determination of, and are undertaking certain covenants regarding or affecting, the exclusion of interest on the 2023A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of and have relied upon such representations and the present and future compliance by the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal, state or local tax consequences of the receipt of interest with respect to, or the ownership or disposition of, the 2023A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the 2023A Bonds, or the interest thereon, if any action is taken with respect to the 2023A Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Ownership of tax-exempt obligations such as the 2023A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits,

corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The opinions expressed in paragraphs 1, 2, 3 and 4 above are qualified to the extent the enforceability of the 2023A Bonds, the Indenture, the Lease, the Site Lease and the Assignment Agreement may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the 2023A Bonds, the Indenture, the Lease, the Site Lease and the Assignment Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2023A Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that each of the Authority and the City believes to be reliable, but the Authority and the City take 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 2023A Bonds, payment of principal, premium, if any, and interest on the 2023A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2023A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2023A Bonds. The 2023A Bonds 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 2023A Bond will be issued for each annual maturity of the 2023A Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*. The information set forth on such website is not incorporated herein by reference.

Purchases of 2023A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023A Bond ("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 2023A Bonds 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 2023A Bonds representing their ownership

interests in 2023A Bonds, except in the event that use of the book-entry system for the 2023A Bonds is discontinued.

To facilitate subsequent transfers, all 2023A Bonds 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 2023A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023A Bonds, such as prepayments, tenders, defaults, and proposed amendments to the 2023A Bond documents. For example, Beneficial Owners of 2023A Bonds may wish to ascertain that the nominee holding the 2023A Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the 2023A Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2023A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, the City or the Trustee, 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 Trustee, the Authority or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2023A Bond Owner shall give notice to elect to have its 2023A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2023A Bonds by causing the Direct Participant to transfer the Participant's interest in the 2023A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2023A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2023A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2023A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2023A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2023A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2023A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2023A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX F

DEVELOPMENT AGREEMENT