Report to City Council

TO: Mayor and City Council

FROM: Marshall Eyerman, Assistant City Manager

AGENDA DATE: September 1, 2020

TITLE: RESOLUTION APPROVING THE REFINANCING OF THE 2013 TOTAL ROAD IMPROVEMENT PROGRAM (TRIP) CERTIFICATES OF PARTICIPATION

RECOMMENDED ACTION

That the City Council:

Approve Resolution 2020- [__] Approving the Execution and Delivery of California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (T.R.I.P. – Total Road Improvement Program) subject to the compliance of certain criteria, including that: (i) the principal amount of the 2020 Refunding Certificates does not exceed $22.5 million ($22,500,000); (ii) the NPV % savings does not fall below 3.0%; and (iii) the Underwriter’s Discount does not exceed 0.95% of the principal amount of the 2020 Refunding Certificates which are within the City’s refunding policy guidelines of the Debt Management Policy #3.10.

SUMMARY

The 2020 Refunding Certificates will be secured by Measure A Revenues, maintaining the same pledge of the 2013 Certificates. Measure A Revenues consist of amounts received by the City from a 0.5% countywide retail and transaction use tax (sales tax) approved by voters in 2002. The revenues from the Measure A sales tax are collected Countywide, and then apportioned to local agencies based on specified factors, including population.

Based on current interest rates, total cash flow savings over the life of the 2020 Refunding Certificates are estimated to be $1.85 million. This translates to annual...
savings of approximately $100,000 from 2022 to 2039. Net present value (NPV) savings are estimated to be approximately $1.47 million. As measured against the par value of the 2013 Certificates, NPV savings reflect 8.2%. The attached resolution sets an NPV savings threshold of 3%.

Estimated savings are net of all costs. The Good Faith Estimates, as required by Government Code Section 5852.1 and are provided as an attachment.

DISCUSSION

In 2013, the City of Moreno Valley (‘City’) participated in the Total Road Improvement Program (‘TRIP’) established by the California Statewide Communities Development Authority (‘CSCDA’) to finance street and roadway improvements, which consisted primarily of street resurfacing and improvements within its jurisdiction (‘Project’).

CSCDA is a joint powers authority that was co-founded by the League of California Cities and California State Association of Counties to provide California local governments and private entities access to low-cost, tax-exempt financing programs. CSCDA implemented TRIP in 2008 to assist cities and counties in their efforts to finance large-scale street improvement projects. Over the years, local agencies have found participating in TRIP beneficial because documentation is standardized and the overall process is very efficient and cost effective. Under TRIP, CSCDA causes the execution and delivery of Certificates of Participation (‘Certificates’) on behalf of local agency participants on a stand-alone basis or when advantageous, through a financing pool to generate economies of scale. The City is currently a member of CSCDA.

The California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2013A (“2013 Certificates”) were executed and delivered in the amount of $20 million on behalf of the City. The 2013 Certificates were structured with a final term of 2039 at an interest rate of 5.44%. The call date of the 2013 Certificates is June 1, 2023. As of June 2, 2020, there is approximately $17.885 million of principal outstanding.

Given the low interest rate environment, there is currently an opportunity to refinance the 2013 Certificates for savings. Furthermore, CSCDA has recently formed a pool of other local agencies in Riverside County (currently comprised of the cities of Desert Hot Springs and Menifee) looking to refinance similar outstanding debt. As previously mentioned, a pooled financing through CSCDA will create economies of scale and save the City issuance and interest costs when compared to a stand-alone financing.

This evening, Council is being asked to approve the execution and delivery by the Trustee of refunding Certificates and all related documents, as further described
herein. If the refinancing is approved this evening, staff will work with the financing team on finalizing all legal documents and the preliminary official statement with the goal of pricing the refunding Certificates in early September.

The proposed CSCDA Transportation Revenue (Installment Sale) Certificates of Participation Series 2020 (TRIP – Total Road Improvement Program) (Federally Taxable) (“2020 Refunding Certificates”) would be in a par amount of approximately $21 million with a final maturity in 2039, the same final maturity as the 2013 Certificates. In other words, there will be no extension of the original terms. The final interest rate structure will be determined if, and when, the 2020 Refunding Certificates are priced and sold.

CSCDA would cause the execution and delivery of certificates on behalf of the financing pool, which as previously mentioned, is comprised of the City and the cities of Desert Hot Springs and Menifee. Each local agency participant would be responsible for installment payments relating to their pro-rata portion of the Certificates. Local agency payments are made under separate, individual Installment Sale Agreements. No agency is responsible for any other agency's obligations under TRIP.

The Tax Cuts and Jobs Act of 2017 (the “Act”) eliminated the tax exemption for interest on advance refunding bonds (refunding bonds issued more than 90 days before the optional call date). As such, the 2020 Refunding Certificates contemplate refinancing the 2013 Certificates on a federally taxable basis. Refinancing the 2013 Certificates today on a taxable basis does not preclude the City from refinancing on a tax-exempt basis in the future. As a side note, given the favorable taxable interest rate environment, many issuers have pursued taxable advance refundings since the Act passed in 2017.

The 2020 Refunding Certificates are expected to qualify for an investment grade rating and bond insurance, which would lead to a lower cost of borrowing. Furthermore, the 2020 Refunding Certificates may also qualify for a reserve fund surety policy. With a reserve fund surety policy, the 2020 Bonds would not need to cash fund a debt service reserve (estimated to be $2.1 million or equal to roughly 10% of par) as part of the issuance. This would enable the City to downsize their portion of the 2020 Refunding Certificates, thereby lowering annual payments and increasing savings.

The attached resolution authorizes and approves the execution and delivery by the Trustee of the 2020 Refunding Certificates and the Pooled 2020 Refunding Certificates (described below), subject to the compliance of certain criteria, including that: (i) the principal amount of the 2020 Refunding Certificates does not exceed $22.5 million ($22,500,000); (ii) the NPV % savings does not fall below 3.0%; and (iii) the Underwriter’s Discount does not exceed 0.95% of the principal amount of the 2020 Refunding Certificates.
Documents Subject to Approval

Approval of the Resolution authorizes the execution of the following documents:

- **Preliminary Official Statement**: The document pursuant to which the 2020 Refunding Certificates will be offered for purchase by investors. This document must contain all facts material to the Pooled 2020 Refunding Certificates, the 2020 refunding certificates of the other local agency participants, CSCDA, and all local agency participants, including the City (certain permitted exceptions to be completed in the final Official Statement), and must not omit any such material facts;

- **First Supplement to Installment Sale Agreement**: A supplement to the original 2013 Installment Sale Agreement between the City and CSCDA to transfer the Project to the City, in consideration of which the City will obligate itself to make installment payments for the Project for CSCDA in the amounts and on the dates set forth in the supplement;

- **First Supplement to Trust Agreement**: Supplements the terms and conditions outlined in the 2013 Trust Agreement; more specifically, the rights and obligations of the City, CSCDA, the municipal bond insurer, if any, the trustee of the 2013 Certificates (Wells Fargo Bank, N.A.), and the 2013 Certificate holders;

- **Program Trust Agreement**: An agreement by and between the local agency participants and Wilmington Trust, N.A., as trustee of the 2020 Refunding Certificates. The Program Trust Agreement provides for the purchase of the 2020 Refunding Certificates, the 2020 refunding certificates of the other local agency participants outlines the rights and obligations of all local agency participants, CSCDA, the municipal bond insurer, if any, the trustee of the Pooled 2020 Refunding Certificates (Wilmington Trust, N.A.), and the Pooled 2020 Refunding Certificate holders;

- **Certificate Purchase Agreement**: This document contains the obligation of the underwriter to accept and pay for the Pooled 2020 Refunding Certificates, provided that all of the covenants and representations of the City are met and certain other conditions excusing performance by the underwriter do not exist;

- **Escrow Agreement**: This document contain terms by which the Trustee will hold 2020 Refunding Certificate proceeds on the behalf of the owners of the 2013 Certificates to pay and discharge the 2013 Certificates on the redemption date; and

- **Continuing Disclosure Agreement**: Executed for the benefit of bondholders, the Continuing Disclosure Agreement obligates the City to file an annual report that includes, among other things, the most recent audited financial statements of the City and financial data of the underlying improvement areas. The City is also required to report certain events that are significant to bondholders, if, and when they occur.
These documents listed above have been reviewed by staff and its financing team.

ALTERNATIVES

1. Adopt Resolution 2020- [___] Approving the Execution and Delivery of California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (T.R.I.P. – Total Road Improvement Program) subject to the compliance of certain criteria, including that: (i) the principal amount of the 2020 Refunding Certificates does not exceed $22.5 million ($22,500,000); (ii) the NPV % savings does not fall below 3.0%; and (iii) the Underwriter’s Discount does not exceed 0.95% of the principal amount of the 2020 Refunding Certificates which are within the City’s refunding policy guidelines of the Debt Management Policy #3.10. This alternative is recommended since it allows the financing team to move forward with the refunding of the outstanding bonds.

2. Do no adopt the resolution to authorize the execution and delivery by the Trustee of the 2020 Refunding Certificates and provide staff with additional direction.

FISCAL IMPACT

If, and when, the 2020 Refunding Certificates price, the City is estimated to save roughly $100,000 of Measure A Revenues annually through 2039, based on current market conditions. The savings quoted above are net of all financing costs (including the cost of purchasing bond insurance and a reserve fund surety policy).

The anticipated amendments to the FY 2020-21 budget to record the issuance of the Series 2020 Bonds and to make the required debt service payments which are due during FY 2020-21, may be made as part of future quarterly budget updates.

NOTIFICATION

The proposed 2020 Refunding financing was presented as a discussion item at the August 25, 2020, Finance Sub Committee meeting.

Public Notice.

PREPARATION OF STAFF REPORT

Prepared By: Brooke McKinney

Department Head Approval: Marshall Eyerman
CITY COUNCIL GOALS

Public Facilities and Capital Projects. Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

ATTACHMENTS

1. City Resolution - Moreno Valley TRIP Refunding Series 2020 4149-3679-4404 4
2. CLN 8-3-20 Preliminary Official Statement - 2020 TRIP Financing (DHS, Menifee, Moreno Valley)
3. First Supplement to Installment Sale Agreement (Moreno Valley) - CSCDA Measure A TRIP 4154-6752-4390 1
4. First Supplement to Trust Agreement (Moreno Valley) - CSCDA Measure A TRIP 4145-6391-4022 1
5. Trust Agreement - TRIP Refundings, Series 2020 4146-7859-7156 5
6. MKD 6-30-20 Certificate Purchase Agreement - TRIP Pool (DHS, Menifee, Moreno Valley)

APPROVALS
RESOLUTION NO. 2020-___

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION SERIES 2020 (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A FIRST SUPPLEMENT TO TRUST AGREEMENT TO PREPAY AND REFUND THE CITY’S 2013 INSTALLMENT SALE AGREEMENT AND RELATED CERTIFICATES OF PARTICIPATION, AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENT TO 2013 INSTALLMENT SALE AGREEMENT, A FIRST SUPPLEMENT TO TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT, A PROGRAM TRUST AGREEMENT, AND AN ESCROW AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING OTHER MATTERS RELATING THERETO

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is empowered to assist the City of Moreno Valley (the “City”) in financing and refinancing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement among a number of California cities, counties and special districts, including the City, dated June 1, 1988;

WHEREAS, the City has heretofore entered into a 2013 Installment Sale Agreement, dated as of August 1, 2013 (the “2013 Installment Sale Agreement”) with the Authority and a Trust Agreement, dated as of August 1, 2013 (the “2013 Trust Agreement”) by and among the Authority, Wells Fargo Bank, National Association, as trustee or other successor trustee to be designated (the “2013 Trustee”), and the City, in order to participate with certain other local agencies in the California Statewide Communities Development Authority T.R.I.P. – Total Road Improvement Program (the “Program”) established by the Authority, to finance the construction of streets and roadways within the corporate limits of the City as described in Exhibit B to the 2013 Installment Sale Agreement (the “Project”);

WHEREAS, the 2013 Installment Sale Agreement provides for the Authority to acquire and construct the Project for, and sell the Project to, the City and permits the City to prepay all or any part of the principal amount of the unpaid 2013 Installment Sale Payments (as defined therein) becoming due on or after June 1, 2023 upon written direction to the Authority and the Trustee;

WHEREAS, pursuant to the 2013 Trust Agreement, the Authority caused the execution and delivery of those California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) evidencing principal in $20,000,000 aggregate principal amount, of which $17,885,000 principal amount is currently outstanding (the “2013 Certificates”) a portion of the proceeds of which were used to finance the Project;

WHEREAS, the City desires to refinance the Project and to prepay the principal amount of the unpaid 2013 Installment Sale Payments (as defined in and pursuant to Section 3.03 of the 2013 Installment
Sale Agreement) coming due on or after June 1, 2023 at a prepayment price equal to the principal amount plus accrued interest to the date of prepayment, and thereby prepay that portion of the outstanding 2013 Certificates coming due on or after June 1, 2023, evidencing and representing proportionate and undivided interests in 2013 Installment Sale Payments to be made by the City under the 2013 Installment Sale Agreement from Revenues consisting of Measure A Receipts (each as defined therein);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City for interest rate savings, a lower net interest cost and lower costs of issuance to provide the funds necessary to refinance the Project and advance refund the 2013 Certificates through the execution and delivery of certificates of participation designated “California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (T.R.I.P. – Total Road Improvement Program)” (and/or such other particulars and series in name to be designated) (the “Certificates”) payable from installment payments received from the City pursuant to a First Supplement to 2013 Installment Sale Agreement (the “First Supplement to 2013 Installment Sale Agreement”) between the City and the Authority;

WHEREAS, the City has adopted and in effect a debt management policy (the “Debt Management Policy”) in compliance with California Government Code Section 8855(i), and the City’s execution and delivery of the First Supplement to 2013 Installment Sale Agreement and the Certificates pursuant to this Resolution are consistent with such policy;

WHEREAS, the First Supplement to 2013 Installment Sale Agreement including the installment sale payments thereunder will be assigned by the Authority to Wells Fargo Bank, National Association, as trustee or other successor trustee to be designated (the “Trustee”), under the First Supplement to Trust Agreement, among the Authority, the Trustee and the City (such First Supplement to Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “First Supplement to Trust Agreement”), pursuant to which the Trustee will execute and deliver the Certificates, as an advance refunding of the 2013 Certificates on a federally taxable basis, or federally tax-exempt basis if then permissible under the Internal Revenue Code of 1986 (the “Code”), which evidence and represent proportionate and undivided interests in such installment sale payments;

WHEREAS, in order to achieve further interest rate savings, lower net interest costs and lower costs of issuance, the Certificates may be deposited into a trust agreement (a form of which is attached hereto, the “Program Trust Agreement”), among the Authority, the Trustee, the City and other local agencies which may determine to participate in the Program, for the execution and delivery of a series of certificates, on a federally taxable basis, or federally tax-exempt basis if then permissible under the Code, which evidence and represent proportionate and undivided interests in principal and interest payments to be made on the Certificates and may also evidence and represent proportionate and undivided interests in principal and interest payments to be made by one or more other local agencies which may determine on a similar schedule for delivery to participate in the Program to finance projects, similar to the Project, and assigned by the Authority to the Trustee;

WHEREAS, as used in this Resolution, unless the context suggests otherwise, the term Certificates means all or such portion of the certificates of participation evidencing and representing proportionate and undivided interests in Installment Sale Payments scheduled to be made by the City;

WHEREAS, the Authority may determine that securing the timely payment of the principal and interest evidenced by the Certificates by obtaining a bond insurance policy (a “Certificate Insurance Policy”) and/or a reserve surety bond or policy with respect thereto issued by a municipal bond insurer (a “Certificate Insurer”) could be economically advantageous to the City;
WHEREAS, Stifel, Nicolaus & Company, Incorporated, or such other investment banking firm as may be selected in the sole discretion of the City (the “Underwriter”), has submitted to the City and the Authority a proposed form of an agreement to purchase the Certificates for resale to investors, in the form of a Certificate Purchase Agreement (the “Certificate Purchase Agreement”);

WHEREAS, a form of the Preliminary Official Statement (the “Preliminary Official Statement”) to be distributed in connection with the public offering of the Certificates has been prepared;

WHEREAS, the City is a member of the Authority and the Project is located within the boundaries of the City;

WHEREAS, the City hereby finds that the refinancing of such public capital improvements within the City will result in savings and further result in significant public benefits in the form of a safe and reliable transportation network, demonstrable savings in effective interest rates, and the more efficient delivery of City services to residential and commercial development;

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the City Council obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Certificates, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Certificates, (b) the sum of all fees and charges paid to third parties with respect to the Certificates, (c) the amount of proceeds of the Certificates expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Certificates, and (d) the sum total of all debt service payments on the Certificates calculated to the final maturity of the Certificates plus the fees and charges paid to third parties not paid with the proceeds of the Certificates;

WHEREAS, in compliance with SB 450, the City Council has obtained from Urban Futures, Inc., as the Program Advisor, and the Underwriter, the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such refinancing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE MORENO VALLEY CITY COUNCIL, as follows:

Section 1. The foregoing recitals herein contained are true and correct and the City Council so finds.

Section 2. The form of the First Supplement to 2013 Installment Sale Agreement, on file with the City Clerk, is hereby approved, and any of the Authorized Officers designated in Section 12 hereof or the written designee of any such officer (the “Authorized Officers”) are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the First Supplement to 2013 Installment Sale Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (i) the aggregate amount of the
principal components of the installment sale payments shall not exceed $22,500,000, (ii) the final maturity of the installment sale payments shall not exceed June 1, 2039 and (iii) there shall be present value savings with respect to the refunding of the Series 2013 Certificates of at least 3% of the principal evidenced by the Series 2013 Certificates using the yield on the Certificates as the discount rate. Pursuant to the terms of the First Supplement to 2013 Installment Sale Agreement, the City Council further authorizes the execution and delivery of additional Contracts in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from Measure A Revenues, as defined in the First Supplement to 2013 Installment Sale Agreement, on a parity with the payment of the Installment Sale Payments.

Section 3. The form of First Supplement to Trust Agreement, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the First Supplement to Trust Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Certificates may be executed and delivered on a federally tax-exempt basis if then permissible under the Code as shall be determined by such Authorized Officer. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the First Supplement to Trust Agreement and the First Supplement to 2013 Installment Sale Agreement, is hereby authorized and approved. The Certificates shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and prepayment, shall be executed and delivered in the form and shall be as otherwise provided in the First Supplement to Trust Agreement, as the same shall be completed. The Trustee is authorized and directed to prepare and execute the Certificates and to deliver the Certificates to the Purchaser (as defined in the First Supplement to Trust Agreement) upon payment of the purchase price thereof, pursuant to the terms of the First Supplement to Trust Agreement.

Section 4. The form of Program Trust Agreement, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Program Trust Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Certificates may be executed and delivered on a federally tax-exempt basis if then permissible under the Code as shall be determined by such Authorized Officer. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the Program Trust Agreement, is hereby authorized and approved. The Certificates shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and prepayment, shall be executed and delivered in the form and shall be as otherwise provided in the Program Trust Agreement, as the same shall be completed. The Trustee is authorized and directed to prepare and execute the Certificates and to deliver the Certificates to the Purchaser (as defined in the Program Trust Agreement) upon payment of the purchase price thereof, pursuant to the terms of the Program Trust Agreement. The Trustee is authorized and directed to execute and deliver the Certificates pursuant to the terms of the Program Trust Agreement on behalf of the Local Agency.

Section 5. The form of Certificate Purchase Agreement, on file with the City Clerk, including the form of the Pricing Confirmation set forth as an exhibit thereto (the “Pricing Confirmation”) is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Certificate Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve including, without limitation, as may be necessary to provide for an engagement for Stifel, Nicolaus & Company, Incorporated to act as placement agent for a private placement of the Certificates in place of or together
with the Certificate Purchase Agreement, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter’s discount and/or placement agent fee for the sale of the Certificates and/or the certificates of participation to be executed and delivered under the Program Trust Agreement, shall not exceed 0.950% of the aggregate principal amount of the principal components of the installment sale payments payable under the First Supplement to 2013 Installment Sale Agreement and delivered under the Certificate Purchase Agreement. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

Section 6. The form of Escrow Agreement, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of Preliminary Official Statement, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Any one of the Authorized Officers is hereby authorized and directed to provide the Underwriter with such information relating to the City as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the City therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”) and information describing other local agencies therein which may participate in the Program, hereby deemed final within the meaning of the Rule; provided that no representation is made as to the information contained in the Preliminary Official Statement relating to any Certificate Insurer or Certificate Insurance Policy. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the City might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter. Each Authorized Officer is authorized and directed, and the Authority is hereby authorized and directed, at or after the time of the sale of the Certificates, for and in the name and on behalf of the City, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the City and the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The form of Continuing Disclosure Agreement, on file with the City Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. With the passage of this Resolution, the City hereby certifies that the City’s obligations under the First Supplement to 2013 Installment Sale Agreement including, without limitation, to make the 2020 Installment Sale Payments payable as provided in the First Supplement to 2013 Installment Sale Agreement as contemplated by this Resolution is in compliance with the Debt Management Policy and instructs Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, on behalf of the City with respect to the Certificates described in this Resolution, (a) to cause notices of the proposed sale and final sale of the Certificates to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to Government Code Section 8855, and (b) to check, on behalf of the City, the “Yes” box relating to such certifications in the notice of proposed sale filed pursuant to Government Code Section 8855.
Section 10. In accordance with SB 450, good faith estimates of the following have been obtained from the Municipal Advisor and the Underwriter and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Certificates, (b) the sum of all fees and charges paid to third parties with respect to the Certificates, (c) the amount of proceeds of the Certificates expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Certificates, and (d) the sum total of all debt service payments on the Certificates calculated to the final maturity of the Certificates plus the fees and charges paid to third parties not paid with the proceeds of the Certificates.

Section 11. The Authority is hereby authorized to apply for a Certificate Insurance Policy and/or a reserve surety bond or policy for the Certificates and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Certificates.

Section 12. The appointment of Stifel, Nicolaus & Company, Incorporated as the Underwriter of the Certificates, Urban Futures Inc. as municipal advisor to the City and Orrick, Herrington & Sutcliffe LLP as special counsel is hereby approved.

Section 13. The Authorized Officer designated below and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions including the substitution of the trustee and the sale and deposit of the Certificates under the Program Trust Agreement, and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Authorized Officers:

TITLE
(1) Mayor
(2) City Manager
(3) Assistant City Manager/Chief Financial Officer/City Treasurer

Section 14. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 15. This Resolution shall be in full force and effect upon its adoption.
APPROVED AND ADOPTED this September __, 2020.

__________________________  Mayor

ATTEST:

__________________________  City Clerk

APPROVED AS TO FORM:

__________________________  City Attorney
EXHIBIT A
GOOD FAITH ESTIMATES

The following information was provided by the City of Moreno Valley (the “City”) and obtained from the Program Advisor and the Underwriter, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the City’s 2020 Installment Sale Payments (as defined in the Installment Sale Agreement to be executed by the City) and the certificates of participation evidencing and representing proportionate and undivided interests in Installment Sale Payments scheduled to be made by the City and the certificates of participation to be executed and delivered under the Program Trust Agreement (the “Certificates”):

1. **True Interest Cost of the Certificates.** Assuming the estimated aggregate principal amount of the Certificates evidencing and representing a proportionate, undivided interest in the City’s 2020 Installment Sale Payments to be executed and delivered ($20,995,000) is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 2.69%.

2. **Finance Charge of the Certificates.** Assuming the estimated aggregate principal amount of the Certificates evidencing and representing a proportionate, undivided interest in the City’s 2020 Installment Sale Payments to be executed and delivered ($20,995,000) is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is $604,988.46.

3. **Amount of Proceeds to be Received.** Assuming the estimated aggregate principal amount of the Certificates evidencing and representing a proportionate, undivided interest in the City’s 2020 Installment Sale Payments to be executed and delivered ($20,995,000) is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the City from sale of the Certificates less the finance charge of the Certificates described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Certificates, is $20,370,012.

4. **Total Payment Amount.** Assuming the estimated aggregate principal amount of the Certificates evidencing and representing a proportionate, undivided interest in the City’s 2020 Installment Sale Payments to be executed and delivered ($20,995,000) is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay its 2020 Installment Sale Payments with respect to the Certificates plus the finance charge of the Certificates described in paragraph 2 above not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is $26,351,051.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from those presently estimated due to variations from these estimates in the timing of the sale of the Certificates, the actual principal amount of Certificates sold, the amortization of the Certificates sold and market interest rates at the time of sale. The date of sale and the amount of Certificates sold will be determined by the City based on need for improvement funds and other factors. The actual interest rates at which the Certificates will be sold will depend on the bond market at the time of sale. The actual amortization of the Certificates will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City’s control. The City Council has approved the execution and delivery of the Certificates provided that the present value savings with respect to the refunding of the
Series 2013 Certificates is at least 3% of the principal evidenced by the Series 2013 Certificates using the yield on the Certificates as the discount rate.
CLERK’S CERTIFICATE

The undersigned, City Clerk of the City of Moreno Valley, does hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted by a vote of a majority of the City Council of the City of Moreno Valley at a regular meeting of said Council duly and regularly and legally held at the Council Chambers of the City Council, City Hall, 14177 Frederick Street, Moreno Valley, California, on September __, 2020, of which all of such members had due notice, as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at 14177 Frederick Street, Moreno Valley, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: __________, 2020

__________________________
Pat Jacquez-Nares
City Clerk of the City of Moreno Valley

[Seal]
In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Local Agencies, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the interest on the Installment Sale Payments paid by each Local Agency under the applicable 2020 Installment Sale Agreement and received by the owners of the Certificates is exempt from State of California personal income taxes. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Installment Sale Payments. See “TAX MATTERS.”

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020
(FEDERALALLY TAXABLE INSTALLMENT SALE PROGRAM)
Evidencing Proportionate and Undivided Interest of the Owners Thereof
in Installment Sale Payments to be Made by Participating Local Agencies
Pursuant to Certain 2020 Installment Sale Agreements

Dated: Date of Delivery

Due: June 1, as shown on inside cover

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

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

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

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

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

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

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

The Obligation of Each Local Agency to Make Installment Sale Payments Under its 2020 Installment Sale Agreement is a Special Obligation of Such Local Agency Payable Solely from Measure A Receipts and, in the Case of the City of Desert Hot Springs and the City of Menifee, Also Gas Tax Revenues, and Does Not constitute a Debt of Such Local Agency, Any Other Local Agency, the Authority, the State of California (the “State”), or Any Political Subdivision of the State Within the Meaning of Any Constitutional or Statutory Debt Limitation or Restriction, and Does Not Constitute an Obligation for Which the Local Agency, Any Other Local Agency, the State, or Any Political Subdivision of the State is Obligated to Levy or Pledge Any Form of Taxation or for Which the Local Agency, the State, or Any Political Subdivision of the State has Levied or Pledged Any Form of Taxation. The Authority has No Taxing Power.

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

Dated: __________, 2020

* Preliminary; subject to change.
**MATURITY SCHEDULE**

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<tr>
<th>Maturity Date (June 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>CUSIP (1) No.</th>
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$____________ ______% Term Certificates due June 1, 20__; Yield: _____%; Price: ____; CUSIP (1) No. _________

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. None of the Authority, the Local Agencies, or the Underwriter are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Local Agencies, or the Underwriter and are included solely for the convenience of the registered owners of the Certificates. None of the Authority, the Local Agencies, or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness with respect to the Certificates or as included herein. The CUSIP number for a specific maturity of Certificate is subject to being changed after the execution and delivery of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.
PARTICIPATING LOCAL AGENCIES

City of Desert Hot Springs, California

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

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

City of Menifee, California

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

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

City of Moreno Valley, California

Dr. Yxstian Gutierrez, Mayor
Victoria Baca, Mayor Pro-Tem
Ulises Cabrera, Councilmember
David Marquez, Councilmember
Dr. Carla J. Thornton, Councilmember

Mike Lee, City Manager
Marshall Eyerman, Assistant City Manager/Chief Financial Officer/City Treasurer
Pat Jacquez-Nares, City Clerk

PROFESSIONAL SERVICES

Special Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Underwriter’s Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee
Wilmington Trust, N.A.
Costa Mesa, California

Municipal Advisor
Urban Futures, Inc.
Orange, California

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

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

The information set forth in this Official Statement has been obtained from each Local Agency, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by any such Local Agency or the Authority. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of any Local Agency or the Authority since the date of this Official Statement.

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

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

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

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

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

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

$___________

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

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the execution and delivery of the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020 (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), in an aggregate principal amount of $___________.

Description of the Certificates

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

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

* Preliminary; subject to change.
Authorization

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

Judicial Validations

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

Use of Certificate Proceeds

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

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

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

(iii) refinance the design, acquisition, and construction of the Projects of the City Moreno Valley by prepaying all of the outstanding California Communities Local Measure A Sale Tax Revenues (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total
Road Improvement Program) (the “Moreno Valley 2013 Certificates” and together with the Desert Hot Springs 2012 Certificates and the Menifee 2012 Certificates, the “Prior Certificates”), which evidence proportionate and undivided interests in installment sale payments (the “Moreno Valley 2013 Installment Payments”) payable by the City of Moreno Valley under a 2013 Installment Sale Agreement, dated as of August 1, 2013 (the “Moreno Valley 2013 Installment Sale Agreement” and together with the Desert Hot Springs 2012 Installment Sale Agreement and the Menifee 2012 Installment Sale Agreement, the “Prior Installment Sale Agreements”), by and between the Authority and the City of Moreno Valley;

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

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

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

Payment of Principal and Interest

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

Prepayment of Certificates

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

Security and Sources of Payment for the Certificates

Installment Sale Payments. Pursuant to the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee, the City of Desert Hot Springs and the City of Menifee are required to pay to the Trustee, from a first lien on the Gas Tax Revenues and Measure A Receipts (each as defined below), the Installment Sale Payments attributable to each such Local Agency. Pursuant to the 2020 Installment Sale Agreement with the City of Moreno Valley, the City of Moreno Valley is required to pay to the Trustee, from a first lien on the Measure A Receipts (as defined below), the Installment Sale Payments attributable to the City of Moreno Valley. The Installment Sale Payments, when added to the
Installment Sale Payments received from the other Local Agencies, are designed to be sufficient, in both time and amount, to pay, when due, the principal and interest evidenced and represented by the Certificates. Each Local Agency is solely responsible for the payment of the Installment Sale Payments required to be paid pursuant to its 2020 Installment Sale Agreement, and no Local Agency is responsible for the payment of any Installment Sale Payments attributable to any other Local Agency.

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

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

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

Pursuant to the Trust Agreement, the Authority will assign to the Trustee all of the Authority’s rights and remedies under the 2020 Installment Sale Agreements, including, but not limited to, the Authority’s security interest in and lien upon the Gas Tax Revenues received by the City of Desert Hot
Springs and the City of Menifee and Measure A Receipts received by all three of the Local Agencies. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” “MEASURE A REVENUES; MEASURE A RECEIPTS,” and “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

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

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

**Special, Limited Obligation of the Local Agencies**

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

**Continuing Disclosure**

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

**Forward-Looking Statements**

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

COVID-19 Pandemic

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

Risk Factors Associated with Purchasing the 2020 Bonds

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

References Qualified

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

Refunding of Desert Hot Springs 2012 Certificates

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

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

Refunding of Menifee 2012 Certificates

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

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

Refunding of Moreno Valley 2013 Certificates

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

A portion of the proceeds of the Certificates, together with certain funds made available through the prepayment of the outstanding Moreno Valley 2013 Certificates, will be deposited in an escrow fund (the “Moreno Valley 2013 Certificates Escrow Fund”) with the Escrow Agent, pursuant to an Escrow Agreement, dated as of ___________ 1, 2020, by and between the City of Moreno Valley and the Escrow Agent. A portion of the amounts so deposited will be invested by the Escrow Agent in federal securities, and the remainder will be held in cash, uninvested. From the proceeds on deposit in the Moreno Valley 2013 Certificates Escrow Fund, the Escrow Agent will pay when due (i) the interest and principal coming due with respect to the Moreno Valley 2013 Certificates on and prior to June 1, 2023 and (ii) to prepay on June 1, 2020 the Moreno Valley 2013 Certificates maturing after June 1, 2023 at the principal evidenced
and represented by the Moreno Valley 2013 Certificates plus accrued interest to June 1, 2023, without premium.

**Verification of Mathematical Accuracy**

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

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

**ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS**

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

<table>
<thead>
<tr>
<th>Estimated Sources:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount Represented by Certificates</td>
<td>$</td>
</tr>
<tr>
<td>[Plus/Less]: Net Original Issue [Premium/Discount]</td>
<td></td>
</tr>
<tr>
<td>Plus: Funds Relating to the Prior Certificates</td>
<td></td>
</tr>
<tr>
<td>Less: Underwriter’s Discount</td>
<td></td>
</tr>
<tr>
<td>Total Sources</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated Uses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit into the Costs of Issuance Fund (1)</td>
<td>$</td>
</tr>
<tr>
<td>Deposit into the Desert Hot Springs 2012 Certificates Escrow Fund (2)</td>
<td></td>
</tr>
<tr>
<td>Deposit into the Menifee 2012 Certificates Escrow Fund (2)</td>
<td></td>
</tr>
<tr>
<td>Deposit into the Moreno Valley 2013 Certificates Escrow Fund (2)</td>
<td></td>
</tr>
<tr>
<td>Total Uses</td>
<td>$</td>
</tr>
</tbody>
</table>

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

(2) See “REFUNDING PLAN” above.
THE CERTIFICATES

Authorization and Registration of Certificates

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

Judicial Validations

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

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

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

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

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

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

**Payment of Certificates**

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

**Prepayment of Certificates**

*Optional Prepayment of Certificates.* The Certificates maturing on or before June 1, 20__, are not subject to optional prepayment prior the respective stated maturities. The Certificates maturing on or after June 1, 20__, will be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of a Local Agency, on or after June 1, 20__, in whole or in part (by lot within any maturity), on any date, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. Each respective Local Agency is required to
provide written notice to the Authority and the Trustee at least 45 days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the Installment Sale Payments to be prepaid.

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

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

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

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

<table>
<thead>
<tr>
<th>Mandatory Prepayment Date (June 1)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Maturity)</td>
</tr>
</tbody>
</table>

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

Purchase of Certificates in Lieu of Prepayment

In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund held under the Trust Agreement, or in any sinking account therein, may also be used and withdrawn by the Trustee at any time, upon the written request of the Authority, for the purchase of such Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest that is payable from the Interest Fund) as the Authority, upon direction of the respective Local
Agency, may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount represented by any Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Certificate Payment Date in any year will be credited towards and shall reduce the principal amount represented by any Certificates required to be prepaid on such Certificate Payment Date in such year.

Selection of Certificates for Prepayment

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

Notice of Prepayment; Effect of Notice

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

Conditional notice of optional prepayment may be given at the direction of the Authority and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee. If at the time of mailing of notice, funds are not then on deposit with the Trustee, such notice shall state that it is conditional upon the deposit of the funds not later than the opening of business on the date of prepayment of the Certificates, and such notice shall be of no effect unless such moneys are so deposited.
Failure by the Trustee to give notice to EMMA or the Securities Depositories, or failure by the Trustee to mail notice of prepayment or purchase to any one or more of the respective Owners of any Certificates designated for prepayment or purchase, shall not affect the sufficiency of the proceedings for prepayment or purchase.

**Partial Prepayment or Purchase of Certificates**

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

**Effect of Prepayment**

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

**Book-Entry Only System**

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

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate, and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of
securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the Authority or any Local Agency and is not incorporated in this Official Statement by reference.

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

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

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

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

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

Principal and interest payments with respect to the Certificates will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

The table below presents the annual debt service with respect to the Certificates (including sinking account prepayments) and the respective Installment Sale Payments to be made by each of the Local Agencies, assuming that there are no optional prepayments, for the year ending on June 1 in the years shown.

**Debt Service Schedule**

<table>
<thead>
<tr>
<th></th>
<th>City of Desert Hot Springs</th>
<th>City of Menifee</th>
<th>City of Moreno Valley</th>
<th>Certificates Total Interest</th>
<th>Certificates Total Debt Service</th>
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</thead>
<tbody>
<tr>
<td>Date (June 1)</td>
<td>Total Installment Sale Payments(1)</td>
<td>Total Installment Sale Payments(1)</td>
<td>Total Installment Sale Payments(1)</td>
<td>Certificates Principal</td>
<td>Certificates Interest</td>
</tr>
</tbody>
</table>

(1) Due on or before 15 days prior to each Interest Payment Date.
Source: Underwriter.
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Installment Sale Payments

The Certificates evidence proportionate and undivided interests of the Owners thereof in the Installment Sale Payments to be made by the Local Agencies pursuant to the 2020 Installment Sale Agreements.

Pursuant to the 2020 Installment Sale Agreements with the City of Desert Hot Springs and the City of Menifee, the City of Desert Hot Springs and the City of Menifee are required to pay to the Trustee, from a first lien on the Gas Tax Revenues and Measure A Receipts, the Installment Sale Payments attributable to each such Local Agency. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Pledge of Gas Tax Revenues” and “– Pledge of Measure A Receipts.”

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

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

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

Pledge of Gas Tax Revenues

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

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

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

Pledge of Measure A Receipts

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

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

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

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

Pledged Tax Fund

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

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

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

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

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

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

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

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

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

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

Notwithstanding the pledge of Gas Tax Revenues by the City of Desert Hot Springs and City of Menifee and the pledge of Measure A Receipts by all three Local Agencies as described above, each Local Agency may satisfy its obligation to deposit Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee and, if and when so deposited, such Other Available Revenues shall be irrevocably pledged to the payment of Installment Sale Payments. Unless and until deposited with the Trustee, such Other Available Revenues are not pledged to the payment of Installment Sale Payments. The term “Other Available Revenues” is defined in the applicable 2020 Installment Sale Agreement as revenues, other than Measure A Receipts, legally available to such Local Agency to make Installment Sale Payments.

Additional Contracts

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

Reserve Fund

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

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

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

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

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

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

Certificate Insurance Policy

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

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

GAS TAX REVENUES

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

Gas Tax Revenues are received by the City of Desert Hot Springs and the City of Menifee and held and maintained in the Gas Tax Fund of such Local Agencies. See “GAS TAX REVENUES – Statewide Gas Tax Apportionments” below. The historical Gas Tax Revenues of the City of Desert Hot Springs and the City of Menifee, as apportioned under the California Streets and Highway Code to such Local Agencies, and their respective Balance Sheet and Schedule of Revenues, Expenditures, and Changes in Fund Balance in this Official Statement are the latest available, but are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See “BOND OWNERS’ RISK – Public Health Emergencies.” Further declines in the economy or other market factors may depress Gas Tax Revenues that are available to be apportioned to the City of Desert Hot Springs and the City of Menifee in the future.

Statewide Fuel Consumption

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

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

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<th>Year</th>
<th>Net Taxable Fuel(1)</th>
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<th>Total</th>
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<td>$2,590,655,088</td>
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<td>14,504,794,174</td>
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<td>17,273,250,083</td>
</tr>
<tr>
<td>2014</td>
<td>14,702,632,422</td>
<td>2,776,180,357</td>
<td>17,478,812,779</td>
</tr>
<tr>
<td>2015</td>
<td>15,105,348,840</td>
<td>2,824,659,806</td>
<td>17,930,008,646</td>
</tr>
<tr>
<td>2016</td>
<td>15,487,956,872</td>
<td>3,005,270,626</td>
<td>18,493,227,498</td>
</tr>
<tr>
<td>2017</td>
<td>15,579,525,920</td>
<td>3,123,808,747</td>
<td>18,703,334,667</td>
</tr>
<tr>
<td>2018</td>
<td>15,517,383,271</td>
<td>3,073,917,507</td>
<td>18,591,300,778</td>
</tr>
<tr>
<td>2019</td>
<td>15,428,040,813</td>
<td>3,068,003,945</td>
<td>18,496,044,758</td>
</tr>
</tbody>
</table>

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

Statewide Gas Tax Apportionments

Apportionment to the City of Desert Hot Springs and the City of Menifee of per gallon taxes that comprise their Gas Tax Revenues is made monthly by the Controller of the State pursuant to Sections 2103, 2105, 2106, and 2107 of the California Streets and Highways Code (respectively, “Section 2103,” “Section 2105,” “Section 2106,” and “Section 2107”). Apportionments under Sections 2104(d), (e), and (f) of the California Streets and Highways Code apply to counties only; neither the City of Desert Hot Springs nor the City of Menifee receive any Gas Tax Revenues under such Sections.

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

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

Section 2103. Section 2103 was substantially amended by the passage of Assembly Bill No. 9 (ABX8 9), adopted into law along with its companion Assembly Bill No. 6 (ABX8 6) on March 22, 2010, and further amended by Assembly Bill 105 (AB 105), adopted into law on March 24, 2011. Pursuant to Section 2103, as amended, commencing in fiscal year 2010-11, a portion of the revenues from the increased the excise tax on gasoline that became effective on July 1, 2010, will be allocated each month to cities, among other purposes, as set forth in Section 2103. See “– 2010 Gasoline Sales Tax – Gasoline Excise Tax Swap” below.
Section 2105. Pursuant to Section 2105, cities are apportioned a sum equal to 5.8% of the per gallon tax under Section 7360 of the Revenue and Taxation Code, 11.5% of any per gallon tax in excess of $0.09 per gallon under Section 8651, 8651.5, and 8651.6 of the California Revenue and Taxation Code, and 6.5% of the per gallon tax under Sections 60050 and 60115 of the Revenue and Taxation Code, in the proportion that the total population of the city bears to the total population of all cities in the State.

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

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

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

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

Commencing in fiscal year 2011-12 and continuing in fiscal years thereafter, under Section 2103, the revenues from the increased the excise tax on gasoline will be allocated each month as follows, in the following order of priority: (a) first, to the Transportation Debt Service Fund of the State, to reimburse the State’s General Fund for debt service paid with respect to specified State bonding programs; and second, the remainder shall be allocated as follows: (i) 44% to the State Transportation Improvement Program, (ii) 12% to the State Highway Operation and Protection Program, the State’s highway safety improvement program, and (iii) and 44% evenly split between cities and counties using current Highway Users Tax Account formulas. Section 2103 funds are allocated to cities on a per capita basis and to counties 75 percent based on the proportion of registered vehicles and 25 percent based on the proportion of maintained county road miles.

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

City of Desert Hot Springs Gas Tax Revenues

Historical Gas Tax Revenues – City of Desert Hot Springs. The following table details the historical Gas Tax Revenues received by the City of Desert Hot Springs, as apportioned under the California Streets and Highways Code to the City of Desert Hot Springs for fiscal years June 30, 2015 through June 30, 2020.

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

(1) Does not include California Streets and Highways Code Section 2107.5 revenues.
(2) Unaudited. As of ____, 2020.
Source: City of Desert Hot Springs.

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

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

(1) Deficit is due to a project overrun.

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$33,096</td>
<td>$ --</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>785,519</td>
<td>586,369</td>
<td>563,318</td>
<td>583,414</td>
<td>612,594</td>
</tr>
<tr>
<td>Interest</td>
<td>41</td>
<td>92</td>
<td>146</td>
<td>179</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$785,560</td>
<td>$586,461</td>
<td>$563,464</td>
<td>$616,689</td>
<td>$612,598</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$180,443</td>
<td>$141,859</td>
<td>$224,834</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>Public Works</td>
<td>182,079</td>
<td>203,299</td>
<td>212,145</td>
<td>537,828</td>
<td>478,495</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>--</td>
<td>--</td>
<td>107,662</td>
<td>39,360</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$362,522</td>
<td>$345,158</td>
<td>$544,641</td>
<td>$577,188</td>
<td>$478,495</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>$(199,346)</td>
<td>$(201,394)</td>
<td>$(197,794)</td>
<td>$(199,194)</td>
<td>$(200,444)</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>$(199,346)</td>
<td>$(201,394)</td>
<td>$(197,794)</td>
<td>$(199,194)</td>
<td>$(200,444)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET CHANGES IN FUND BALANCE</strong></td>
<td>$223,692</td>
<td>$39,909</td>
<td>$(178,971)</td>
<td>$(159,693)</td>
<td>$(66,341)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of year</td>
<td>$338,722</td>
<td>$378,631</td>
<td>$199,660</td>
<td>$39,966</td>
<td>$(26,375)</td>
</tr>
</tbody>
</table>

City of Menifee Gas Tax Revenues

Historical Gas Tax Revenues – City of Menifee. The following table details the historical Gas Tax Revenues received by the City of Menifee, as apportioned under the California Streets and Highway Code to the City of Menifee for fiscal years ended June 30, 2015 through June 30, 2020.

**HISTORICAL GAS TAX REVENUES CITY OF MENIFEE**
Fiscal Years Ended June 30, 2015 through June 30, 2020

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

(1) Does not include California Streets and Highways Code Section 2107.5 revenues.
(2) Unaudited; As of April 2020.[to be updated]
Source: City of Menifee.


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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$174,798</td>
<td>$537,853</td>
<td>$599,885</td>
<td>$1,519,568</td>
<td>$1,224,295</td>
</tr>
<tr>
<td>Accounts</td>
<td>51,293</td>
<td>45,331</td>
<td>42,646</td>
<td>144,748</td>
<td>68,040</td>
</tr>
<tr>
<td>Interest</td>
<td>1,512</td>
<td>264</td>
<td>1,367</td>
<td>4,474</td>
<td>4,973</td>
</tr>
<tr>
<td>Cash investments with fiscal agents</td>
<td>516,823</td>
<td>224,382</td>
<td>322,897</td>
<td>177,482</td>
<td>--</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$744,428</strong></td>
<td><strong>$807,830</strong></td>
<td><strong>$966,795</strong></td>
<td><strong>$1,846,252</strong></td>
<td><strong>$1,297,308</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$164,011</td>
<td>$211,853</td>
<td>$154,869</td>
<td>$589,644</td>
<td>$197,348</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>70,970</td>
<td>7,475</td>
<td>7,735</td>
<td>9,936</td>
<td>13,509</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$234,981</strong></td>
<td><strong>$219,328</strong></td>
<td><strong>$162,604</strong></td>
<td><strong>$599,580</strong></td>
<td><strong>$210,857</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>$509,445</td>
<td>$588,502</td>
<td>$804,191</td>
<td>$1,246,672</td>
<td>$1,086,451</td>
</tr>
<tr>
<td><strong>Total fund balance</strong></td>
<td><strong>$509,445</strong></td>
<td><strong>$588,502</strong></td>
<td><strong>$804,191</strong></td>
<td><strong>$1,246,672</strong></td>
<td><strong>$1,086,451</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and fund balance</strong></td>
<td><strong>$744,426</strong></td>
<td><strong>$807,830</strong></td>
<td><strong>$966,795</strong></td>
<td><strong>$1,846,252</strong></td>
<td><strong>$1,297,308</strong></td>
</tr>
</tbody>
</table>

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
### CITY OF MENIFEE GAS TAX FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019

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

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.
MEASURE A REVENUES; MEASURE A RECEIPTS

Pledge of Measure A Receipts

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

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

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

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

The Measure A Sales Tax

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

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

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

**Riverside County Transportation Commission**

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

**Senior Lien Measure A Obligations**

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

- $112,370,000 original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series B (Taxable Build America Bonds);
- $462,200,000 original principal amount of Sales Tax Revenue Bonds (Limited Tax Bonds), 2013 Series A (the “2013 Bonds”);
- $76,140,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2016 Series A;
- $158,760,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2017 Series A;
- $392,730,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2017 Series B; and
- $64,285,000 original principal amount of Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2018 Series A.
The Senior Lien Bonds are outstanding in the aggregate principal amount of approximately $805,810,000. All Senior Lien Bonds are secured by a first lien pledge of Measure A Revenues. The Senior Lien Bonds were issued pursuant to an Indenture dated as of June 1, 2008, as supplemented and amended from time to time (collectively, the “Measure A Revenues Indenture”), by and between the Commission and U.S. Bank National Association, as trustee (“the Measure A Revenues Trustee”).

Pursuant to the Measure A Revenues Indenture, the Commission may issue from time to time additional bonds or other obligations on a parity with the Senior Lien Bonds (collectively, “Parity Obligations”). The Commission may also issue from time to time obligations payable out of Measure A Revenues on a basis subordinate to the payment of the principal, premium, interest, and reserve fund requirements for the Senior Lien Bonds and all Parity Obligations (collectively, “Subordinate Obligations”). For example, according to the Commission’s adopted budget for Fiscal Year 2020-21, the Commission has instituted a program pursuant to which it may issue commercial paper notes as Subordinate Obligations in an aggregate principal amount of up to $60,000,000. According to Commission’s adopted budget for Fiscal Year 2020-21, no such Subordinate Obligations are presently outstanding.

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

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

Collection and Allocation of Measure A Revenues

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

Pursuant to the Measure A Ordinance, the Commission, after making a deduction for administration which amounts are determined and deducted by the Commission on a quarterly basis, first allocates such remaining unapplied Measure A Revenues to be applied for transportation purposes to the
Western County, Coachella Valley, and Palo Verde Valley areas within the County in proportion to the Measure A Revenues generated within those areas. Currently, the Commission allocates such remaining unapplied Measure A Revenues as follows: (i) approximately 78.1% to the Western County area; (ii) approximately 21.5% to the Coachella Valley; and (iii) approximately 0.4% to the Palo Verde Valley area.

The City of Desert Hot Springs is within the Coachella Valley area of the County. Thirty-Five percent (35%) of the portion of the Measure A Revenues allocated by the Commission to the Coachella Valley area is applied to the local streets and roads program within such area. To the extent any portion of the Project constructed by the City of Desert Hot Springs is designated by the Commission as a qualified project for purposes of the local streets and roads program established under the Measure A Ordinance, such portion will constitute a Measure A Project. The entire City of Desert Hot Springs Project constitutes a Measure A Project. The funds made available in the Coachella Valley area for purposes of the local streets and roads program are distributed to the cities in the Coachella Valley area and the County by a formula based 50% on proportionate dwelling units and 50% on proportionate revenues generated by Measure “A” within each jurisdiction. In order to be eligible for these funds, the City of Desert Hot Springs is required to (i) file a Five-Year Capital Improvement Plan for the use of these funds, updated annually, with the Commission, (ii) participate in a Transportation Uniform Mitigation Fee (“TUMF”) Program developed and administered by the Coachella Valley Association of Governments, and (iii) comply with a maintenance of effort requirement. See “– Measure A Revenues – Historical Measure A Revenues – City of Desert Hot Springs” below for a table setting forth the Measure A Revenues historically allocated by the Commission to the City of Desert Hot Springs for fiscal years 2015 through 2020. The portion of such Measure A Revenues allocated by the Commission to the City of Desert Hot Springs, to the extent the Project constitutes a Measure A Project, in an amount not greater than the Installment Sale Payments related to such Measure A Project, constitutes Measure A Receipts. Measure A Receipts of the City of Desert Hot Springs are pledged to make its Installment Sale Payments.

The City of Menifee and the City of Moreno Valley are within the Western County area of the County. Approximately 29% of the portion of the Measure A Revenues allocated by the Commission to the Western County area is applied to the local streets and roads program within such area. To the extent any portion of the respective Projects to be constructed by the City of Menifee and the City of Moreno Valley are designated by the Commission as a qualified project for purposes of the local streets and roads program established under the Measure A Ordinance, such portion will constitute a Measure A Project. The entire City of Menifee Project constitutes a Measure A Project, and the entire City of Moreno Valley Project constitutes a Measure A Project. The funds made available in the Western County area for purposes of the local streets and roads program are distributed to the cities in the Western County area and the County by a formula based 75% on proportionate population and 25% on proportionate revenues generated by the Measure A Ordinance within each jurisdiction. In order to be eligible for these funds, the City of Menifee and the City of Moreno Valley are each required to: (i) file a Five-Year Capital Improvement Plan for the use of these, updated annually, with the Commission, (ii) participate in a TUMF Program developed and administered by the Western Riverside Council of Governments, (iii) participate in the Multi-Species Habitat Conservation Plan developed and administered by the Western Riverside County Regional Conservation Authority, and (iv) comply with a maintenance of effort requirement. See “– Measure A Revenues – Historical Measure A Revenues – City of Menifee” and “– Measure A Revenues – Historical Measure A Revenues – City of Moreno Valley” below for a table setting forth the respective portions of the Measure A Revenues historically allocated by the Commission to the City of Menifee and the City of Moreno Valley for fiscal years 2015 through 2020. The respective portions of such Measure A Revenues allocated by the Commission to the City of Menifee and the City of Moreno Valley, to the extent their respective Project constitutes a Measure A Project, in an amount not greater than the Installment Sale Payments related to such Measure A Project, constitutes Measure A Receipts. Measure A Receipts of the City of Menifee and the City of Moreno Valley are pledged to make their respective Installment Sale Payments.
While Measure A Revenues will be collected in the County for a thirty-year period ending on June 30, 2039, Installment Sale Payments will be payable by the Local Agencies through and including June 1, 2042. Investors should be aware that no Measure A Revenues will be allocated by the Commission to the Local Agencies and be available to make Installment Sale Payments in fiscal years 2040, 2041, and 2042. See “RISK FACTORS – Limitations on Use of Measure A Revenues.”

### Measure A Receipts

**Historical Measure A Receipts – City of Desert Hot Springs.** The following table sets forth the Measure A Revenues historically allocated by the Commission to the City of Desert Hot Springs (i.e. Measure A Receipts) for fiscal years ended June 30, 2015 through June 30, 2020.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Measure A Receipts</th>
<th>Percent Change from Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$477,282</td>
<td>--</td>
</tr>
<tr>
<td>2016</td>
<td>457,775</td>
<td>(4.09)%</td>
</tr>
<tr>
<td>2017</td>
<td>464,468</td>
<td>1.46%</td>
</tr>
<tr>
<td>2018</td>
<td>454,537</td>
<td>(2.14)%</td>
</tr>
<tr>
<td>2019</td>
<td>522,385</td>
<td>14.93%</td>
</tr>
<tr>
<td>2020(1)</td>
<td>459,076</td>
<td>[N/A]</td>
</tr>
</tbody>
</table>

(1) Unaudited; as of [May] 2020.

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

The City of Desert Hot Springs is unable to predict if and when annual Measure A Revenues will increase or its Measure A Receipts. For summary of historical taxable retail sales within the City of Desert Hot Springs, see “APPENDIX B – General Information Regarding Participating Local Agencies – Commercial Activity.”
Measure A Fund Financial Statements – City of Desert Hot Springs. The following tables present the Balance Sheet and the Schedule of Revenues, Expenditures, and Fund Balances relating to the City of Desert Hot Spring’s Measure A Fund for the fiscal years ended June 30, 2015 through June 30, 2019.

BALANCE SHEET

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$ --</td>
<td>$104,331</td>
<td>$ --</td>
<td>$ --</td>
<td>$205,056</td>
</tr>
<tr>
<td>Accounts</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>84,946</td>
</tr>
<tr>
<td>Interest</td>
<td>6</td>
<td>7</td>
<td>--</td>
<td>--</td>
<td>265</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>134,181</td>
<td>86,712</td>
<td>90,449</td>
<td>112,681</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$134,187</td>
<td>$191,050</td>
<td>$90,449</td>
<td>$112,681</td>
<td>$290,267</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,318</td>
<td>$185,856</td>
<td>$44,566</td>
<td>$ --</td>
<td>$175,000</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>4,397</td>
<td>--</td>
<td>311</td>
<td>34,294</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$5,715</td>
<td>$185,856</td>
<td>$44,877</td>
<td>$34,294</td>
<td>$175,000</td>
</tr>
<tr>
<td>FUND BALANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>$128,472</td>
<td>$5,194</td>
<td>$45,572</td>
<td>$78,387</td>
<td>$115,267</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>$128,472</td>
<td>$5,194</td>
<td>$45,572</td>
<td>$78,387</td>
<td>$115,267</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balance</strong></td>
<td>$134,187</td>
<td>$191,050</td>
<td>$90,449</td>
<td>$112,681</td>
<td>$290,267</td>
</tr>
</tbody>
</table>


SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

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

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

Historical Measure A Receipts – City of Menifee. The following table sets forth the Measure A Revenues historically allocated by the Commission to the City of Menifee (i.e. Measure A Receipts) for fiscal years ended June 30, 2015 through June 30, 2020.

MEASURE A RECEIPTS CITY OF MENIFEE
Fiscal Years Ended June 30, 2015 through June 30, 2020

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Measure A Receipts</th>
<th>Percent Change from Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,415,536</td>
<td>--</td>
</tr>
<tr>
<td>2016</td>
<td>1,518,623</td>
<td>7.28%</td>
</tr>
<tr>
<td>2017</td>
<td>1,619,512</td>
<td>6.64</td>
</tr>
<tr>
<td>2018</td>
<td>1,664,930</td>
<td>2.80</td>
</tr>
<tr>
<td>2019</td>
<td>1,918,407</td>
<td>15.22</td>
</tr>
<tr>
<td>2020(^1)</td>
<td>1,389,576</td>
<td>N/A</td>
</tr>
</tbody>
</table>

\(^1\) Unaudited. As of March 2020.
Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019; City of Menifee.

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$3,273,504</td>
<td>$2,732,119</td>
<td>$401,131</td>
<td>$335,660</td>
<td>$964,603</td>
</tr>
<tr>
<td>Accounts</td>
<td>361,207</td>
<td>280,698</td>
<td>315,379</td>
<td>687,023</td>
<td>314,085</td>
</tr>
<tr>
<td>Interest</td>
<td>2,075</td>
<td>2,993</td>
<td>784</td>
<td>1,117</td>
<td>1,751</td>
</tr>
<tr>
<td>Cash and investments with fiscal agents</td>
<td>387,404</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$4,024,190</td>
<td>$3,015,810</td>
<td>$717,294</td>
<td>$1,023,800</td>
<td>$1,280,439</td>
</tr>
</tbody>
</table>

| LIABILITIES          |            |            |            |            |            |
| Accounts payable     | $29,382    | $224,098   | $30,565    | $14,617    | $67,669    |
| Total Liabilities    | $29,382    | $224,098   | $30,565    | $14,617    | $67,669    |

| FUND BALANCE         |            |            |            |            |            |
| Restricted           | $3,994,808 | $2,791,712 | $686,729   | $1,009,183 | $1,212,770 |
| Total Fund Balance   | $3,994,808 | $2,791,712 | $686,729   | $1,009,183 | $1,212,770 |
| Total Liabilities and Fund Balance | $4,024,190 | $3,015,810 | $717,294   | $1,023,800 | $1,280,439 |

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>1,415,536</td>
<td>1,518,623</td>
<td>1,619,512</td>
<td>1,940,209</td>
<td>1,918,407</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>12,754</td>
<td>14,347</td>
<td>7,132</td>
<td>3,720</td>
<td>7,542</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$1,428,290</td>
<td>$1,532,970</td>
<td>$1,626,644</td>
<td>$1,943,929</td>
<td>$1,925,949</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>$177,396</td>
<td>$1,276,478</td>
<td>--</td>
<td>--</td>
<td>$306,033</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>--</td>
<td>--</td>
<td>2,429,139</td>
<td>14,354</td>
<td>1,408</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$177,396</td>
<td>$1,276,478</td>
<td>$2,429,139</td>
<td>$320,387</td>
<td>$416,874</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td>$(516,428)</td>
<td>$(1,459,588)</td>
<td>$(1,302,488)</td>
<td>$(1,301,088)</td>
<td>$(1,305,488)</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>$(516,428)</td>
<td>$(1,459,588)</td>
<td>$(1,302,488)</td>
<td>$(1,301,088)</td>
<td>$(1,305,488)</td>
</tr>
<tr>
<td><strong>NET CHANGES IN FUND BALANCES</strong></td>
<td>$734,466</td>
<td>$(1,203,096)</td>
<td>$(2,104,983)</td>
<td>$322,454</td>
<td>$203,587</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>$3,260,342</td>
<td>$3,994,808</td>
<td>$2,791,712</td>
<td>$686,729</td>
<td>$1,009,183</td>
</tr>
<tr>
<td>End of year</td>
<td>$3,994,808</td>
<td>$2,791,712</td>
<td>$686,729</td>
<td>$1,009,183</td>
<td>$1,212,770</td>
</tr>
</tbody>
</table>

Source: City of Menifee Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.
Historical Measure A Receipts – City of Moreno Valley. The following table sets forth the Measure A Revenues historically allocated by the Commission (i.e. Measure A Receipts) to the City of Moreno Valley for fiscal years ended June 30, 2015 through June 30, 2020.

HISTORICAL MEASURE A RECEIPTS
CITY OF MORENO VALLEY
Fiscal Years Ended June 30, 2015 through June 30, 2020

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Measure A Revenues Allocated</th>
<th>Percent Change from Prior Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$3,212,285</td>
<td>--</td>
</tr>
<tr>
<td>2016</td>
<td>3,817,548</td>
<td>18.84%</td>
</tr>
<tr>
<td>2017</td>
<td>4,106,484</td>
<td>7.57</td>
</tr>
<tr>
<td>2018</td>
<td>3,707,442</td>
<td>(9.72)</td>
</tr>
<tr>
<td>2019</td>
<td>4,720,198</td>
<td>27.32</td>
</tr>
<tr>
<td>2020(1)</td>
<td>3,857,231</td>
<td>[N/A]</td>
</tr>
</tbody>
</table>

(1) Unaudited; as of [May] 2020.
Source: City of Moreno Valley Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019; City of Moreno Valley.

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$6,830,059</td>
<td>$6,794,068</td>
<td>$4,517,406</td>
<td>$3,214,347</td>
<td>$3,255,498</td>
</tr>
<tr>
<td>Notes and loans</td>
<td>--</td>
<td>9,220</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>2,174,140</td>
<td>1,100,532</td>
<td>677,216</td>
<td>1,014,318</td>
<td>328,001</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$9,004,199</td>
<td>$7,903,820</td>
<td>$5,194,622</td>
<td>$4,228,665</td>
<td>$3,583,499</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$616,464</td>
<td>$187,454</td>
<td>$59,283</td>
<td>$207,029</td>
<td>$14,279</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>47,274</td>
<td>--</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$616,464</td>
<td>$187,454</td>
<td>$59,283</td>
<td>$254,303</td>
<td>$14,279</td>
</tr>
<tr>
<td>FUND BALANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>$8,387,735</td>
<td>$7,716,366</td>
<td>$5,135,339</td>
<td>$3,974,362</td>
<td>$3,569,220</td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>$8,387,735</td>
<td>$7,716,366</td>
<td>$5,135,339</td>
<td>$3,974,362</td>
<td>$3,569,220</td>
</tr>
<tr>
<td>Total Liabilities and Fund Balance</td>
<td>$9,004,199</td>
<td>$7,903,820</td>
<td>$5,194,622</td>
<td>$4,228,665</td>
<td>$3,583,499</td>
</tr>
</tbody>
</table>

Source: City of Moreno Valley Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
### CITY OF MORENO VALLEY MEASURE A FUND
For the Fiscal Years Ended June 30, 2015 through June 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$</td>
<td>--</td>
<td>$</td>
<td>--</td>
<td>$</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>6,147,866</td>
<td>5,051,521</td>
<td>4,332,638</td>
<td>4,475,450</td>
<td>4,744,560</td>
</tr>
<tr>
<td>Fees and charges for services</td>
<td>--</td>
<td>9,220</td>
<td>--</td>
<td>132,921</td>
<td>--</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>66,080</td>
<td>80,681</td>
<td>76,966</td>
<td>60,680</td>
<td>58,950</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>419</td>
<td>35,710</td>
<td>74,631</td>
<td>12,400</td>
<td>--</td>
</tr>
</tbody>
</table>
| **Total Revenues** | $6,214,365 | $5,177,132 | $4,484,235 | $4,681,451 | $4,803,510 |}

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>$547,808</td>
<td>$1,581,072</td>
<td>$1,725,753</td>
<td>$1,964,659</td>
<td>$1,991,910</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>4,479,561</td>
<td>2,177,126</td>
<td>2,788,087</td>
<td>1,287,073</td>
<td>673,837</td>
</tr>
</tbody>
</table>
| **Total Expenditures** | $5,027,369 | $3,758,198 | $4,513,840 | $3,251,732 | $2,665,747 |}

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>$409,664</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(2,493,566)</td>
<td>(2,090,303)</td>
<td>(2,551,422)</td>
<td>(2,590,697)</td>
<td>(2,542,905)</td>
</tr>
</tbody>
</table>
| **Total Other Financing Sources (Uses)** | (2,083,902) | (2,090,303) | (2,551,422) | (2,590,697) | (2,542,905) |}

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET CHANGES IN FUND BALANCES</strong></td>
<td>$(896,906)</td>
<td>$(671,369)</td>
<td>$(2,581,027)</td>
<td>$(1,160,977)</td>
<td>$(405,142)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>$9,284,641</td>
<td>$8,387,735</td>
<td>$7,716,366</td>
<td>$5,135,339</td>
<td>$3,974,362</td>
</tr>
<tr>
<td>End of year</td>
<td>$8,387,735</td>
<td>$7,716,366</td>
<td>$5,135,339</td>
<td>$3,974,362</td>
<td>$3,569,220</td>
</tr>
</tbody>
</table>

*Source: City of Moreno Valley Comprehensive Annual Financial Reports for Fiscal Years 2015 through 2019.*
HISTORICAL DEBT SERVICE COVERAGE AND MAXIMUM ANNUAL DEBT SERVICE COVERAGE

Historical Debt Service Coverage. The following tables set forth the debt service coverage with respect to each of the Prior Installment Sale Agreements of the Local Agencies for the fiscal years ended June 30, 2015 through June 30, 2019.

HISTORICAL DEBT SERVICE COVERAGE
BASED UPON MEASURE A RECEIPTS AND GAS TAX REVENUES
OF THE CITY OF DESERT HOT SPRINGS
For the Fiscal Years Ended June 30, 2015 through June 30, 2019

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gas Tax Revenues (1)</th>
<th>Measure A Receipts (1)</th>
<th>Prior Installment Payments (2)</th>
<th>Debt Service Coverage (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$773,519</td>
<td>$477,282</td>
<td>$1,415,536</td>
<td>773.01</td>
</tr>
<tr>
<td>2016</td>
<td>580,369</td>
<td>457,775</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>557,317</td>
<td>464,468</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>577,414</td>
<td>454,537</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>573,055</td>
<td>522,385</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

HISTORICAL DEBT SERVICE COVERAGE
BASED UPON MEASURE A RECEIPTS AND GAS TAX REVENUES
OF THE CITY OF MENIFEE
For the Fiscal Years Ended June 30, 2015 through June 30, 2019

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gas Tax Revenues (1)</th>
<th>Measure A Receipts (1)</th>
<th>Prior Installment Payments (2)</th>
<th>Debt Service Coverage (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$2,093,375</td>
<td>$1,415,536</td>
<td>$1,518,623</td>
<td>1,415.37</td>
</tr>
<tr>
<td>2016</td>
<td>1,836,437</td>
<td>1,619,512</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,680,098</td>
<td>1,664,930</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1,797,232</td>
<td>1,918,407</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1,766,480</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

HISTORICAL DEBT SERVICE COVERAGE
BASED UPON MEASURE A RECEIPTS
OF THE CITY OF MORENO VALLEY
For the Fiscal Years Ended June 30, 2015 through June 30, 2019

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Measure A Receipts (1)</th>
<th>Prior Installment Payments (2)</th>
<th>Debt Service Coverage (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$3,212,285</td>
<td>$1,415,536</td>
<td>3,212.28</td>
</tr>
<tr>
<td>2016</td>
<td>3,817,548</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4,106,484</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>3,707,442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>4,720,198</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Source: City of Moreno Valley.
(2) Source: Underwriter.
**Maximum Annual Debt Service Coverage.** The following tables set forth the maximum annual debt service coverage with respect to each of the 2020 Installment Sale Agreements and the Certificates. The maximum annual debt service coverage for the City of Desert Hot Springs and the City of Menifee is based upon Gas Tax Revenues and Measure A Receipts allocated to such Local Agencies for fiscal year 2019-20 as ________, 2020. The maximum annual debt service coverage for the City of Moreno Valley is based upon Measure A Receipts allocated to the City of Moreno Valley for fiscal year 2019-20 as of ________, 2020. See “GAS TAX REVENUES” and “MEASURE A REVENUES; MEASURE A RECEIPTS.” As previously described, while Measure A Revenues will be collected in the County for a thirty-year period ending on June 30, 2039, Installment Sale Payments will be payable by the Local Agencies through and including June 1, 2042. Investors should be aware that no Measure A Revenues will be allocated by the Commission to each Local Agency and be available to make Installment Sale Payments for the fiscal years ended June 30, 2040 though June 30, 2042.

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

<table>
<thead>
<tr>
<th>2019-20 Gas Tax Revenues (1)</th>
<th>2019-20 Measure A Receipts (1)</th>
<th>Maximum Annual Debt Service (2)*</th>
<th>Debt Service Coverage (2)*</th>
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</tbody>
</table>

(1) Source: City of Desert Hot Springs; Gas Tax Revenues as of ___________, 2020; Measure A Receipts as of [May 2020]; unaudited; subject to change.

(2) Relating to 2020 Installment Sale Agreement of the City of Desert Hot Springs; Source: Underwriter.

* Preliminary; subject to change.

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

<table>
<thead>
<tr>
<th>2019-20 Gas Tax Revenues (1)</th>
<th>2019-20 Measure A Receipts (1)</th>
<th>Maximum Annual Debt Service (2)*</th>
<th>Debt Service Coverage (2)*</th>
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</tbody>
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(1) Source: City of Menifee; Gas Tax Revenues as of ___________, 2020; Measure A Receipts as of [May 2020]; unaudited; subject to change.

(2) Relating to 2020 Installment Sale Agreement of the City of Menifee; Source: Underwriter.

* Preliminary; subject to change.

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

<table>
<thead>
<tr>
<th>2019-20 Measure A Receipts (1)</th>
<th>Maximum Annual Debt Service (2)*</th>
<th>Debt Service Coverage (2)*</th>
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<td>$</td>
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</tbody>
</table>

(1) Source: City of Moreno Valley; as of [May 2020]; unaudited; subject to change.

(2) Relating to 2020 Installment Sale Agreement of the City of Moreno Valley; Source: Underwriter.

* Preliminary; subject to change.
AGGREGATE MAXIMUM ANNUAL DEBT SERVICE COVERAGE FOR CERTIFICATES

<table>
<thead>
<tr>
<th></th>
<th>2019-20 Gas Tax Revenues (1)</th>
<th>2019-20 Measure A Receipts (2)</th>
<th>Maximum Annual Debt Service (3)*</th>
<th>Debt Service Coverage (3)*</th>
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(1) Represents aggregate Gas Tax Revenues allocated to the City of Desert Hot Springs and the City of Menifee for fiscal year 2019-20 [as of ________, 2020], as shown in the tables above; source: City of Desert Hot Springs and City of Menifee.

(2) Represents aggregate Measure A Receipts for the Local Agencies for fiscal year 2019-20 as of [May 2020], as shown in the tables above; source: Local Agencies

(3) Source: Underwriter.

* Preliminary; subject to change.

Each Local Agency is solely responsible for the payment of the Installment Sale Payments required to be paid pursuant to its 2020 Installment Sale Agreement, and no Local Agency is responsible for the payment of any Installment Sale Payments attributable to any other Local Agency.

CERTIFICATE INSURANCE POLICY

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

[To come from Certificate Insurer]

RISK FACTORS

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

Public Health Emergencies

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

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including schools within the Local Agencies). The United States is also restricting certain non-citizens and permanent residents from entering the country. In addition, financial markets in the United States and globally have been volatile, with significant declines attributed to COVID-19 concerns.
Potential impacts to the Local Agencies associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the respective boundaries of the Local Agencies, cancellations of public events and disruption of the regional and local economy with corresponding decreases in the revenues of the Local Agencies, including Gas Tax Revenues and Measure A Receipts, as applicable, and potential declines in property values which may affect the ability or willingness of homeowners to pay property taxes.

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

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

Installment Sale Payments Constitute Limited Obligations

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

Passive Revenue Source

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

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

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

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

There can be no assurance that Measure A Receipts will be available in the amounts estimated in this Official Statement. A decrease in Measure A Revenues would adversely affect the amount and/or availability of Measure A Receipts. In addition, each Local Agency must continuously meet certain requirements set forth in the Measure A Ordinance in order to be eligible to receive Measure A Revenues from the Commission and apply Measure A Receipts to pay the applicable Installment Sale Payments. See “MEASURE A REVENUES; MEASURE A RECEIPTS.”

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

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

Limitations on Use of Measure A Revenues

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

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

Additional Contracts

Subject to certain restrictions, the City of Desert Hot Springs and the City of Menifee are permitted to enter into other Contracts that constitute additional charges against its Gas Tax Revenues without the consent of Owners of the Certificates. Similarly, each Local Agency is permitted to enter into other Contracts that constitute additional charges against its Measure A Receipts without the consent of Owners of the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Additional Contracts.” To the extent that other Contracts are executed by a Local Agency, the funds available to pay the applicable Installment Sale Payments may be decreased. In addition, there is no limitation on the ability of any Local Agency to execute any Contract at any time to refund any outstanding Contract.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of each Local Agency’s obligations under its 2020 Installment Sale Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the applicable Local Agency and the Commission, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

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

Constitutional Limitations on Appropriations

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

Prior to the approval by the California electorate of Proposition 22 (described below) on November 2, 2010, Section 6 of Article XIX of the California Constitution permitted the State to loan to the State General Fund the revenues derived from taxes imposed on gasoline and diesel fuels within the State (collectively, the “Fuel Tax Revenues”) if (a) any amount loaned was to be repaid in full during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the State budget bill for the subsequent fiscal year, or (b) any amount loaned was to be repaid in full within three fiscal years from the date on which the loan was made and one of the following had occurred: (1) the Governor had proclaimed a state of emergency and declared that the emergency will result in a significant negative fiscal impact to the State General Fund, or (2) the aggregate amount of State General Fund revenues for the current fiscal year, as projected by the Governor in a report to the State Legislature in May of the current fiscal year, was less than the aggregate amount of State General Fund revenues for the previous fiscal year, adjusted for the change in the cost of living and the change in population, as specified in the budget submitted by the Governor in the current fiscal year. In recent years, prior to the approval of Proposition 22, on a number of occasions, the State diverted Fuel Tax Revenues that would otherwise have been paid to local governments and repaid such amounts in full without interest at later specified dates.

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

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

In March 2010, the Legislature amended Section 2103.1 of the Streets and Highways Code to provide that, for the months of July, August, September, October, November, and December 2010, and January, February, and March 2011, no more than $50,000,000 each month of Fuel Tax Revenues could be deferred and diverted from local governments (excluding certain exempted counties and cities) and instead paid to local governments by April 30, 2011. On November 2, 2010, the California electorate approved Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act of 2010 (“Proposition 22”), an initiative amendment to the California Constitution. Proposition 22 prohibits the State from raiding funds that are allocated to local government, public safety, and transportation purposes, including the local government portion of Fuel Tax Revenues. In December 2010, the California State Controller’s Office notified local governments that it had determined that Proposition 22 effectively prohibited such continued deferrals of Fuel Tax Revenues under Section 2103.1 of the Streets and Highways Code and that funds deferred from July through October 2010 would be repaid to local governments by April 30, 2011.
Other issues and uncertainties may arise with respect to the implementation or interpretation of, or the interaction between, the gasoline sales tax – gasoline excise tax swap (see “GAS TAX REVENUES – Statewide Gas Tax Revenues and Apportionments – 2010 Gasoline Sales Tax – Gasoline Excise Tax Swap”) and Proposition 22, and additional legislation may be enacted, including legislation purporting to amend or repeal Proposition 22, or litigation may be commenced with respect to those or other such matters. Any such legislation or litigation regarding, affecting, or purporting to amend or repeal such implementation, interpretation, interaction, or other matters may adversely impact Gas Tax Revenues to be received the Local Agency.

Gasoline Sales Subject to Fluctuation

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

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

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

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

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

No Liability of Authority to Owners

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

Economic, Political, Social, and Environmental Conditions

The level of Measure A Sales Tax revenues collected depends on the level of taxable sales transactions within the County, which, in turn, depends on the level of general economic activity in the County and the State generally. Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State of federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

Natural Disasters

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

Secondary Market

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

Risks Associated with Certificate Insurance Policy

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

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

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

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

CONSTITUTIONAL PROVISIONS AFFECTING LOCAL AGENCY REVENUES AND APPROPRIATIONS

Article XIIIIB of the California Constitution – Limitations on Appropriations

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

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

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

Installment Sale Payments are subject to the Article XIIIB appropriations limitations. For fiscal year 2020-21, the City of Desert Hot Springs calculated its appropriations limit at $33,861,725. For fiscal year 2020-21, the City of Desert Hot Springs has budgeted its appropriations limit at $17,179,499. For fiscal year 2020-21, the City of Menifee calculated its appropriations limit at $_________. For fiscal year 2020-21, the City of Menifee has budgeted its appropriations limit at $80,536,602. Neither the City of Desert Hot Springs, the City of Menifee, nor the City of Moreno Valley has ever made appropriations that exceeded the limitation on appropriations under Article XIIIB. The impact of the appropriations limit on the financial needs of the Local Agencies in the future is unknown.

Articles XIIIC and XIIID of the California Constitution – The Right to Vote on Taxes

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

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

Article XIIIC also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees, and charges, regardless of the date such taxes, assessments, fees, and charges were imposed. Article XIIIC expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, fees, or charges. No assurance can be given that the voters within the jurisdiction of a Local Agency will, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of such Local Agency’s general fund. “Assessments,” “fees,” and “charges” are not defined in Article XIIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as for Article XIIID
described below. If not, the scope of the initiative power under Article XIIIC potentially could include any general fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income. None of the Local Agencies levy any property related “fees” or “charges” that it considered are subject to challenge under Article XIIIC. [Pending confirmation with respect to Menifee]

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

Article XIIID also added several new provisions relating to how Local Agencies may levy and maintain “assessments” for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a “special benefit,” as defined in Article XIIID, over and above any general benefits conferred, and (iii) a majority protest procedure that involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. “Assessment” in Article XIIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights, and parks.

In addition, Article XIIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIIID to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by [a local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIIID, there could be future restrictions on the ability of a Local Agency to charge its respective enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The Local Agencies must then hold a hearing upon the proposed imposition or increase and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, a Local Agency may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water, and refuse collection services, or fees for electrical and gas service, which fees or charges are not treated as “property related” for purposes of Article XIIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of a Local Agency, two-thirds voter approval by the electorate residing in the affected area.

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

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

THE AUTHORITY

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

Since its formation in 1988, the Authority has issued more than $50 billion in tax-exempt financings. Any obligation, other than the obligations represented by the Certificates, previously or to be issued or otherwise incurred by the Authority will be secured by instruments separate and apart from the Trust Agreement and the 2020 Installment Sale Agreements. The holders of such other obligations of the Authority will have no claim on the security for the Certificates and the Owners will have no claim on the security of such other obligations issued by the Authority.

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Special Counsel”), Special Counsel to each Local Agency, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the interest on the Installment Sale Payments paid by the applicable Local Agency under the applicable 2020 Installment Sale Agreement and received by the owners of the Certificates is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Special Counsel is of the opinion that the interest on the Installment Sale Payments paid by each Local Agency under the applicable 2020 Installment Sale Agreement and received by the owners of the Certificates is exempt from State of California personal income taxes. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Installment Sale Payments. Complete copies of the proposed forms of opinions of Special Counsel are set forth in Appendix C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to owners of the Certificates that acquire their Certificates in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that
the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Certificates as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in an owner. This summary also does not consider the taxation of the Certificates under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Certificates pursuant to this offering for the issue price that is applicable to such Certificates (i.e., the price at which a substantial amount of the Certificates are sold to the public) and who will hold their Certificates as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Certificate that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Certificate (other than a partnership) that is not a U.S. Holder. If a partnership holds Certificates, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Certificates, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Certificates (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Certificates at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Certificates in light of their particular circumstances.

**U.S. Holders**

**Interest.** Interest on the Installment Sale Payments paid by the applicable Local Agency under the applicable 2020 Installment Sale Agreement and received by the owners of the Certificates generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Certificates is less than the amount to be paid at maturity of such Certificates (excluding amounts stated to be interest and payable at least annually
over the term of such Certificates) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Certificates will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Certificates purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier prepayment date) will be treated as issued at a premium. A U.S. Holder of a Certificate issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Certificate.

Sale or Other Taxable Disposition of the Certificates. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Certificate will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Certificate will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Installment Sale Payments, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Certificate (generally, the purchase price paid by the U.S. Holder for the Certificate, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Certificate). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Certificates, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder’s holding period for the Certificates exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Certificates. If the Authority defeases any Certificate, the Certificate may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, an owner will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the owner’s adjusted tax basis in the Certificate.

Information Reporting and Backup Withholding. Payments on the Certificates generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Certificates may be subject to backup withholding at the current rate of 24% with respect to “reportable payments,” which include interest paid on the Installment Sale Payments and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Certificates. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. Holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. An owner’s failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.
Non-U.S. Holders

**Interest.** Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act,” payments of principal and interest on any Installment Sale Payments paid by the applicable Local Agency under the applicable 2020 Installment Sale Agreement and received by the owners of the Certificates to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the Authority through stock ownership and (2) a bank which acquires such Certificate in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Certificate provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

**Disposition of the Certificates.** Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “FATCA,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority or a deemed retirement due to defeasance of the Certificate) or other disposition of a Certificate generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such owner is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

**U.S. Federal Estate Tax.** A Certificate that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that, at the time of such individual’s death, payments of interest on the Installment Sale Payments paid by the Local Agencies with respect to such Certificate would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

**Information Reporting and Backup Withholding.** Subject to the discussion below under the heading “FATCA,” under current U.S. Treasury Regulations, payments of principal and interest on any Installment Sale Payments to an owner that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Certificate or a financial institution holding the Certificate on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

**Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a
non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or
the entity furnishes identifying information regarding each substantial U.S. owner. Under current
guidance, failure to comply with the additional certification, information reporting and other specified
requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments
of interest on the Installment Sale Payments. In general, withholding under FATCA currently applies to
payments of U.S. source interest (including OID) and, under current guidance, will apply to certain
“passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury
Regulations defining the term “foreign passthru payments.” Prospective investors should consult their
own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all
aspects of U.S. federal taxation that may be relevant to a particular owner of Certificates in light of the
owner’s particular circumstances and income tax situation. Prospective investors are urged to consult
their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition
of Certificates, including the application and effect of state, local, non-U.S., and other tax laws.

RATINGS

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

CONTINUING DISCLOSURE

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

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

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

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

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

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

UNDERWRITING

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

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

NO LITIGATION

The Authority

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

The Local Agencies

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

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

CERTAIN LEGAL MATTERS

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

MISCELLANEOUS

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

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

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

By: __________________________
Authorized Signatory
APPENDIX B

GENERAL INFORMATION REGARDING PARTICIPATING LOCAL AGENCIES

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

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

City of Desert Hot Springs

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott Matas</td>
<td>Mayor</td>
<td>December 2020</td>
</tr>
<tr>
<td>Robert Griffith</td>
<td>Mayor Pro Tem</td>
<td>December 2020</td>
</tr>
<tr>
<td>Russell Betts</td>
<td>Council Member</td>
<td>December 2020</td>
</tr>
<tr>
<td>Gary Gardner</td>
<td>Council Member</td>
<td>December 2022</td>
</tr>
<tr>
<td>Jan Pye</td>
<td>Council Member</td>
<td>December 2022</td>
</tr>
</tbody>
</table>

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

City of Menifee

General. The City of Menifee, California (the “City of Menifee”), is located in the County, approximately 85 miles southeast of the City of Los Angeles. The City of Menifee covers approximately 50 square miles at an average elevation of 1,430 feet above sea level. The area surrounding the City of Menifee is largely rural with pockets of medium-density subdivisions. The City of Menifee has a temperate climate, with a mean average temperature of 71 degrees Fahrenheit and average rainfall of .10
inches. Much of the economy of the City of Menifee and the surrounding community involves multiple commercial uses. Throughout the center of the City is the I-215 commercial corridor, which contains retail, restaurant, and general commercial uses. In the northwestern portions of the City of Menifee, there are industrial and light manufacturing uses, and a business/industrial park is expected to be developed in that area in the future.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Zimmerman</td>
<td>Mayor</td>
<td>December 2020</td>
</tr>
<tr>
<td>Matt Liesemeyer</td>
<td>Mayor Pro Tem</td>
<td>December 2022</td>
</tr>
<tr>
<td>Greg August</td>
<td>Councilmember</td>
<td>December 2020</td>
</tr>
<tr>
<td>Lesa Sobek</td>
<td>Councilmember</td>
<td>December 2020</td>
</tr>
<tr>
<td>Dean Deines</td>
<td>Councilmember</td>
<td>December 2022</td>
</tr>
</tbody>
</table>

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

**City of Moreno Valley**

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Yxstian Gutierrez</td>
<td>Mayor</td>
<td>December 2020</td>
</tr>
<tr>
<td>Victoria Baca</td>
<td>Mayor Pro Tem</td>
<td>December 2020</td>
</tr>
<tr>
<td>Dr. Carla J. Thornton</td>
<td>Councilmember</td>
<td>December 2022</td>
</tr>
<tr>
<td>David Marquez</td>
<td>Councilmember</td>
<td>December 2020</td>
</tr>
<tr>
<td>Ulises Cabrera</td>
<td>Councilmember</td>
<td>December 2022</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th>Area</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Desert Hot Springs</td>
<td>28,692</td>
<td>28,937</td>
<td>29,525</td>
<td>29,683</td>
<td>29,660</td>
</tr>
<tr>
<td>City of Menifee</td>
<td>88,131</td>
<td>90,197</td>
<td>92,157</td>
<td>94,732</td>
<td>97,093</td>
</tr>
<tr>
<td>City of Moreno Valley</td>
<td>202,021</td>
<td>203,661</td>
<td>205,549</td>
<td>207,181</td>
<td>208,838</td>
</tr>
<tr>
<td>Riverside County</td>
<td>2,343,785</td>
<td>2,376,580</td>
<td>2,400,762</td>
<td>2,422,146</td>
<td>2,442,304</td>
</tr>
</tbody>
</table>

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

Commercial Activity

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

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

<table>
<thead>
<tr>
<th>Retail Stores</th>
<th>Total All Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Permits</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Stores</td>
<td>Number of Permits</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>2015(1)</td>
<td>257</td>
</tr>
<tr>
<td>2016</td>
<td>272</td>
</tr>
<tr>
<td>2017</td>
<td>254</td>
</tr>
<tr>
<td>2018</td>
<td>246</td>
</tr>
<tr>
<td>2019</td>
<td>262</td>
</tr>
<tr>
<td></td>
<td>390</td>
</tr>
<tr>
<td></td>
<td>405</td>
</tr>
<tr>
<td></td>
<td>390</td>
</tr>
<tr>
<td></td>
<td>420</td>
</tr>
<tr>
<td></td>
<td>470</td>
</tr>
</tbody>
</table>

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. 
Source: State Department of Tax and Fee Administration.
City of Menifee. A summary of historical taxable sales within the City of Menifee during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2019 in the City of Menifee were reported to be $775,320,000 a 4.47% increase over the total taxable sales of $742,128,000 reported during the calendar year 2018. Figures for calendar year 2020 are not yet available.

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

<table>
<thead>
<tr>
<th></th>
<th>Retail Stores</th>
<th>Total All Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Permits</td>
<td>Taxable Transactions</td>
</tr>
<tr>
<td>2015(1)</td>
<td>823</td>
<td>$518,584</td>
</tr>
<tr>
<td>2016</td>
<td>872</td>
<td>553,479</td>
</tr>
<tr>
<td>2017</td>
<td>938</td>
<td>608,682</td>
</tr>
<tr>
<td>2018</td>
<td>971</td>
<td>647,231</td>
</tr>
<tr>
<td>2019</td>
<td>1,019</td>
<td>182,530</td>
</tr>
</tbody>
</table>

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

Source: State Department of Tax and Fee Administration.

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

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

<table>
<thead>
<tr>
<th></th>
<th>Retail Stores</th>
<th>Total All Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Permits</td>
<td>Taxable Transactions</td>
</tr>
<tr>
<td>2015(1)</td>
<td>1,920</td>
<td>$1,366,324</td>
</tr>
<tr>
<td>2016</td>
<td>2,063</td>
<td>1,393,342</td>
</tr>
<tr>
<td>2017</td>
<td>2,152</td>
<td>1,467,037</td>
</tr>
<tr>
<td>2018</td>
<td>2,228</td>
<td>1,609,248</td>
</tr>
<tr>
<td>2019</td>
<td>2,347</td>
<td>1,666,506</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Retail Stores</th>
<th>Total All Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Permits</td>
<td>Taxable Transactions</td>
</tr>
<tr>
<td>2015(1)</td>
<td>18,662</td>
<td>$23,281,724</td>
</tr>
<tr>
<td>2016</td>
<td>38,445</td>
<td>24,022,136</td>
</tr>
<tr>
<td>2017</td>
<td>38,967</td>
<td>25,581,948</td>
</tr>
<tr>
<td>2018</td>
<td>39,577</td>
<td>28,042,692</td>
</tr>
<tr>
<td>2019</td>
<td>40,491</td>
<td>29,020,400</td>
</tr>
</tbody>
</table>

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

*Source: State Department of Tax and Fee Administration.*
Industry and Employment

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

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

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

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

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

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

RIVERSIDE COUNTY
Largest Employers
June 2020

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

Construction Activity

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

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

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

Source: Construction Industry Research Board, Building Permit Summary.

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

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

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

Source: Construction Industry Research Board, Building Permit Summary.
**City of Moreno Valley.** The following is a five-year summary of the valuation of building permits issued in the City of Moreno Valley.

**CITY OF MORENO VALLEY**

**Building Permit Valuation**

(Valuation in Thousands of Dollars)

<table>
<thead>
<tr>
<th>Permit Valuation</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Single-family</td>
<td>$43,763.2</td>
<td>$37,859.0</td>
<td>$149,455.1</td>
<td>$258,013.1</td>
<td>$79,983.1</td>
</tr>
<tr>
<td>New Multi-family</td>
<td>0.0</td>
<td>12,924.8</td>
<td>1,846.4</td>
<td>64,145.9</td>
<td>2,850.9</td>
</tr>
<tr>
<td>Res. Alterations/Additions</td>
<td>3,22.8</td>
<td>2,257.1</td>
<td>345.1</td>
<td>0.0</td>
<td>714.5</td>
</tr>
<tr>
<td>Total Residential</td>
<td>43,763.2</td>
<td>53,040.9</td>
<td>151,646.6</td>
<td>322,159.0</td>
<td>83,548.5</td>
</tr>
<tr>
<td>New Commercial</td>
<td>10,367.0</td>
<td>20,938.4</td>
<td>85,582.7</td>
<td>241,156.9</td>
<td>1,301.6</td>
</tr>
<tr>
<td>New Industrial</td>
<td>48,912.0</td>
<td>0.0</td>
<td>183,190.9</td>
<td>191,582.5</td>
<td>426,391.5</td>
</tr>
<tr>
<td>New Other</td>
<td>4,969.2</td>
<td>8,513.1</td>
<td>8,766.9</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Com. Alterations/Additions</td>
<td>36,941.3</td>
<td>13,243.2</td>
<td>954.4</td>
<td>1,200.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total Nonresidential</td>
<td>101,189.5</td>
<td>42,694.7</td>
<td>278,494.9</td>
<td>433,939.4</td>
<td>427,693.1</td>
</tr>
</tbody>
</table>

**New Dwelling Units**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>133</td>
<td>100</td>
<td>451</td>
<td>854</td>
<td>315</td>
</tr>
<tr>
<td>Multiple Family</td>
<td>0</td>
<td>112</td>
<td>16</td>
<td>372</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL</td>
<td>133</td>
<td>212</td>
<td>467</td>
<td>1226</td>
<td>329</td>
</tr>
</tbody>
</table>

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

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

**RIVERSIDE COUNTY**

**Building Permit Valuation**

(Valuation in Thousands of Dollars)

<table>
<thead>
<tr>
<th>Permit Valuation</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Single-family</td>
<td>$1,313,084.2</td>
<td>$1,526,767.9</td>
<td>$1,670,541.7</td>
<td>$2,200,020.7</td>
<td>$1,834,821.9</td>
</tr>
<tr>
<td>New Multi-family</td>
<td>110,458.4</td>
<td>106,291.8</td>
<td>109,309.0</td>
<td>232,706.8</td>
<td>282,465.1</td>
</tr>
<tr>
<td>Res. Alterations/Additions</td>
<td>113,200.0</td>
<td>126,475.0</td>
<td>123,566.8</td>
<td>125,353.5</td>
<td>158,118.0</td>
</tr>
<tr>
<td>Total Residential</td>
<td>1,536,742.5</td>
<td>1,759,534.6</td>
<td>1,903,417.4</td>
<td>2,588,080.9</td>
<td>2,275,405.0</td>
</tr>
<tr>
<td>New Commercial</td>
<td>211,785.1</td>
<td>583,023.6</td>
<td>555,352.6</td>
<td>956,131.6</td>
<td>346,766.8</td>
</tr>
<tr>
<td>New Industrial</td>
<td>180,521.4</td>
<td>59,439.2</td>
<td>410,275.4</td>
<td>529,326.4</td>
<td>493,872.3</td>
</tr>
<tr>
<td>New Other</td>
<td>204,554.2</td>
<td>583,002.8</td>
<td>104,351.4</td>
<td>149,451.5</td>
<td>145,129.9</td>
</tr>
<tr>
<td>Com. Alterations/Additions</td>
<td>314,604.2</td>
<td>371,216.4</td>
<td>363,711.4</td>
<td>315,771.0</td>
<td>300,086.8</td>
</tr>
<tr>
<td>Total Nonresidential</td>
<td>911,464.9</td>
<td>1,596,682.0</td>
<td>1,433,690.8</td>
<td>1,950,860.5</td>
<td>1,285,855.8</td>
</tr>
</tbody>
</table>

**New Dwelling Units**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>5,007</td>
<td>5,662</td>
<td>6,265</td>
<td>7,540</td>
<td>6,563</td>
</tr>
<tr>
<td>Multiple Family</td>
<td>1,189</td>
<td>1,039</td>
<td>1,070</td>
<td>1,628</td>
<td>1,798</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,196</td>
<td>6,701</td>
<td>7,335</td>
<td>9,168</td>
<td>8,361</td>
</tr>
</tbody>
</table>

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

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.” The following table summarizes the total effective buying income for The City of Desert Hot Springs, the City of Menifee, the City of Moreno Valley, Riverside County, the State and the United States for 2016 through 2020.

CITY OF DESERT HOT SPRINGS, CITY OF MENIFEE, CITY OF MORENO VALLEY
RIVERSIDE COUNTY AND STATE OF CALIFORNIA
Effective Buying Income
2016 through 2020

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

APPENDIX C

PROPOSED FORMS OF SPECIAL COUNSEL OPINIONS

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

FORM OF LOCAL AGENCY CONTINUING DISCLOSURE AGREEMENT

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

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

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

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement dated ______________, 2020, relating to the Certificates.
“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

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

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

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

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

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to the MSRB by the date required in subsection (a);

2. file a report with the Reporting Local Agency and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and

3. take any other actions mutually agreed upon between the Dissemination Agent and the Reporting Local Agency.
Section 4. **Content of Annual Reports.** The Annual Report shall contain or incorporate by reference the following:

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

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

1. Principal amount of the Certificates outstanding (including principal amount and years of maturity of Certificates, if any, called for prepayment in advance of maturity) and any bonds or certificates of participation issued or executed and delivered, as applicable, to refund the same.

2. Balance in the funds and accounts established under the Trust Agreement or the 2020 Installment Sale Agreement.

3. If the amount on deposit in the Reserve Subaccount is not equal to the Reserve Fund Requirement, the amount of the delinquency or surplus, as applicable.

4. A description of the status of construction of the Reporting Local Agency’s Project, including (i) a description of any land use entitlements acquired or amended with respect to any portion of the Project during the period covered by the Annual Report, and (ii) any previously undisclosed legislative, administrative, or judicial challenges to the development of the Project, if material.

5. Updated information set forth in the applicable table of the Official Statement entitled “Measure A Revenues Historically Allocated to [Reporting Local Agency].”

6. Any material changes to the Reporting Local Agency’s allocation of Measure A Receipts or with respect to its expectations with regard to the anticipated or projected Measure A Receipts.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Reporting Local Agency or related public entities, that are available to the public on the MSRB’s Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Reporting Local Agency shall clearly identify each such other document so included by reference.
Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Certificate calls, if material, and tender offers.
10. Release, substitution, or sale of property securing repayments of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the Reporting Local Agency [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Reporting Local Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Reporting Local Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Reporting Local Agency].
13. Consummation of a merger, consolidation, or acquisition involving the Reporting Local Agency or the sale of all or substantially all of the assets of the Reporting Local Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of the name of a trustee, if material.
15. Incurrence of a financial obligation of the Reporting Local Agency if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a
financial obligation of the Reporting Local Agency, any of which affect security holders, if material.

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

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

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

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

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

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

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

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Reporting Local Agency or type of business conducted;
(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

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

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

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

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Reporting Local Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Reporting
Local Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Reporting Local Agency pursuant to this Disclosure Agreement. The Reporting Local Agency shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

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

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

Date: [Closing Date]

CITY OF __________________

By: ______________________
Authorized Signatory

______________________,
as Dissemination Agent

By: ______________________
Authorized Signatory
APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY
APPENDIX F

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

CITY OF MENIFEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
FIRST SUPPLEMENT TO 2013 INSTALLMENT SALE AGREEMENT

by and between the

CITY OF MORENO VALLEY
as Purchaser

and the

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,
as Seller

Supplementing that 2013 Installment Sale Agreement dated as of August 1, 2013

for the

CALIFORNIA COMMUNITIES
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020__
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

Dated as of _____ 1, 2020
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FIRST SUPPLEMENT TO 2013 INSTALLMENT SALE AGREEMENT

This FIRST SUPPLEMENT TO 2013 INSTALLMENT SALE AGREEMENT (the “First Supplement to Installment Sale Agreement”), dated as of ______ 1, 2020, by and between the CITY OF MORENO VALLEY, a municipal corporation organized and existing under the Constitution of the State of California (the “Local Agency”), and the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”),

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to cause certificates of participation to be executed and delivered to assist local agencies in financing and refinancing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Local Agency has determined that refinancing the design, acquisition and construction of certain roadway improvements and street resurfacing, as hereinafter described (the “Project”) is necessary and proper for Local Agency purposes and uses, and under the terms of applicable law, the payment for such Project may be made from Gas Tax Revenues and Measure A Receipts, as those terms are hereinafter defined, and is for the common benefit of the Local Agency as a whole;

WHEREAS, the Local Agency has entered into that 2013 Installment Sale Agreement (the “Original Installment Sale Agreement”), dated as of August 1, 2013, between the Local Agency, as Purchaser and the Authority, as Seller;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the Project, the Local Agency has determined to participate with certain other local agencies in the California Communities T.R.I.P. – Total Road Improvement Program (the “Program”) established by the Authority to refinance projects, such as the Project;

WHEREAS, the Original Installment Sale Agreement permits the execution and delivery of an amendment or supplement in accordance therewith and with the terms of Section 4.02 of the Original Trust Agreement (as defined below);

WHEREAS, the Local Agency has determined to make installment sale payments as hereinafter described to the Authority for the repayment of the costs of the design, acquisition and construction of the Project and the incidental costs and expenses related thereto paid by the Authority; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the First Supplement to Installment Sale Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the First Supplement to Installment Sale Agreement;
NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE IX

DEFINITIONS

Section 9.01. Amendment of Certain Defined Terms in Section 1.01 of the 2013 Installment Sale Agreement. Section 1.01 of the 2013 Installment Sale Agreement is amended and supplemented to include the revised definitions set forth below as amendments to the terms set forth in Section 1.01 of the 2013 Installment Sale Agreement, and to include the additional terms appearing below but not set forth in Section 1.01 of the 2013 Installment Sale Agreement. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Installment Sale Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified: “Certificates” means the California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program), executed and delivered in accordance with the Trust Agreement and after the Effective Date means the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (T.R.I.P. – Total Road Improvement Program).

“First Supplement to Installment Sale Agreement” means this First Supplement to 2013 Installment Sale Agreement, dated as of ______ 1, 2020, between the Local Agency, as Purchaser and the Authority, as Seller, executed pursuant to the provisions of the Original Installment Sale Agreement.

“First Supplement to Trust Agreement” means the First Supplement to Trust Agreement, dated as of ______ 1, 2020, between the Local Agency, as Purchaser and the Authority, as Seller, executed pursuant to the provisions of the Original Trust Agreement.

“Interest Payment Date” means a date on which interest evidenced and represented by the Certificates is due and payable, being June 1 and December 1 of each year, commencing December 1, 2013.

“Original Installment Sale Agreement” means that 2013 Installment Sale Agreement, dated as of August 1, 2013, between the Local Agency, as Purchaser and the Authority, as Seller, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“Original Trust Agreement” means that Trust Agreement, dated as of August 1, 2013, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

“Purchase Price” following the Effective Date, means the total of all 2020 Installment Sale Payments owed by the Local Agency to the Authority under the conditions and terms hereof for the repayment of the costs of the design, acquisition and construction of the Project and the incidental costs and expenses related thereto paid by the Authority, as amended by this First Supplement to Installment Sale Agreement.

“2013 Installment Sale Agreement” means the Original Installment Sale Agreement as amended and supplemented by this First Supplement to Installment Sale Agreement, as originally executed and as it may from time to time be amended or supplemented in accordance herewith and with the terms of the Trust Agreement.
“2013 Installment Sale Payments” means the Installment Sale Payments scheduled to be paid by the Local Agency under and pursuant to the 2013 Installment Sale Agreement. Following the Effective Date of this First Supplement to Installment Sale Agreement, the term 2013 Installment Sale Payments shall mean the Installment Sale Payments scheduled to be paid by the Local Agency in the Installment Sale Payments Schedule set forth in Exhibit C attached hereto.

“2020 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated ____________, 2020, by and between the Local Agency and the Trustee, in its capacity as Trustee and as Dissemination Agent, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“2020 Installment Sale Payments” means the Installment Sale Payments scheduled to be paid by the Local Agency under and pursuant to this First Supplement to Installment Sale Agreement. Following the Effective Date of this First Supplement to Installment Sale Agreement, the term 2013 Installment Sale Payments shall mean the Installment Sale Payments scheduled to be paid by the Local Agency in the Installment Sale Payments Schedule set forth in Exhibit C attached hereto.

“Trust Agreement” means the Original Trust Agreement as amended and supplemented by the First Supplement to Trust Agreement, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

“Trustee” means [Wells Fargo Bank, National Association], with its corporate trust office in Los Angeles, California, acting in its capacity as trustee under and pursuant to the Trust Agreement, and its successors and assigns as provided in the Trust Agreement.

Section 9.02. Terms defined in the Trust Agreement. Capitalized terms not otherwise defined herein have the meanings set forth in the Trust Agreement.

ARTICLE X

2020 INSTALLMENT SALE PAYMENTS; ADMINISTRATION FEE

Section 10.01. Amendment of Section 3.01 of the 2013 Installment Sale Agreement. Section 3.01 of the 2013 Installment Sale Agreement is amended and supplemented as set forth below:

Section 3.01 Purchase Price and Administration Fee.

(a) The Purchase Price to be paid by the Local Agency to the Authority hereunder is the sum of the principal amount of the Local Agency’s obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, subject to prepayment as provided in Section 3.03.

(b) The principal amount of the Purchase Price to be paid by the Local Agency to the Authority was initially $20,000,000.00 and as of the Effective Date is $__________.

(c) The interest to accrue on the unpaid balance of such principal amount shall be paid by the Local Agency as and shall constitute interest paid on the principal amount of the Local Agency’s Purchase Price obligation hereunder.

(d) Interest on the unpaid balance of the principal amount of the Purchase Price shall accrue, from the date of the initial execution and delivery of the Certificates on
and shall continue to accrue on the principal component of each 2020 Installment Sale Payment at the following rates calculated on the basis of a 360-day year comprised of twelve 30-day months:

<table>
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<tr>
<th>Principal Component Due Date (June 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
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<tbody>
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(c) In addition, the Local Agency shall pay the Administration Fee for the administrative cost of the Project and the Program.

Section 10.02. Amendment of Section 3.02 of the 2013 Installment Sale Agreement. Section 3.02 of the 2013 Installment Sale Agreement is amended and supplemented as set forth below:

Section 3.02 Payment of 2020 Installment Sale Payments and Administration Fee. The Local Agency shall, subject to prepayment as provided in Section 12.03, pay the Authority or the Trustee, as appropriate, (i) the Purchase Price, without offset or deduction of any kind, by paying the principal installments of the 2020 Installment Sale Payments, which principal installments shall be due annually on each Certificate Payment Date, (ii) the interest installments of the 2020 Installment Sale Payments, which interest installments shall be due semiannually on each Interest Payment Date and (iii) the Administration Fee which shall be due annually on each Certificate Payment Date. The 2020 Installment Sale Payments Schedule is set forth in Exhibit C attached hereto. Each 2020 Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding its due date.

The obligation of the Local Agency to pay the Purchase Price by paying the 2020 Installment Sale Payments and the Administration Fee is, subject to Section 8.01, absolute and unconditional, and until such time as the 2020 Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Section 7.01), the Local Agency will not discontinue or suspend any 2020 Installment Sale Payments or Administration Fee required to be paid by it under this Section when due, whether or not the Project or any part thereof
is complete, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

In order to carry out and effectuate the obligation of the Local Agency contained herein to pay the Purchase Price by paying the 2020 Installment Sale Payments and the Administration Fee, the Local Agency established [the “City of Moreno Valley Pledged Tax Fund” (the “Pledged Tax Fund” and within the Pledged Tax Fund, the “Gas Tax Account” and the “Measure A Receipts Account,” which] fund and accounts therein the Local Agency agrees and covenants to maintain so long as any 2020 Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided herein. The Local Agency agrees and covenants that (i) all Gas Tax Revenues received by it shall be deposited when and as received in the Local Agency’s Gas Tax Account and (ii) all Measure A Receipts received by it shall be deposited when and as received in the Measure A Receipts Account.

All of the Revenues and all money in the Pledged Tax Fund and in the funds or accounts so specified and provided for in this 2020 Installment Sale Agreement, are hereby irrevocably pledged to the punctual payment of the 2020 Installment Sale Payments and the Administration Fee, and the Revenues and such other money shall not be used for any other purpose while any of the 2020 Installment Sale Payments remain outstanding; subject to the provisions of this 2020 Installment Sale Agreement permitting application thereof for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Revenues and such other money for the payment of the 2020 Installment Sale Payments and the Administration Fee in accordance with the terms thereof.

Notwithstanding the foregoing, the Local Agency may satisfy its obligation to deposit 2020 Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee, and if and when so deposited, shall be irrevocably pledged to the payment of 2020 Installment Sale Payments.

All money on deposit in the Pledged Tax Fund shall be set aside and deposited by the Local Agency in the various funds and accounts within the Revenue Fund at the following times in the following order of priority:

(a) **Interest and Principal Fund Deposits.** On or before the 15th day preceding each Interest Payment Date, the Local Agency shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Local Agency’s Interest Payment Account in the Interest Fund within the Revenue Fund established under the Trust Agreement (the “Interest Payment Account”), a sum equal to the interest becoming due and payable hereunder on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Interest Payment Account equal to the amount of interest becoming due and payable hereunder on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Certificate Payment Date, the Local Agency shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Principal Payment Account in the Principal Fund within the Revenue Fund established under the Trust Agreement (the “Principal Payment Account”), a sum equal to the principal becoming due and payable hereunder on the next succeeding 2020 Installment Sale Payment Date, except that no such deposit need be made if the Trustee then holds money in the Principal Payment Account equal to the amount of Principal becoming due and payable hereunder on the next succeeding 2020 Installment Sale Payment Date; and
all money on deposit in the Interest Payment Account and the Principal Payment Account shall be used to make and satisfy the 2020 Installment Sale Payments due on each date and such payments shall be deposited by the Trustee to the Interest Account or the Principal Account, as the case may be, as defined in, created under and in accordance with the terms of, the Trust Agreement.

(b) **Reserve Fund Deposit.** On or before the 15th day of each month, the Local Agency shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Local Agency’s Subaccount in the Reserve Fund (the “the Reserve Subaccount”) in the Reserve Fund within the Revenue Fund that sum, if any, necessary to restore the Reserve Subaccount to an amount equal to the Reserve Fund Requirement, all in accordance with and subject to the terms and conditions of Section 4.03 of the Trust Agreement. All money in the Reserve Subaccount shall be used and withdrawn by the Trustee for the purposes specified in Section 4.03 of the Trust Agreement.

(c) **Administration Fund Deposit.** On or before the 15th day preceding each Certificate Payment Date, the Local Agency shall, from the remaining money on deposit in the Pledged Tax Fund, transfer to the Trustee for deposit in the Local Agency’s Administration Subaccount in the Administration Fund within the Revenue Fund established under the Trust Agreement (the “Administration Subaccount”), a sum equal to the Administration Fee becoming due and payable hereunder on the next Certificate Payment Date, and all money on deposit in the Administration Subaccount shall be used to pay the Administration Fee due on such Certificate Payment Date, in accordance with the terms of the Trust Agreement.

Notwithstanding the foregoing, provided all transfers required by subparagraphs (b) and (c) above have been made, on any Business Day moneys on deposit in the Pledged Tax Fund in excess of the sum of (i) interest becoming due and payable hereunder on the next succeeding Interest Payment Date (less amounts then held by the Trustee in the Interest Payment Account) and (ii) the Pro Rata Share of Principal (less amounts then held by the Trustee in the Principal Payment Account) may be expended by the Local Agency at any time for any purpose permitted by law.

Section 10.03. **Amendment of Section 3.03 of the 2013 Installment Sale Agreement.**
Section 3.03 of the 2013 Installment Sale Agreement is amended and supplemented to add a second paragraph following thereto as set forth below:

**Section 3.03 Prepayment of 2020 Installment Sale Payments.** The Local Agency may prepay from any source of available funds as a whole or in part on any date, on or after June 1, 20__, all or any part of the principal amount of the unpaid 2020 Installment Sale Payments becoming due on or after June 1, 20__, in such order of prepayment as the Local Agency may determine upon written direction to the Authority and the Trustee (or, if the Local Agency fails to designate the order of prepayment, on a proportionate basis among the 2020 Installment Sale Payments and by lot within an Installment Payment Date), at a prepayment price equal to the principal amount prepaid, plus accrued interest to the date of prepayment. Before making any prepayment pursuant to this Section, the Local Agency shall give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid and the order thereof, which date shall be not less than thirty (30) days nor more than sixty (60) days from the date such notice is given.
ARTICLE XI

MISCELLANEOUS

Section 11.01. **Effect of First Supplement to 2013 Installment Sale Agreement.** This First Supplement to Installment Sale Agreement and all of the terms and provisions herein contained shall form part of the Original Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Original Trust Agreement. The Original Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Supplement to Installment Sale Agreement and the terms of the Original Trust Agreement (as in effect on the day prior to the Effective Date of this First Supplement to Installment Sale Agreement), the terms of this First Supplement to Installment Sale Agreement shall prevail.

Section 11.02. **Liability of Local Agency Limited to Revenues.** Notwithstanding anything contained herein, the Local Agency shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the 2020 Installment Sale Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of the Local Agency to make the 2020 Installment Sale Payments is a special obligation of the Local Agency payable solely from the Revenues as provided herein, and does not constitute a debt of the Local Agency or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 11.03. **California Law.** The First Supplement to Installment Sale Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 11.04. **Effective Date.** The First Supplement to Installment Sale Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VII of the 2013 Installment Sale Agreement).

Section 11.05. **Execution in Counterparts.** The First Supplement to Installment Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed and attested the First Supplement to Installment Sale Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF MORENO VALLEY

By: ____________________________
   City Manager

APPROVED AS TO FORM:

By: ____________________________
   Local Agency Counsel

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ____________________________
   Authorized Signatory
## EXHIBIT C

### 2020 INSTALLMENT SALE PAYMENTS SCHEDULE

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FIRST SUPPLEMENT TO TRUST AGREEMENT

among

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Trustee

and

CITY OF MORENO VALLEY

Supplementing that Trust Agreement dated as of August 1, 2013

Dated as of _____ 1, 2020

CALIFORNIA COMMUNITIES
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020__
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)
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FIRST SUPPLEMENT TO TRUST AGREEMENT

THIS FIRST SUPPLEMENT TO TRUST AGREEMENT, made and entered into as of 1, 2020 (the “First Supplement to Trust Agreement”) among WELLS FARGO BANK, NATIONAL ASSOCIATION (the “Trustee”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the “Authority”) and the CITY OF MORENO VALLEY, a municipal corporation organized and existing under the Constitution of the State of California (the “Local Agency”);

WITNESSETH:

WHEREAS, the Trustee, the Authority and the Local Agency executed and delivered that Trust Agreement, dated as of August 1, 2013 (the “Original Trust Agreement”) and the Authority and the Local Agency executed and delivered that that 2013 Installment Sale Agreement, dated as of August 1, 2013 (the “Original Installment Sale Agreement”);

WHEREAS, on August 29, 2013, the Local Agency caused the execution and delivery of the California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program), in the aggregate principal amount of $20,000,000 (the “Series 2013A Certificates”) for the purpose of financing certain roadway improvements, which improvements have been completed and proceeds of the Series 2013A Certificates applied in accordance with the Original Trust Agreement and Original Installment Sale Agreement;

WHEREAS, for the purpose of refunding the Series 2013A Certificates, the Local Agency has determined to cause the issuance of a refunding series of the California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (T.R.I.P. – Total Road Improvement Program), in the aggregate principal amount of $_________ (“the “Series 2020__ Certificates”), pursuant to and secured by the Original Trust Agreement, as supplemented and modified by this First Supplemental Trust Agreement (collectively with the Original Trust Agreement, the “Trust Agreement”);

WHEREAS, in order to provide for the authentication and delivery of the Series 2020__ Certificates, to establish and declare the terms and conditions upon which the Series 2020__ Certificates are to be executed and delivered and to secure the payment of the principal thereof, premium, if any, and interest, the Local Agency has authorized the execution and delivery of this First Supplemental Trust Agreement;

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to cause certificates of participation to be executed and delivered to assist local agencies in financing and refinancing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Local Agency has determined that refinancing the design, acquisition and construction of certain roadway improvements and street resurfacing, as hereinafter described (the “Project”) is necessary and proper for Local Agency purposes and uses, and under the terms of applicable
law, the payment for such Project may be made from Gas Tax Revenues and Measure A Receipts, as those terms are hereinafter defined, and is for the common benefit of the Local Agency as a whole;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the Project, the Local Agency has determined to participate with certain other local agencies in the California Communities T.R.I.P. – Total Road Improvement Program (the “Program”) established by the Authority to refinance projects, such as the Project;

WHEREAS, the Original Trust Agreement permits the execution and delivery of an amendment or supplement in accordance with the terms of Section 6.01 of the Original Trust Agreement;

WHEREAS, each Local Agency participating in the Program has executed a pricing confirmation, confirming the sale to Stifel, Nicolaus & Company, Incorporated (the “Purchaser”) of the Certificates which evidence and represent proportionate and undivided interests in the 2020 Installment Sale Payments payable in connection with its respective Agreement combined with similar payments made pursuant to the Agreements executed by the other local agencies participating in the Program and constituting part of the same series of Certificates;

WHEREAS, such Certificates may be deposited into a trust agreement (the “Program Trust Agreement”), among the Authority, the Trustee, the City and other local agencies which may determine to participate in the Program, for the execution and delivery of a series of certificates, which evidence and represent proportionate and undivided interests in principal and interest payments to be made on the Certificates and may also evidence and represent proportionate and undivided interests in principal and interest payments to be made be made by one or more other local agencies which may determine on a similar schedule for delivery to participate in the Program to finance projects, similar to the Project, and assigned by the Authority to the Trustee;

WHEREAS, the Local Agency has authorized and directed the Trustee to execute and deliver on its behalf pursuant to the terms of the Trust Agreement, the Certificates in an amount equal to the aggregate principal amount of the principal installments payable by the Local Agency pursuant to the Agreement;

WHEREAS, in order to provide for the execution and delivery of the Certificates (as hereinafter defined), to establish and declare the terms and conditions upon which the Certificates are to be executed, delivered and secured and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this First Supplement to Trust Agreement;

WHEREAS, the Certificates and the form of assignment to be endorsed thereon are to be substantially in the form set forth in Exhibit C, with necessary or appropriate variations, omissions and insertions, as permitted or required hereby; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this First Supplement to Trust Agreement and delivery of the Certificates do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Supplement to Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:
ARTICLE XI
AMENDMENTS TO TRUST AGREEMENT

Section 11.01. Amendment of Certain Defined Terms in Section 1.01 of the Trust Agreement. Section 1.01 of the Trust Agreement is amended and supplemented to include the revised definitions set forth below as amendments to the terms set forth in Section 1.01 of the Trust Agreement, and to include the additional terms appearing below but not set forth in Section 1.01 of the Agreement. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

“Agreement” or “Agreements” means each 2013 Installment Sale Agreement, dated as of August 1, 2013, between the Authority and a Local Agency as originally executed, as amended and supplemented by forms of first supplements dated as of the date hereof, and as each may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

“Series 2020 Certificates” means the California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (T.R.I.P. – Total Road Improvement Program). The term “Serial Certificates” means Certificates for which no sinking fund payments are provided. The term “Term Certificates” means Certificates which are payable on or before their specified payment dates from sinking fund payments established for that purpose and calculated to prepay such Certificates on or before their specified payment dates. The term Certificates except to the extent of the particular terms included in this First Supplement to Trust Agreement include the Series 2020 Certificates.

“Certificate Payment Date” means a date on which principal evidenced and represented by the Certificates is due and payable, being June 1 of each year commencing June 1, 2013.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to a Local Agency, or the Local Agencies, as applicable, or the Authority and related to the authorization, execution and delivery of the Certificates, including, but not limited to costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees of rating agencies, fees and charges for preparation, execution and safekeeping of the Certificates and any other costs, charges or fees in connection with the original execution, delivery, marketing and sale of the Certificates.

“Cost of Issuance Fund” means the fund by that name established and maintained pursuant to Section 2.11.

“Original Trust Agreement” means that Trust Agreement, dated as of August 1, 2013, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“First Supplement to Installment Sale Agreement” means the First Supplement to 2013 Installment Sale Agreement, dated as of ______ 1, 2020, between the Local Agency, as Purchaser and the Authority, as Seller, executed pursuant to the provisions of the Original Installment Sale Agreement.

“First Supplement to Trust Agreement” means this First Supplement to Trust Agreement, dated as of ______ __, 2020, between the Authority and the Trustee, executed pursuant to the provisions of the Original Trust Agreement.
“Trust Agreement” means the Original Trust Agreement as amended and supplemented by this First Supplement to Trust Agreement, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“2013 Installment Sale Payments” means the periodic payments scheduled to be paid by each Local Agency under and pursuant to its respective Agreement and, where the context requires, includes the 2020 Installment Sale Payments restating such payments.

“2020 Installment Sale Payments” means the periodic payments scheduled to be paid by each Local Agency under and pursuant to the First Supplement to Installment Sale Agreement.

ARTICLE XII

EXECUTION AND DELIVERY OF SERIES 2020 CERTIFICATES; GENERAL SERIES 2020 CERTIFICATE PROVISIONS

Section 12.01. Preparation and Purpose of Series 2020 Certificates. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series 2020 Certificates and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the execution and delivery of the Series 2020 Certificates do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to cause the Series 2020 Certificates to be executed and delivered in the form and manner provided herein for the purpose of providing funds to pay for and construct the Projects, and that the Series 2020 Certificates shall be entitled to the benefit, protection and security of the provisions hereof. The Trustee is hereby authorized and directed to prepare the Series 2020 Certificates in the initial aggregate principal amount of twenty million dollars ($20,000,000), evidencing and representing the aggregate principal components of the 2020 Installment Sale Payments and each evidencing and representing a proportionate, undivided interest in the 2020 Installment Sale Payments. The Local Agencies hereby authorize the Authority to execute on their behalf, a letter of representations to be delivered to DTC in connection with the delivery of the Series 2020 Certificates (the “Representation Letter”).

Each Local Agency participating in the Program is the Local Agency required to make the 2020 Installment Sale Payments with respect to its Agreement which, when combined with the 2020 Installment Sale Payments to be made with respect to the Agreements of other Local Agencies participating in the Program and the same series, shall be evidenced by the Series 2020 Certificates which evidence and represent a proportionate and undivided interest in the 2020 Installment Sale Payments of each Local Agency, such that each Local Agency participating in the Program is severally, and not jointly, liable on each such Series 2020 Certificates in the proportion that the principal component of such Local Agency’s Installment Sale Payments bears to the total aggregate principal component of the Installment Sale Payments to be made by all Local Agencies participating in the Program and the same series. Each Local Agency participating in the Program has, pursuant to its Local Agency Resolution, authorized and directed the Trustee on behalf of that Local Agency to prepare and execute the Series 2020 Certificates and to deliver the Series 2020 Certificates to the Purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

Section 12.02. Terms of the Series 2020 Certificates. The Series 2020 Certificates shall be designated “California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (T.R.I.P. – Total Road Improvement Program).” This designation is an intended revision of the nomenclature for the Series 2020 Certificates originally included in the materials filed in connection with the proceedings for validation of the Series 2020 Certificates in the interest of
clarity in marketing the Series 2020 Certificates. The Series 2020 Certificates shall be dated as of ________, 2020, shall be executed and delivered only in fully registered form in denominations of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Series 2020 Certificates payable at any one time), and shall be payable on the Series 2020 Certificate Payment Dates and in the principal amounts and evidence and represent interest at the rates as set forth in the following schedule:

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<th>Certificate Payment Date (June 1)</th>
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The principal evidenced and represented by the Series 2020 Certificates shall be payable in lawful money of the United States of America by check upon presentation thereof at maturity or on prepayment prior to maturity at the Office of the Trustee.

The Series 2020 Certificates shall evidence and represent interest at the rates set forth above, payable on Interest Payment Date. The Series 2020 Certificates shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall evidence and represent interest from August 29, 2013; provided, however, that if at the time of registration of any Series 2020 Certificate interest is then in default on the Outstanding Certificates, such Series 2020 Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment of interest evidenced and represented by the Series 2020 Certificates due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Series 2020 Certificates registration records maintained by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose.
Payment of the principal evidenced and represented by the Series 2020 Certificates shall be made by check upon the surrender thereof at maturity or on prepayment prior to maturity at the Office of the Trustee. The Owner of $1,000,000 or more in aggregate principal amount evidenced by the Series 2020 Certificates may request in writing that the Trustee pay the interest evidenced by such Series 2020 Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded.

Section 12.03. Prepayment of Series 2020 Certificates.

(a) Optional Prepayment. The Series 2020 Certificates maturing on or after June 1, 20__ shall be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of the Local Agency, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. The Local Agency shall provide notice to the Authority and the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the 2020 Installment Sale Payments to be prepaid.

(b) Mandatory Prepayment. The Series 2020 Certificates shall be subject to mandatory prepayment prior to maturity, in whole or in part (by lot within any maturity), on any date, from amounts received upon the acceleration of 2020 Installment Sale Payments upon the occurrence of an event of default under any Agreement, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

(c) Mandatory Sinking Fund Prepayment. The Series 2020 Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Series 2020 Certificates to be so prepaid and the dates therefor shall be as follows:

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<th>Mandatory Prepayment Date (June 1)</th>
<th>Principal Amount</th>
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The amount of each such prepayment shall be reduced in the event and to the extent that 2020 Installment Sale Payments payable on the corresponding 2020 Installment Sale Payment Date are optionally prepaid pursuant to the any Agreement or Agreements and applied to the prepayment of Series 2020 Certificates maturing on June 1, 20__. In such event, the Local Agencies shall provide the Trustee with a revised sinking fund prepayment schedule.

The Series 2020 Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Series 2020 Certificates to be so prepaid and the dates therefor shall be as follows:
The amount of each such prepayment shall be reduced in the event and to the extent that 2020 Installment Sale Payments payable on the corresponding 2020 Installment Sale Payment Date are optionally prepaid pursuant to any Agreement or Agreements and applied to the prepayment of Series 2020 Certificates maturing on June 1, 20__. In such event, the Local Agencies shall provide the Trustee with a revised sinking fund prepayment schedule.

(d) Selection of Series 2020 Certificates. Whenever provision is made in this Trust Agreement for the prepayment or purchase of less than all of the Series 2020 Certificates or any given portion thereof, the Trustee shall, subject to the following sentence, select the Series 2020 Certificates to be prepaid or purchased, from all Series 2020 Certificates subject to prepayment or purchase or such given portion thereof equal to a multiple of $5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any prepayment pursuant to Section 12.03(a) hereof or receipt of moneys resulting in a prepayment pursuant to Section 12.03(b) hereof, the Trustee shall request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Series 2020 Certificates to be prepaid. The Trustee shall promptly notify the Authority in writing of any prepayment or purchase of Series 2020 Certificates and of the Series 2020 Certificates or portions thereof so selected for prepayment or purchase.

(e) Purchase in Lieu of Prepayment. In lieu of prepayment of any Series 2020 Certificates, amounts on deposit in the Revenue Fund or in any sinking account therein may also be used and withdrawn by the Trustee at any time, upon the Request of the Authority, for the purchase of such Series 2020 Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Series 2020 Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Series 2020 Certificate Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Series 2020 Certificates required to be Prepaid on such Series 2020 Certificate Payment Date in such year.

(f) General Provisions for Prepayment of the Series 2020 Certificates. The terms of Sections 2.03(f) through (h) of the Trust Agreement shall apply to the Series 2020 Certificates.

Section 12.04. Form of Series 2020 Certificates. The Series 2020 Certificates and the registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit C hereto attached and by this reference herein incorporated (provided that on the face of each Series 2020 Certificates, at the place where the portion of the form set forth below appears on the reverse side of
such Series 2020 Certificate, there shall be inserted the following sentence: REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE).

Section 12.05. Execution of Series 2020 Certificates. The Series 2020 Certificates shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee. Only those Series 2020 Certificates executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such execution by the Trustee shall be conclusive evidence that the Series 2020 Certificates so executed and registered have been duly authorized, executed and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 12.06. Procedure for the Execution and Delivery of Series 2020 Certificates: Establishment of Funds and Accounts. At any time after the sale of the Series 2020 Certificates, the Trustee shall execute the Series 2020 Certificates for delivery hereunder, and thereupon the Series 2020 Certificates shall be delivered by the Trustee to the purchaser thereof upon the Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Series 2020 Certificates from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall deposit in the Reserve Subaccount for each Local Agency within the Reserve Fund within the Revenue Fund established pursuant to Section 3.03 hereof a sum equal to the Reserve Fund Requirement for each Local Agency.

(b) The “Cost of Issuance Fund” is hereby established as a separate trust fund with the Trustee. The Trustee shall deposit a sum equal to the amount set forth in such Request of the Authority in the Cost of Issuance Fund. The moneys in the Cost of Issuance Fund shall be disbursed, upon the Request of the Authority, to pay Costs of Issuance. Upon the payment in full of the Costs of Issuance or the making of adequate provision for the payment thereof, evidenced by a Series 2020 Certificate of the Authority to the Trustee, any balance remaining in such Fund shall be transferred to the Proceeds Subaccounts of the Acquisition Fund in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each Local Agency, and pending such transfer and application, the moneys in such Fund may be invested as permitted by Section 3.04 hereof; provided, however, that investment income resulting from any such investment shall be retained in the Cost of Issuance Fund. Any residual earnings received after the transfer referenced above will, as and when convenient, be transferred to the Proceeds Subaccounts of the Acquisition Fund in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each Local Agency.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Effect of First Supplement to Trust Agreement. This First Supplement to Trust Agreement and all of the terms and provisions herein contained shall form part of the Original Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Original Trust Agreement. The Original Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Supplement to Trust Agreement and the terms of the Original Trust Agreement (as in
effect on the day prior to the effective date of this First Supplement to Trust Agreement), the terms of this First Supplement to Trust Agreement shall prevail.

Section 13.02. Execution in Counterparts. This First Supplement to Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 13.03. Effective Date. This First Supplement to Trust Agreement shall become effective upon its execution and delivery.
IN WITNESS WHEREOF, the Authority and the Local Agencies named in Schedule I hereto have caused this First Supplement to Trust Agreement to be signed in their respective names by such person as has been designated by their respective governing boards, and the Trustee has caused this First Supplement to Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ________________________________
   Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: ________________________________
   Authorized Signatory

CITY OF MORENO VALLEY

By: ________________________________
   City Manager
EXHIBIT C

FORM OF CERTIFICATE

No. __________ $_______________

CALIFORNIA COMMUNITIES
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATE OF PARTICIPATION, SERIES 2020__
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

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<th>Dated as of</th>
<th>[CUSIP No.]</th>
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<tbody>
<tr>
<td>%</td>
<td>June 1, 20__</td>
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<td></td>
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REGISTERED OWNER:

PRINCIPAL SUM:

THIS IS TO CERTIFY that the registered owner named above, as the registered owner of this California Communities Transportation Revenue (Installment Sale) Certificate of Participation, Series 2020__ (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), is the owner of a proportionate undivided interest in the rights to receive certain 2020 Installment Sale Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to certain Installment Sale Agreements (the “Agreements”) by and between various Local Agencies named therein (the “Local Agencies”), each a duly organized and existing political subdivision of the State of California, and the California Statewide Communities Development Authority (the “Authority”), a joint powers authority duly organized and existing under and by virtue of the laws of the State of California, all of which rights to receive such 2020 Installment Sale Payments having been assigned without recourse by the Authority to Wells Fargo Bank, National Association, as trustee (the “Trustee”), a trust company duly organized and existing under and by virtue of the laws of the United States and having a corporate trust office in Los Angeles, California.

The registered owner of this Certificate is entitled to receive, subject to the terms of the Agreements on the certificate payment date set forth above (the “Certificate Payment Date”), upon surrender of this Certificate on the Certificate Payment Date at the corporate trust office of the Trustee, the principal sum specified above representing the registered owner’s fractional undivided share of the 2020 Installment Sale Payments designated as principal components coming due on the Certificate Payment Date, and on each June 1 and December 1, commencing December 1, 20__ (each an “Interest Payment Date”). The Certificates shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall evidence and represent interest from _____ __, 20__; provided, however, that if at the time of registration of any Certificate interest is then in default on the Outstanding Certificates, such Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment of interest evidenced and represented by the Certificates due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Certificates registration records maintained by the Trustee pursuant to the Trust Agreement as the registered owner thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest...
Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose. The Owner of $1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded. All such amounts are payable in lawful money of the United States of America.

This Certificate is one of the duly authorized Certificates of the series set forth above, which have been executed by the Trustee pursuant to the terms of a Trust Agreement, dated as of August 1, 2013, as amended and supplemented by that First Supplement to Trust Agreement, dated as of ______ 1, 2020 (together with any supplements or amendments thereto, the “Trust Agreement”) each by and between the Trustee, the Local Agencies and the Authority. Copies of the Trust Agreement are on file at the corporate trust office of the Trustee, and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Certificates, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the other agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder, to which agreements, conditions, covenants and terms the owner hereof, by acceptance hereof, hereby consents.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Agreements, the provisions of the Trust Agreement may be amended or supplemented by the parties thereto.

This Certificate is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Certificate or Certificates of the same series and Certificate Payment Date representing the same principal amount will be executed and delivered to the transferee in exchange herefor. The Certificates are exchangeable at the corporate trust office of the Trustee for a like aggregate principal amount of Certificates of authorized denominations of the same series and Certificate Payment Date, in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement.

The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal represented by this Certificate shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of five thousand dollars ($5,000) each or any integral multiple thereof so long as no Certificate shall represent principal becoming payable on more than one Certificate Payment Date.

The Certificates are subject to optional and mandatory prepayment prior to their respective Certificate Payment Dates, as provided in the Trust Agreement.

The Certificates each evidence and represent a fractional undivided interest in the 2020 Installment Sale Payments in an amount equal to the aggregate principal amount of Certificates originally executed and delivered by the Trustee pursuant to the Trust Agreement and enjoy the benefits of a security interest in the moneys held in the funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement.
Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The obligations of the Local Agencies to make the 2020 Installment Sale Payments are special obligations of the Local Agencies payable from (i) Gas Tax Revenues received by it shall be deposited when and as received in the Local Agency’s Gas Tax Account and (ii) all Measure A Receipts received by it shall be deposited when and as received in the Measure A Receipts Account, and do not constitute debts of the Local Agencies or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The Trustee has no obligation or liability to the Certificate owners for the payment of the interest or principal represented by the Certificates, but rather the Trustee’s sole obligations are to administer, for the benefit of the Local Agencies and the Authority and the Certificate owners, the various funds established under the Trust Agreement and the Agreements. The Authority has no obligation or liability whatsoever to the Certificate owners.

The Owner hereby has a proportionate undivided ownership interest in the 2020 Installment Sale Payments payable pursuant to the Agreements, as set forth in Schedule I to the Trust Agreement.

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to Trustee or its agent for the registration of transfer, exchange, or payment, and any certificate executed and delivered is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

The Authority has certified to the Trustee that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate. This is to further certify that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

IN WITNESS WHEREOF, this Certificate has been dated as of the date set forth above and has been executed by the manual signature of an authorized signatory of the Trustee.

Date of Execution: ______, 2020

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: ______________________________
    Authorized Signatory
[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto ____________, whose address is ________________________, and whose social security or Taxpayer Identification No. is ______________, the within Certificate and do(es) hereby irrevocably constitute and appoint ________________________ attorney to transfer such Certificate on the Certificate register of the Trustee, with full power of substitution in the premises.

Dated: _____________________________

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature must be guaranteed by an eligible guarantor institution.
**SCHEDULE I**

**PARTICIPATING LOCAL AGENCY**

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<th>Local Agency</th>
<th>Principal Amount</th>
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<tr>
<td>City of Moreno Valley</td>
<td>$</td>
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**Total Principal Amount**
## SCHEDULE II

**INITIAL DEPOSIT TO PROCEEDS SUBACCOUNT ATTRIBUTABLE TO EACH LOCAL AGENCY**

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<td>City of Moreno Valley</td>
<td>$</td>
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<tr>
<td><strong>Total Proceeds</strong></td>
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TRUST AGREEMENT

among

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
AS TRUSTEE

and

CERTAIN LOCAL AGENCIES
NAMED HEREIN

Dated as of _____ 1, 2020

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020___ (FEDERALLY TAXABLE)
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)
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TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of _____ 1, 2020 (the “Trust Agreement”) among WILMINGTON TRUST, NATIONAL ASSOCIATION (the “Trustee”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the “Authority”) and the Local Agencies named in Schedule I hereto (as defined herein);

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to cause certificates of participation to be executed and delivered to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Local Agencies have determined to simultaneously issue their California Communities Transportation Revenue (Installment Sale) Certificates of Participation (T.R.I.P. – Total Road Improvement Program), having the maturity dates and in the respective principal amounts set forth in Schedule I hereto (individually, a “Local Agency Certificate” and collectively, the “Local Agency Certificates”) and to deposit the Local Agency Certificates with the Trustee and participate in the California Statewide Communities Development Authority T.R.I.P. – Total Road Improvement Program (the “Program”) established by the Authority;

WHEREAS, each Local Agency has determined that the consummation of the transactions contemplated in its respective Local Agency Trust Agreement and Agreement (as hereinafter defined) to which it is a party and this Trust Agreement will result in significant public benefits, and accordingly, has determined to participate in the Program;

WHEREAS, each Local Agency is a participant in the Program and a member of the Authority;

WHEREAS, each Local Agency participating in the Program desires to have its Local Agency Certificate marketed together with the Local Agency Certificates issued by the other Local Agencies participating in the Program in order to achieve a lower net interest cost and lower costs associated with issuing its Local Agency Certificate;

WHEREAS, each Local Agency has designated the Trustee to act as its trustee with respect to the funds received by the Local Agency from the sale of its Local Agency Certificate and with respect to the moneys paid by the Local Agency in satisfaction of its Local Agency Certificate;

WHEREAS, each Local Agency participating in the Program has executed a pricing confirmation, confirming the sale to the Purchaser (as defined herein) of its Local Agency Certificate and the Certificates (described herein) which evidence and represent proportionate and undivided interests in its Local Agency Certificate and the Local Agency Certificates issued simultaneously by the other Local Agencies participating in the Program and constituting part of the same Series of Certificates;
WHEREAS, the Trustee, pursuant hereto accepts the deposits of the Local Agency Certificates by the Local Agencies;

WHEREAS, in consideration of such deposits and the execution and entering into of the Trust Agreement, the Trustee has agreed to execute and deliver certificates of participation, as more fully described herein (the “Certificates”) in an aggregate principal amount equal to the aggregate principal amount of the Local Agency Certificates, each evidencing and representing a proportionate, undivided interest in the Local Agency Certificates;

WHEREAS, each Local Agency participating in such Series has authorized and directed the Trustee to execute and deliver on its behalf pursuant to the terms of the Trust Agreement, the Certificates in an amount equal to the aggregate principal amount of the Local Agency Certificates;

WHEREAS, in order to provide for the execution and delivery of the Certificates (as hereinafter defined), to establish and declare the terms and conditions upon which the Certificates are to be executed, delivered and secured and to secure the payment of the principal and interest evidenced and represented by the Certificates, the Authority has authorized the execution and delivery of this Trust Agreement; and

WHEREAS, the execution and delivery of the Local Agency Certificates and the approval of the execution and delivery of the Trust Agreement and the Certificates have been in all respects duly and validly authorized by the governing boards of the Local Agencies pursuant to resolutions duly adopted (collectively, the “Local Agency Trust Agreements”);

WHEREAS, the Certificates and the form of assignment to be endorsed thereon are to be substantially in the form set forth in Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required hereby;

WHEREAS, the Trustee has accepted the trust created by this Trust Agreement and in evidence thereof has joined in the execution hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Trust Agreement and delivery of the Certificates do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I
DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

“Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.
“Administration Fee” means, for each Local Agency, an amount equal to the sum of the Trustee Fee and any other similar fee payable in connection with the administration of the Program, payable by each Local Agency, in accordance with such Local Agency’s Agreement, on the 15th day of the month preceding each June 1, commencing June 1, 20__, for the administrative costs of the Project and the Program. The Administration Fee shall be allocated on a pro rata basis (related to the Purchase Price payable by each Local Agency) among the Local Agencies.

“Administration Fund” means the fund by that name established and maintained pursuant to Section 3.03.

“Agreement” or “Agreements” means each 2020 Installment Sale Agreement, dated as of ____1, 2020, between the Authority and a Local Agency as originally executed and as each may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

“Authority” means the California Statewide Communities Development Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California and an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, among a number of California cities, counties and special districts, including the Local Agencies, as amended.

“Authorized Authority Representative” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Authorized Local Agency Representative” means the person or persons designated in Section 8.12 of each Agreement or any other person at the time designated to act on behalf of such respective Local Agency by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such Local Agency by an Authorized Local Agency Representative.

“Business Day” any day other than a Saturday, a Sunday or a day which banking institutions or trust companies on which the Trustee is open for business at its corporate trust office in Costa Mesa, California or authorized or obligated by law, regulation or executive order to remain closed.

“Cash Flow Report” means a report prepared by the Cash Flow Consultant identifying Certificates to be prepaid as a result of any prepayment pursuant to Section 2.03 hereof. In the case of any optional prepayment pursuant to Section 2.03(a) hereof, such report shall demonstrate that Revenues expected to be received following such prepayment shall be sufficient to pay the regularly scheduled principal and interest represented by the Certificates as such amounts become due and payable. In the case of a mandatory prepayment pursuant to Section 2.03(b) hereof, such report shall identify maturities of principal evidenced by the Certificates to be prepaid in a manner consistent with Section 7.02 hereof and Section 6.02 of the related Local Agency Agreement relating to the application of Revenues upon acceleration.

“Cash Flow Consultant” means Stifel, Nicolaus & Company, Incorporated, or any successor thereto appointed by the Authority.

“Certificates” means the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ [[Federally Taxable]] (T.R.I.P. – Total Road Improvement Program). The term “Serial Certificates” means Certificates for which no sinking fund payments are provided. The term “Term Certificates” means Certificates which are payable on or before their specified payment dates from sinking fund payments
established for that purpose and calculated to prepay such Certificates on or before their specified payment dates.

“Certificate Payment Date” means a date on which principal evidenced and represented by the Certificates is due and payable, being June 1 of each year, commencing ______ 1, 20__.

“Certificate Payment Fund” means the fund by that name established and maintained pursuant to Section 3.02.


“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to a Local Agency, or the Local Agencies, as applicable, or the Authority and related to the authorization, execution and delivery of the Local Agency Certificates and the Certificates, and the related sale of the Certificates, including, but not limited to costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Local Agency Trustee, the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees of rating agencies, fees and charges for preparation, execution and safekeeping of the Certificates and any other costs, charges or fees in connection with the original execution, delivery, marketing and sale of the Certificates.

“Costs of Issuance Fund” means the fund by that name established and maintained pursuant to Section 2.11.

“Defeasance Obligations” means the following: (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, which shall be used to effect defeasance of the Certificates.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the respective Local Agency and/or the Authority which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Insurance Agreement” means, collectively, each of the insurance agreements, dated ________, 2020, by and among the Authority, the Local Agency and the Insurer, with respect to the Local Agency’s Reserve Subaccount.

“Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal and interest evidenced and represented by the Certificates when due.

“Insurer” means _____________________________________________, a New York stock insurance company, or any successor thereto or assignee thereof.

“Interest Fund” means the fund by that name established pursuant to Section 3.03.
“Interest Payment Account” means the account within the Interest Fund by that name established for each Local Agency pursuant to Section 3.03.

“Interest Payment Date” means a date on which interest evidenced and represented by the Certificates is due and payable, being June 1 and December 1 of each year, commencing _____ 1, 20__. 

“Local Agency” or “Local Agencies” means, as applicable, the respective local agency or local agencies listed in Schedule I hereto, each a duly organized and existing political subdivision of the State of California.

“Local Agency Certificates” means the certificates of participation designated as “California Communities Transportation Revenue (Installment Sale) Certificates of Participation (T.R.I.P. – Total Road Improvement Program),” issued by the Local Agencies in the respective aggregate principal amounts and payment schedules all as described in Schedule I hereto.

“Local Agency Trust Agreements” means the respective trust agreement, dated as of _____ 1, 2020, among the Authority, the Trustee and Local Agency, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

“Local Agency “Trustee” means ____________, or any successor thereto appointed pursuant to the Trust Agreement.

“Moody’s” means Moody’s Investor Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Local Agencies pursuant to the [Local Agency Trust Agreements and the Agreements].

“Office of the Trustee” means the corporate trust office of the Trustee in Costa Mesa, California.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal obligations, appointed and paid by the Authority and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

“Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 6.02) all Certificates except

(1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
(2) Certificates paid or deemed to have been paid within the meaning of Section 8.01; and
(3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant hereto.

“Owner” means any person who shall be the registered owner of any Outstanding Certificate.

“Permitted Investments” means any of the following to the extent permitted by the laws of the State and the applicable Local Agency’s Investment Policy:

DRAFT
A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Federal Housing Administration Debentures (FHA)

3. General Services Administration
   Participation certificates

4. Government National Mortgage Association (GNMA or “Ginnie Mae”)
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations
   (not acceptable for certain cash-flow sensitive issues.)

5. U.S. Maritime Administration
   Guaranteed Title XI financing

6. U.S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures
   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
   Participation Certificates
   Senior debt obligations

3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
   Mortgage-backed securities and senior debt obligations

4. Resolution Funding Corp. (REFCORP) obligations

5. Farm Credit System
   Consolidated systemwide bonds and notes
D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks which may include the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF which may include the Trustee and its affiliates.

G. Investment Agreements, including GIC’s, Forward Purchase Agreements and Reserve Fund Put Agreements (Investment Agreement criteria is available upon request).

H. Commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime - 1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P which may include the Trustee and its affiliates.

K. The Local Agency Investment Fund (LAIF) administered by the State of California.

L. Repurchase Agreements for 30 days or less must follow the following criteria.

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
   a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody’s, or
   b. Banks rated “A” or above by S&P and Moody’s.

2. The written repo contract must include the following:
   a. Securities which are acceptable for transfer are:
(1) Direct U.S. governments, or

(2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

b. The term of the repo may be up to 30 days

c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(3) Legal opinion which must be delivered to the municipal entity:

a. Repo meets guidelines under state law for legal investment of public funds.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Pricing Confirmation Supplement” means that certain Pricing Confirmation Supplement attached to each Purchase Agreement as agreed and accepted by each of the respective Local Agencies.

“Principal Fund” means the account by that name established and maintained pursuant to Section 3.03.

“Principal Payment Account” means the account within the Principal Fund by that name established for each Local Agency pursuant to Section 3.03.

“Proceeds Fund” means the fund by that name established in Section 2.11.

“Proceeds Subaccounts” means the Proceeds Subaccounts created in the Proceeds Fund under Section 2.11.

“Project(s)” has the meaning ascribed to such term in each Agreement.
“Program” means the California Statewide Communities Development Authority T.R.I.P. – Total Road Improvement Program pursuant to which the Certificates are executed and delivered to assist local agencies in financing Projects.

“Purchase Agreement” means [that certain][each] [Certificate Purchase Agreement][Placement Agreement] by and between each of the respective Local Agencies and the Purchaser relating to the [Local Agency Trust Agreements and the Agreements] and the Certificates.

“Purchaser” means Stifel, Nicolaus & Company, Incorporated, as initial purchaser of the Certificates.

“Purchase Price” means with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon purchase thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Qualified Reserve Instrument” means an insurance policy meeting the requirements of Section 3.03(b)(3).

“Rating Agency” means S&P or, in the event that S&P no longer maintains a rating on the Certificates, any other nationally recognized bond rating agency then maintaining a rating on the Certificates, but, in each instance, only so long as S&P, or other nationally recognized rating agency then maintains a rating on the Certificates.

“Record Date” means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a Business Day.

“Request” or “Certificate” with respect to a Local Agency, means an instrument in writing signed on behalf of such Local Agency by an Authorized Local Agency Representative, and with respect to the Authority means an instrument in writing signed on behalf of the Authority by an Authorized Authority Representative or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

“Reserve Fund” means the fund by that name established and maintained pursuant to Section 3.03.

“Reserve Fund Requirement” means, as of any date of calculation, an amount equal to the least of [(i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the Certificates; (ii) 125% of the average annual Certificates; or (iii) the Maximum Annual Debt Service on the Certificates].

“Reserve Policy” means [the/each municipal bond debt service reserve fund insurance policy issued by the Insurer and credited to the Local Agency’s Reserve Subaccount. The Reserve Policy is a Qualified Reserve Instrument.]

“Reserve Subaccount” means the Subaccount within the Reserve Fund by that name established for each Local Agency pursuant to Section 3.03.

“Revenues” means all interest and principal payments becoming due and payable on the Local Agency Obligations and other payments paid by the Local Agencies and received by the Authority pursuant to the Local Agency Trust Agreements and all interest or other income from any investment of any money in any fund or account pursuant to Section 3.04.
“S&P” means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Local Agency.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“Series of Local Agency Certificates” means the respective Local Agency Certificates in one or more series issued under and in connection with the Program.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“Surplus Account” means the account by that name established and maintained pursuant to Section 3.03.

“Tax Certificate” means each Tax Certificate dated the date of initial delivery of the Certificates and executed and delivered by the Authority and each Local Agency.

“Trust Agreement” means this Trust Agreement, dated as of _____ 1, 2020, among the Authority, the Trustee and the Local Agencies, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“Trustee” means Wilmington Trust, National Association, or any successor thereto appointed pursuant to the Trust Agreement.

“Trustee’s Fee” means, for each Local Agency, the annual administration fee of the Trustee, in the amount of $[1,500.00] payable in advance on ______ __, 2020 and thereafter on each Certificate Payment Date.

Section 1.02 Equal Security. In consideration of the acceptance of the Certificates by the Owners, the Trust Agreement shall be deemed to be and shall constitute a contract among the Trustee, the Local Agencies, and the Owners to secure the full and final payment of the interest and principal evidenced and represented by the Certificates, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.
ARTICLE II
EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01 Preparation and Purpose of Certificates. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Certificates and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the execution and delivery of the Certificates do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to cause the Certificates to be executed and delivered in the form and manner provided herein for the purpose of providing funds to pay for and construct the Projects, and that the Certificates shall be entitled to the benefit, protection and security of the provisions hereof. The Trustee is hereby authorized and directed to prepare the Certificates in the initial aggregate principal amount of $________, equal to the aggregate principal amount of the Local Agency Certificates, each evidencing and representing a proportionate, undivided interest in the Local Agency Certificates. The Local Agencies hereby authorize the Authority to execute on their behalf, a letter of representations to be delivered to DTC in connection with the delivery of the Certificates (the “Representation Letter”). The Trustee is hereby authorized to execute and deliver the Certificates to the Purchaser upon receipt of a written request of the Local Agencies, the Local Agency Certificates and the proceeds of sale of the Certificates.

Each Local Agency participating in the Program is required to make payments of principal and interest on its respective Local Agency Certificates which, when combined with the Local Agency Certificates of other Local Agencies participating in the Program and the same series, shall be evidenced by the Certificates, and evidence and represent a proportionate, undivided interest in the Local Agency Certificates of each Local Agency, such that each Local Agency participating in the Program is severally, and not jointly, liable on each such Certificates in the proportion that the principal component of such Local Agency Certificate and related Local Agency Installment Sale Payments bears to the total aggregate principal component of the Local Agency Certificates to be made by all Local Agencies participating in the Program and the same series. Each Local Agency participating in the Program has, pursuant to its Local Agency Resolution, authorized and directed the Trustee on behalf of that Local Agency to prepare and execute the Certificates and to deliver the Certificates to the Purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

Section 2.02 Terms of the Certificates. The Certificates shall be designated “California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program)” to be issued in $_______ aggregate principal amount and $_______ aggregate principal amount of the Local Agency Certificates, each evidencing and representing a proportionate, undivided interest in the Local Agency Certificates. This designation is an intended revision of the nomenclature for the Certificates originally included in the materials filed in connection with the proceedings for validation of the Certificates in the interest of clarity in marketing the Certificates. The Certificates shall be dated ________, 2020, shall be executed and delivered only in fully registered form in denominations of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Certificates payable at any one time). The Series 2020__ Certificates shall be payable on the Certificate Payment Dates and in the principal amounts and evidence and represent interest at the rates (based on a 360 day year comprised of twelve 30 day months) as set forth in the following schedule:
The principal evidenced and represented by the Certificates shall be payable in lawful money of the United States of America by check upon presentation thereof at maturity or on prepayment prior to maturity at the Office of the Trustee.

The interest evidenced and represented by the Certificates shall become due and payable on the Interest Payment Date, and shall be in sum the interest payments becoming due and payable on the Local Agency Certificates on the Interest Payment Date. The interest payable on the Local Agency Certificates and evidenced and represented by the Certificates shall be computed on the basis of a 360-day year of twelve 30-day months.

The principal evidenced and represented by the Certificates shall become due and payable on the Certificate Payment Date, without option of prepayment and shall be in sum the principal becoming due and payable on the Local Agency Certificates on the Certificate Payment Date.

The Certificates shall evidence and represent interest at the rates set forth above, payable on Interest Payment Date. The Certificates shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall evidence and represent interest from 15, 20; provided, however, that if at the time of registration of any Certificate interest is then in default on the Outstanding Certificates, such Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment of interest evidenced and represented by the Certificates due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Certificate registration books maintained by the Trustee pursuant to Section 2.08 as the registered owner
thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose.

Payment of the principal evidenced and represented by the Certificates shall be made by check upon the surrender thereof at maturity or on prepayment prior to maturity at the Office of the Trustee. The Owner of $1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded. So long as Cede & Co. is the registered owner of the Certificates, principal of and interest on the Certificates are payable in same day funds by the Trustee to Cede & Co., as nominee for the Depository, and the payment of principal or redemption price shall be made without presentment.

Section 2.03 Prepayment of Certificates.

(a) Optional Prepayment. The Series ___ Certificates maturing on or after June 1, 20__, shall be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of a Local Agency or the Local Agencies, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. Each respective Local Agency shall provide notice to the Authority and the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the Local Agency Certificates to be prepaid.

The Series ___ Certificates maturing on or after June 1, 20__, shall be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of a Local Agency or the Local Agencies, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. Each respective Local Agency shall provide notice to the Authority and the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the Local Agency Certificates to be prepaid.

(b) Mandatory Prepayment. The Certificates shall be subject to mandatory prepayment prior to maturity, in whole or in part (by lot among Certificates with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate), on any date, from amounts received upon the acceleration of Local Agency Certificates upon the occurrence of an event of default under the [Local Agency Trust Agreements and the Agreements], at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

(c) Mandatory Sinking Fund Prepayment. The Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a Prepayment Price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:
<table>
<thead>
<tr>
<th>Mandatory Prepayment Date (June 1)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Maturity date</td>
<td></td>
</tr>
</tbody>
</table>

The amount of each such prepayment shall be reduced in the event and to the extent that Local Agency Certificates payable on the corresponding Certificate Payment Date are optionally prepaid pursuant to the Local Agency Trust Agreement and applied to the prepayment of Certificates maturing on June 1, 20__. In such event, each respective Local Agency shall provide the Trustee with a revised sinking fund prepayment schedule.

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

<table>
<thead>
<tr>
<th>Mandatory Prepayment Date (June 1)</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Maturity date</td>
<td></td>
</tr>
</tbody>
</table>

The amount of each such prepayment shall be reduced in the event and to the extent that Local Agency Certificates payable on the corresponding Certificate Payment Date are optionally prepaid pursuant to the Local Agency Trust Agreement and applied to the prepayment of Certificates maturing on June 1, 20__. In such event, each respective Local Agency shall provide the Trustee with a revised sinking fund prepayment schedule.

(d) Selection of Certificates. [Whenever provision is made in the Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee shall, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates subject to prepayment or purchase or such given portion thereof equal to a multiple of $5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any prepayment pursuant to Section 2.03(a) hereof or receipt of moneys resulting in a prepayment pursuant to Section 2.03(b) hereof, the Trustee shall request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Certificates to be prepaid. The Trustee shall promptly notify the Authority in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.]
(e) Purchase in Lieu of Prepayment. In lieu of prepayment of any Certificates, amounts on deposit in the Certificate Payment Fund or in any sinking account therein may also be used and withdrawn by the Trustee at any time, upon the Request of the Authority, upon direction of the respective Local Agency, for the purchase of such Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority, upon direction of the respective Local Agency, may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Certificate Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Certificates, if any, required to be prepaid on such Certificate Payment Date in such year.

(f) Notice of Prepayment or Purchase. Notice of prepayment or purchase shall be mailed by first-class mail by the Trustee, upon direction of the respective Local Agency, not less than thirty (30) nor more than sixty (60) days prior to the prepayment or purchase date, to (i) the respective Owners of any Certificates designated for prepayment or purchase at their addresses appearing on the registration books of the Trustee, and (ii) if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Notice of prepayment shall be given by telecopy, certified, registered, or overnight mail to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Each notice of prepayment or purchase shall state the date of such notice, the date of initial execution and delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each Certificate Payment Date or Dates, and, if less than all of the Certificates of any such Certificate Payment Date, the distinctive certificate numbers of the Certificates with such Certificate Payment Date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice.

If any of the Certificates are prepaid pursuant to an advance refunding, notice of such advance refunding and prepayment shall be given in the same manner as above provided, and also within the same time period with respect to the actual prepayment date.

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

Failure by the Trustee to give notice pursuant to this Section 2.03 to the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System or Securities Depositories shall not affect the sufficiency of the proceedings for prepayment or purchase. Failure by the Trustee to mail notice of prepayment or purchase pursuant to this Section 2.03 to any one or more of the
respective Owners of any Certificates designated for prepayment or purchase shall not affect the sufficiency of the proceedings for prepayment with respect to the Owner or Owners to whom such notice was mailed.

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

(h) Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and interest accrued with respect thereto to the prepayment date, interest with respect to the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under the Trust Agreement, the pledge of and lien on the Local Agency Certificates and any interest in the funds held hereunder as provided herein, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Section shall be cancelled upon surrender thereof by the Trustee. All Certificates purchased pursuant to the provisions of this Section shall be registered in the name of the Authority and delivered to, or as directed in writing by, the Authority.

Section 2.04 Form of Certificates. The Certificates and the registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated (provided that on the face of each Certificates, at the place where the portion of the form set forth below appears on the reverse side of such Certificate, there shall be inserted the following sentence: REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE).

Section 2.05 Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee. Only those Certificates executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such execution by the Trustee shall be conclusive evidence that the Certificates so executed and registered have been duly authorized, executed and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.06 Transfer and Payment of Certificates. Any Certificates may, in accordance with its terms, be transferred in the records maintained pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificates shall be surrendered for transfer, the Trustee shall execute and deliver to the transferee a new Certificate or Certificates of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any Certificates as the absolute owner of such Certificates for the purpose of receiving payment thereof and for all other purposes,
whether such Certificates shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by such Certificates shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Certificates to the extent of the sum or sums so paid.

The Trustee shall not be required to execute, register the transfer of or exchange any Certificates during the fifteen (15) days preceding each Interest Payment Date or the date of selection by the Trustee of Certificates for prepayment, or to register the transfer of or exchange any Certificates which have been selected for prepayment in whole or in part.

**Section 2.07 Exchange of Certificates.** Certificates may be exchanged at the office of the Trustee for a like aggregate principal amount of Certificates of the same series and payment date of other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

**Section 2.08 Certificate Registration Books.** The Trustee will keep at its office sufficient books for the registration and transfer of the Certificates which shall at all times be open to inspection by the Local Agencies or any Owner on reasonable notice during regular business hours on any Business Day, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates in such books as hereinabove provided.

**Section 2.09 Mutilated, Destroyed, Stolen or Lost Certificates.** If any Certificate shall become mutilated the Trustee at the expense of the Owner shall thereupon execute and deliver, a new Certificate of like tenor and number in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and the Authority and indemnity satisfactory to the Trustee and the Authority shall be given, the Trustee, at the expense of the Owner, shall thereupon execute and deliver, a new Certificate of like tenor and number in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Certificate executed and delivered under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Certificate executed and delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Certificates of the same series secured by the Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Certificate and any duplicate Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and duplicate Certificate shall be treated as one and the same.

**Section 2.10 Temporary Certificates.** The Certificates executed and delivered under the Trust Agreement may be initially executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. The temporary Certificates may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and may contain such reference to any of the provisions of the Trust Agreement as may be appropriate.
Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates it will execute and furnish definitive Certificates without delay and thereupon the temporary Certificates may be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under the Trust Agreement as definitive Certificates delivered hereunder.

Section 2.11 Procedure for the Execution and Delivery of Certificates; Establishment of Funds and Accounts; Deposit of Proceeds. At any time after the sale of the Certificates, the Trustee shall execute the Certificates for delivery hereunder, and thereupon the Certificates shall be delivered by the Trustee to the purchaser thereof upon the Request of the Authority and upon receipt of payment therefor from the purchaser thereof. The Trustee hereby agrees to establish and maintain hereunder, in trust, the Costs of Issuance Fund, the Proceeds Fund and the Proceeds Subaccounts therein, the Certificate Payment Fund and the Payment Accounts therein, one of which shall be established for each Local Agency, the Interest Fund and the Principal Fund. Upon receipt of payment for the Certificates from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall credit the [Reserve Policy] to the Reserve Subaccount for the Local Agency, as established within the Reserve Fund established pursuant to Section 3.03 hereof. The initial maximum amount available under the [Reserve Policy] is equal to the Reserve Fund Requirement for the Local Agency.

(b) The Trustee shall transfer to Proceeds Fund the amounts set forth in Schedule II, which is attached hereto and made a part hereof.

(c) The “Costs of Issuance Fund” is hereby established as a separate trust fund with the Trustee. The Trustee shall deposit the sum of $_______, which is equal to the amount set forth in such Request of the Authority in the Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed, upon the Request of the Authority, to pay Costs of Issuance. Upon the earlier of payment in full of the Costs of Issuance or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Authority to the Trustee, on ______ 1, 20__, any balance remaining in such Fund shall be transferred to the Interest Payment Account attributable to each Local Agency, allocated among such accounts in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each Local Agency in the amounts set forth in Schedule II, which is attached hereto and made a part hereof][upon written request of the Local Agencies, be remitted to the Local Agencies to be applied to pay eligible costs payable from Revenues in accordance with the respective [Local Agency Trust Agreements and the Agreements]].

Section 2.12 Validity of Certificates. The validity of the Certificates shall not be dependent on or affected in any way by the proceedings taken by the Authority or the Trustee for the refinancing of the Projects. The recital contained in the Certificates that the same are executed and delivered pursuant hereto shall be conclusive evidence of their validity and of the regularity of their execution and delivery, and all Certificates shall be incontestable from and after their execution and delivery. The Certificates shall be deemed to be executed and delivered, within the meaning hereof, whenever the definitive Certificates (or any temporary Certificates exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.
Section 2.13 Special Covenants as to Book-Entry Only System for Certificates. (a) Except as otherwise provided in subsections (b) and (c) of this Section 2.13, all of the Certificates initially executed and delivered shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest evidenced and represented by any Certificate registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Certificates to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Certificates initially shall be executed and delivered in the form of a single fully registered certificate for each stated payment date of such Certificates, representing the aggregate principal amount evidenced and represented by the Certificates payable on such payment date. Upon initial execution and delivery, the ownership of all such Certificates shall be registered in the registration books maintained by the Trustee pursuant to Section 2.08 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Local Agencies, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Certificates registered in its name or the name of its nominee for the purposes of payment of the principal or Prepayment Price and interest evidenced and represented by such Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Certificates, obtaining any consent or other action to be taken by Owners of the Certificates and for all other purposes whatsoever; and neither the Trustee or the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee, the Local Agencies nor the Authority or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.13, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the registration books as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal, Prepayment Price or interest evidenced and represented by the Certificates, (iii) any notice which is permitted or required to be given to Owners of Certificates hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial prepayment of the Certificates, or (v) any consent given or other action taken by DTC as Owner of Certificates. The Trustee shall pay all principal, premium, if any, and interest evidenced and represented by the Certificates only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the obligations with respect to the principal, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Certificates will be transferable to such new nominee in accordance with subsection (e) of this Section 2.13.

(c) In the event that the Authority determines that it is in the best interests of the Local Agencies or the beneficial owners of the Certificates that they be able to obtain certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of such certificates. In such event, the Certificates will be transferable in accordance with subsection (e) of this Section 2.13. DTC may determine to discontinue providing its services with respect to the Certificates at any time by giving written notice of such discontinuance to the Authority, the Local Agencies and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Certificates will be transferable in accordance with subsection (e) of this Section 2.13. Whenever DTC requests the Authority, the Local Agencies and the Trustee to do so, the Trustee, the Local Agencies and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Certificates then Outstanding. In such event, the Certificates will be
transferable to such securities depository in accordance with subsection (e) of this Section 2.13, and thereafter, all references in the Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal, premium, if any, and interest evidenced and represented by each such Certificate and all notices with respect to each such Certificate shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In the event that any transfer or exchange of Certificates is authorized under subsection (b) or (c) of this Section 2.13, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Owner thereof of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event Certificates are delivered to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Certificates, another securities depository as Owner of all the Certificates, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Certificates and the method of payment of principal, premium, if any, and interest evidenced and represented by the Certificates.

ARTICLE III

REVENUES

Section 3.01 Pledge of Revenues; Assignment; Deposit of Local Agency Certificates. All Revenues and any other amounts (including proceeds of the sale of the Certificates) held by the Trustee in any fund or account established hereunder are hereby irrevocably pledged to the payment of the principal, interest and premium, if any, evidenced and represented by the Certificates as provided herein, and the Revenues shall not be used for any other purpose while any of the Certificates remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established hereunder for the payment of the interest and principal evidenced and represented by the Certificates in accordance with the terms hereof and thereof.

The Local Agency Certificates, as evidenced and represented by the Certificates, are hereby irrevocably deposited with and pledged and transferred to the Trustee, who is the registered owner of each Local Agency Certificate for the benefit of the Owners of the Certificates and the payments on the Local Agency Certificates shall be used for the punctual payment of the interest and principal evidenced and represented by the Certificates, and the Local Agency Certificates shall not be used for any other purpose while any of the Certificates remain Outstanding. This deposit, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of the Local Agency Certificates for the foregoing purpose in accordance with the terms hereof. The Trustee hereby accepts the deposit of the Local Agency Certificates.

All principal and interest payments on the Local Agency Certificates shall be paid directly by the Local Agencies to the Trustee. All principal and interest payments on the Local Agency Certificates received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it, as and when received, in the appropriate Payment Account within the Certificate Payment Fund, which fund the Trustee hereby agrees to maintain so long as any Certificates are Outstanding, and all money
in such fund shall be held in trust by the Trustee for the benefit of the Local Agency submitting such money until deposited in the funds specified in Section 3.02, whereupon such money shall be held in trust in such funds by the Trustee for the benefit and security of the Owners to the extent provided herein, and invested by the Trustee in accordance with each Local Agency’s Pricing Confirmation and any subsequent written instruction to invest delivered in accordance with this Trust Agreement. If any Local Agency fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Local Agency and the Rating Agency of such failure. If the Trustee receives Certificate payments from a Local Agency in excess of the amounts required to pay the principal and interest due on such Local Agency’s Certificate on respective Interest Payment Date and/or Certificate Payment Date, such excess amounts shall remain in the appropriate Local Agency’s Payment Account in the Certificate Payment Fund and shall be transferred to such Local Agency following payment of the amount of Certificates evidencing and representing such Local Agency’s Certificate. The Local Agencies, to the extent they have any interest in such fund, hereby pledge, transfer, assign and grant a lien on and a security interest in the Certificate Payment Fund to the Trustee for the benefit of the Owners.

The Authority hereby assigns to the Trustee all of the Authority’s rights and remedies under the Certificates, the Local Agency Trust Agreements and the Agreements, including, but not limited to, the Authority’s security interest in and lien upon the Revenues.

Section 3.02 Receipt and Deposit of Revenues in the Certificate Payment Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Owners and shall be deposited when and as received by the Authority in the Certificate Payment Fund which Fund is hereby created and which fund the Authority hereby agrees and covenants to maintain with the Trustee so long as any Certificates shall be Outstanding under the Trust Agreement. All Revenues shall be accounted for separately for each Local Agency and held in trust in the Certificate Payment Fund. All Revenues, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely for the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

Section 3.03 Establishment and Maintenance of Accounts for Use of Money in the Certificate Payment Fund. (a) All money in the Certificate Payment Fund shall be set aside by the Trustee in the following respective special funds and accounts within the Certificate Payment Fund in the following order of priority:

1. Interest Fund, and within the Interest Fund, an Interest Payment Account for each Local Agency;
2. Principal Fund, and within the Principal Fund, a Principal Payment Account for each Local Agency;
3. Reserve Fund, and within the Reserve Fund, a Reserve Subaccount for each Local Agency;
4. Administration Fund, and within the Administration Fund, an Administration Subaccount for each Local Agency; and
5. Surplus Account.
(b) All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section. Notwithstanding the foregoing, the Trustee need not create separate accounts within the Interest Fund, the Principal Fund, the Reserve Fund and the Administration Fund, but shall keep sufficient records to account separately for the deposits attributable to each Local Agency.

(1) Interest Fund. On or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall set aside that amount of money representing the interest becoming due and payable on the Local Agency Certificates on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by any Certificates purchased or prepaid prior to the payment dates thereof).

(2) Principal Fund. On or before the Business Day immediately preceding each Certificate Payment Date the Trustee shall set aside that amount of money representing the principal becoming due and payable on the Local Agency Certificates on such Certificate Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates as it shall become due and payable, whether on their respective Certificate Payment Dates or prepayment, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to prepay or to pay Term Certificates for which such sinking fund account was created.

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

In lieu of making a Local Agency Reserve Fund Requirement deposit or in replacement of moneys then on deposit in any Reserve Subaccount (which shall be transferred by the Trustee to the Local Agency upon delivery of an insurance policy satisfying the requirements stated below), a Local Agency may also deliver to the Trustee an insurance policy (a “Qualified Reserve Instrument”) securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Subaccount, no less than the Local Agency Reserve Fund Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest components of the [related Local Agency Agreement] and whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated in one of the two highest rating categories (without respect to any modifier) of the Rating Agency; provided that in the event of a Qualified Reserve Instrument is downgraded by a rating agency, the related Local Agency is not required to replace the Qualified Reserve Instrument or deposit cash in the Local Agency’s Reserve Subaccount. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Certificates.
(4) **Surplus Account.** On the Business Day immediately following each Interest Payment Date the Trustee shall deposit in the Surplus Account all money remaining in the Certificate Payment Fund after the deposits required by paragraphs (1), (2), (3) and (4) of this section have been made. On June 30 of each year, beginning on June 30, 20___, the Trustee shall disburse the money in the Surplus Account to each Local Agency to the extent each such Local Agency’s deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by paragraphs (1), (2), and (3) of this section.

**Section 3.04 Deposit and Investments of Money in Accounts and Funds.** All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested and reinvested in Permitted Investments at the Request of the respective Local Agency or Local Agencies received not less than two (2) Business Days prior to the date of making such investment. The Trustee shall notify the respective Local Agency or Local Agencies no less than two (2) Business Days prior to the date moneys held hereunder will be available for investment, requesting that the respective Local Agency or Local Agencies deliver to the Trustee a Request of the respective Local Agency or Local Agencies specifying the Permitted Investments to be acquired by the Trustee with such moneys. All money held in the Reserve Fund shall be invested and reinvested in Permitted Investments with a term to maturity not exceeding five years or on the final maturity date of the Certificates, whichever date is earlier; provided, however, that if an obligation may be prepaid at par on the Business Day prior to each Interest Payment Date during which such obligation is outstanding, such obligation may have any maturity. If no such Request of the respective Local Agency or Local Agencies is received, the Trustee shall hold such moneys uninvested. All such Permitted Investments shall be valued by the Trustee not less frequently than semi-annually on each Interest Payment Date at the lower of the cost or market value thereof. All interest or profits received prior to the completion of each Project (as certified in writing by the related Authorized Local Agency Representative) on any money so invested shall be deposited in the related Proceeds Subaccount of the Acquisition Fund, and all interest or profits received subsequent thereto on any money so invested shall be deposited in the related Local Agency Interest Payment Account. The Trustee may act as a principal or agent in making or disposing of any investment, and all investments may be made through the Trustee’s investment department or that of its affiliates. The Trustee or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall sell in a commercially reasonably manner, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Trustee shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

[Notwithstanding the foregoing, in the event there is only one participating Local Agency identified in Schedule I, notifications from the Trustee of the availability of funds for investment shall be provided to the Local Agency and instructions for the investment of funds will be at the Request of the Local Agency.]

**Section 3.05 Reserve Policy Payment and Reimbursement Provisions.** The following provisions shall govern in the event of a conflict with any contrary provision of the Trust Agreement. [EXEMPLAR TERMS TO BE REVISED:

(a) The Local Agencies shall repay any draws under the [Reserve Policy] and pay all related reasonable expenses incurred by the Insurer, [to be allocated on a pro rata basis (on the
basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus [3]%, and (ii) the then applicable highest rate of interest with respect to the Certificates, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the respective Local Agency or Local Agencies had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the [Reserve Policy] will be increased by a like amount, subject to the terms of the [Reserve Policy]. The obligation to pay Policy Costs shall be secured by a valid lien on all Revenues (subject only to the priority of payment provisions set forth under the Trust Agreement).

[As to each Local Agency’s Reserve Subaccount, all cash and investments therein shall be transferred to the related Local Agency Interest Payment Account and Principal Payment Account, as applicable, for payment of the debt service on the Certificates before any drawing may be made on the [Reserve Policy] or any other Qualified Reserve Instrument credited to such Local Agency’s Reserve Subaccount in lieu of cash.]

[Payment of any Policy Cost allocable to a Local Agency shall be made prior to replenishment of any cash amounts with respect to a such Local Agency’s Reserve Subaccount. To the extent that more than one Qualified Reserve Instrument is credited to a Local Agency’s Reserve Subaccount, draws on all such Qualified Reserve Instruments (including the [Reserve Policy]) on which there is available coverage shall be made on a pro rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the related Local Agency’s Reserve Subaccount. Payment of Policy Costs and
reimbursement of amounts with respect to other Qualified Reserve Instruments shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.]

(b) If any Local Agency shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect owners of the Certificates.

(c) This Trust Agreement shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Local Agency’s obligation to pay such amount shall expressly survive payment in full of the Local Agency Certificates and the Certificates; [any such Policy Costs to be allocated on a pro rata basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies].

(d) The Trustee shall ascertain the necessity for a claim upon the [Reserve Policy] in accordance with the provisions of paragraph (a) hereof and provide notice to the Insurer in accordance with the terms of the [Reserve Policy] at least five Business Days prior to each date upon which interest or principal is due on the Certificates.

(e) The [Reserve Policy] shall expire on the earlier of the date the Certificates are no longer outstanding and the final maturity date of the Certificates.]

ARTICLE IV
COVENANTS

Section 4.01 Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof; and the Local Agencies will not suffer or permit any default to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them. Amendment of Agreements. The Local Agencies and the Authority will not amend or permit the amendment of their respective Local Agency Trust Agreement without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or the Insurer or (2) the written consents of the Insurer and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment is authorized and permitted by the Trust Agreement and is enforceable against the Authority; provided that no such supplement, amendment, modification or termination shall reduce principal or interest payments on the Local Agency Certificates or the amount of 2020 Installment Sale Payments to be made by any Local Agency pursuant to an Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by such Local Agency Trust Agreement or Agreement on Revenues (except as expressly provided in such Local Agency Trust Agreement), in each case without the written consent of all of the Owners of the Certificates then Outstanding. [The Local Agencies and the Trustee will not amend or permit the amendment of the Local Agency Certificates or the Local Agency Trust Agreements without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or (2) the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment will not cause interest
on the Local Agency Certificates to be included in gross income for federal income tax purposes; provided
that, no such amendment shall reduce the rate of interest or amount of principal or extend the time of
payment thereof with respect to any Local Agency Certificate.]

Section 4.03 Against Encumbrances. The Authority will not make any pledge of or place any
charge or lien upon the Revenues except as provided herein, and will not issue any bonds, Local Agency
Certificates or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the
Revenues except the Certificates. So long as any Certificates are Outstanding, the Local Agencies will not
create or suffer to be created any pledge of or lien on the respective Local Agency Certificates other than
the pledge and lien hereof.

Section 4.04 Accounting Records and Reports. The Trustee shall keep proper books of record
and account in accordance with industry standards in which complete and correct entries shall be made of
all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and
application of all funds received by the Trustee hereunder. Such records shall specify the account or fund
to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in
the case of each investment: (a) its purchase price; (b) identifying information, including par amount,
coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be;
(d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is
required to be obtained as evidence to establish that all investments have been purchased in arms’ length
transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the Authority and any Local Agency at any reasonable
time during regular business hours on reasonable notice.

Section 4.05 Observance of Laws and Regulations. The Local Agencies will faithfully
observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by
contract, or prescribed by any state or national law, or by any officer, board or commission having
jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or
privilege now owned or hereafter acquired by them, including their right to exist and carry on their
respective businesses, to the end that such observance or performance is material to the transactions
contemplated hereby. In the event that any property or funds contemplated hereunder shall be attached,
garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order
of a court, or any order, judgment or decree shall be made or entered by any court order affecting such
property or funds, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems
appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by
legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that
the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties
or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such
writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 4.06 Further Assurances. Whenever and so often as reasonably requested to do so by
the Trustee or any Owner, the Local Agencies will promptly execute and deliver or cause to be executed
and delivered all such other and further assurances, documents or instruments, and promptly do or cause to
be done all such other and further things as may be necessary or reasonably required in order to further and
more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and
advantages conferred or intended to be conferred upon them hereby.

Section 4.07 Recordation and Filing. The Local Agency will file, record, register, renew,
refile and rerecord all such documents, including financing statements (or continuation statements in
connection therewith), as may be required by law in order to maintain at all times a security interest in the
[Local Agency Trust Agreements and the Agreements] under and pursuant to the Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the Insurer, and the rights of the Trustee hereunder, and the Local Agencies will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the [Local Agency Trust Agreements and the Agreements] as provided herein.

ARTICLE V

THE TRUSTEE

Section 5.01 The Trustee. The Local Agencies hereby appoint and employ the Trustee to receive, deposit and disburse the payments on the Local Agency Certificates as provided herein. Wilmington Trust, National Association shall serve as the Trustee for the Certificates for the purpose of receiving all money which the Authority and the Local Agencies are required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates presented for payment in Costa Mesa, California, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a designated office in San Francisco, Costa Mesa, or Los Angeles, California.

The Authority may at any time, unless there exists any event of default as defined in Section 7.01, remove the Trustee and be discharged from its duties and obligations hereunder at any time initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall (i) be a bank or trust company doing business and having a principal office in San Francisco or Los Angeles, California, (ii) have (or in the case of a bank or trust company which is part of a bank holding company system, the related bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000) and (iii) be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign and be discharged from its duties and obligations hereunder at any time by giving written notice of such resignation to the Authority and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to prepay the Certificates when duly presented for payment on their respective Certificate Payment Dates or on prior prepayment. The Trustee shall cancel all Certificates upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Certificates it has received in accordance with its retention policy then in effect. The Trustee shall keep accurate records of all Certificates paid and discharged and canceled by it.
The Authority, solely from amounts held in the Costs of Issuance Fund or paid by the Local Agencies specifically for such purpose, shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants and in-house and other counsel and other experts employed by it and reasonably required in the exercise and performance of its rights and obligations hereunder, and, to the extent permitted by law, indemnify and hold the Trustee and its officers, directors, employees and agents harmless against any claim, loss, liability, damages, expenses (including fees, costs and expenses of counsel) and advances not arising from the Trustee's own negligence or willful misconduct, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder. The obligations of the Authority under this paragraph to compensate, indemnify, reimburse and hold the Trustee harmless shall constitute additional indebtedness hereunder, and such indebtedness shall have priority over the Certificates in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the Owners of particular Certificates, including, without limitation, funds held by the Trustee in trust to prepay all or a portion of Outstanding Certificates prior to their respective Certificate Payment Dates for which a notice of prepayment has been sent as provided herein.

Section 5.02 Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Certificates shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the use of any proceeds of the Certificates, the correctness of the same, the collection of the Revenues or makes any representation as to the sufficiency or validity hereof, of the Certificates or any security therefor or any offering material distributed in connection with the Certificates and shall not incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Certificates or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence, willful misconduct or breach of fiduciary duty.

The Trustee shall not be bound to recognize any person as the Owner of a Certificate unless and until such Certificate is submitted for inspection, if required, and such Certificate is registered in such person’s name.

Whenever the Trustee shall deem it necessary or desirable that a factual or legal matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate conforming to the requirements herein or an opinion of counsel, which certificate or opinion shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the Authority and the Local Agencies, having any claim against the Trustee arising from the Trust Agreement not attributable to the Trustee’s negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Trust Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement, and no implied covenants or obligations (fiduciary or otherwise) shall be read into the Trust Agreement against the Trustee. Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Authority or Local Agencies, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any
liability in connection with the malfeasance or nonfeasance by such party. Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. The Trustee shall not be liable with respect to any action taken or not taken hereunder in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding. The Trustee shall, during the existence of any event of default (which has not been cured), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise of use under the circumstances in the conduct of its own affairs. The permissive right of the Trustee to do things enumerated in the Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of Authority or Local Agencies, pursuant to the provisions of this Trust Agreement, unless such Authority or Local Agencies shall have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Local Agency Certificates and the Certificates. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates. The Trustee, in its individual or any other capacity, may become the Owner of any Certificates or other obligations of any party hereto with the same rights which it would have if not the Trustee. At any and all reasonable times, the Trustee, and its agents shall have the right to fully inspect the Projects, including all books, papers and records of the Local Agencies pertaining to the Projects and the Certificates, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. The Trustee shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect. None of the provisions contained herein or in the [Local Agency Trust Agreements and the Agreements] shall require the Trustee to expend or risk its own funds or continue to do so or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee may rely and shall be protected in acting or failing to act upon any paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Local Agencies to make any payment of principal or interest under the [Local Agency Trust Agreements and the Agreements] when due, unless a responsible officer of the Trustee shall receive actual notice in writing at its corporate trust office of such default by the Owners of not less than 25% of the aggregate principal amount of Certificates then Outstanding. Notwithstanding any other provision hereof, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or official action or evidence thereof, required as a condition of such action deemed by the Trustee to be desirable for the purpose of establishing the rights of the Trustee with respect to the authentication of any Certificates, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

The Trustee shall be entitled to request and receive written instructions from the Authority, the Local Agencies and the Owners and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of any such party. The Trustee shall be entitled to request and receive written direction given pursuant hereto sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee shall have received an incumbency certificate from each
Local Agency listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from any action taken or not taken by the Trustee or from the Trustee’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. Each Local Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of interception and misuse by third party.

The Trustee shall not be responsible for the sufficiency of the payments on the Local Agency Certificates, or of the assignment made to it of all rights to receive the payments on the Local Agency Certificates and shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof or have received written notice thereof at the Principal Trust Office of the Trustee. The Trustee shall not be accountable for the use or application by the Local Agencies, or any other party, of any funds which the Trustee properly releases to the Local Agencies or which the Local Agencies may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of this Trust Agreement, any Certificate, any Local Agency Certificate, any Local Agency Trust Agreement or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in this Trust Agreement), or with respect to any obligation of the Local Agencies.

The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, present or future law or regulation or governmental authority, civil or military disturbances, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communication service, accidents, labor disputes, unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or other similar occurrences. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

[Subject to the requirements of Section 5.01, any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.]

ARTICLE VI

AMENDMENT OF THE TRUST AGREEMENT

Section 6.01 Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority, the Local Agencies, the Trustee and the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Insurer and the Owners of a majority in aggregate principal amount evidenced and represented by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 6.02, are filed with the Trustee. No such amendment shall (1) extend the Certificate Payment Date of or reduce the interest rate
on or amount of interest or principal or prepayment premium, if any, evidenced and represented by any Certificate without the express written consent of the Insurer and the Owner of such Certificate, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Certificates, or (3) reduce the percentage of Certificates required for the written consent to any such amendment or any amendment of an agreement pursuant to Section 4.02 hereof, or (4) modify any rights or obligations of the Trustee, the Authority or the Local Agencies without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority, the Local Agencies and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not in the judgment of the Authority or as set forth in an opinion of bond counsel materially adversely affect the interests of the Owners, including (without limitation) for any one or more of the following purposes -

(a) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority or the Local Agencies, or to surrender any right or power reserved herein to or conferred herein on the Authority or the Local Agencies;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Local Agencies may deem desirable or necessary and not inconsistent herewith;

(c) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or

(d) for any other purpose that does not materially adversely affect the interests of the Owners or the Insurer.

Section 6.02 Disqualified Certificates. Certificates owned or held by or for the account of the Authority or the Local Agencies shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

Section 6.03 Endorsement or Replacement of Certificates After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Certificates may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Owner of any Outstanding Certificates and presentation of their Certificate for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Authority shall so determine, new Certificates so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Certificate a new Certificate or Certificates shall be exchanged at the office of the Trustee without cost to each Owner for its Certificate or Certificates then Outstanding upon surrender of such Outstanding Certificates.
Section 6.04  **Amendment by Mutual Consent.**  The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by them, provided that due notation thereof is made on such Certificates.

Section 6.05  **Information to Rating Agency.**  The Authority shall provide any Rating Agency rating the Certificates a copy of each amendment to the Trust Agreement and the [Local Agency Trust Agreements and the Agreements] promptly following the execution or adoption of such amendment.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.01  **Events of Default.**  If any default in the payment of principal of or interest on any Local Agency Certificate [of either Series of Local Agency Certificates] or any other “Event of Default” defined in a Local Agency Trust Agreement or Agreement shall occur and be continuing, or if any default shall be made by a Local Agency or Local Agencies in the performance or observance of any other of the covenants, agreements or conditions on its part herein contained and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to the respective Local Agency or Local Agencies by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding, then such default shall constitute an “Event of Default” hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding shall be entitled, upon notice in writing to the respective Local Agency or Local Agencies, but subject to the provisions of Section 7.06, to exercise the remedies provided under the [Local Agency Trust Agreements and the Agreements] then in default which are necessary or desirable to collect each such Local Agency’s 2020 Installment Sale Payments. No grace period shall be permitted for payment defaults.

The Owners of Certificates, for purposes of this Trust Agreement and the Local Agency Trust Agreement and Agreement of each Local Agency, to the extent of their interest, shall be treated as owners of the Local Agency Certificates and shall be entitled to all rights and security of the owners of Local Agency Certificates pursuant to each Local Agency Certificate and Local Agency Trust Agreement, Agreement and this Trust Agreement, and shall be treated for all purposes as owners of the Local Agency Certificates. Each Local Agency recognizes the rights of the Owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in its Local Agency Certificate, its Local Agency Trust Agreement, Agreement and this Trust Agreement; provided that in no event shall a Local Agency be liable for any obligations, covenants or damages except those which arise out of its Local Agency Certificate and its Local Agency Trust Agreement and Agreement, and, in particular, no Local Agency shall be liable for any obligations, liabilities, acts or omissions of any other Local Agency.

The Owners of Certificates, for purposes of the Trust Agreement and the Local Agency Trust Agreement and Agreement of each Local Agency, to the extent of their interest, shall be entitled to all rights and security of the Authority pursuant to each Local Agency Trust Agreement and Agreement and the Trust Agreement. Each Local Agency recognizes the rights of the Owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the [Local Agency Trust Agreements and the Agreements] and the Trust Agreement; provided that in no event shall any Local Agency be liable for any obligations, covenants or damages except those which arise out of the [Local Agency Trust Agreements and the Agreements], and, in particular, no Local Agency shall be liable for any obligations, liabilities, acts or omissions of any other Local Agency.

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Section 7.02  Application of Funds Upon Acceleration of Agreement. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall be deposited into a segregated payment account of the Certificate Payment Fund relating to each, if any, defaulting Local Agency’s Agreement and be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the principal and interest payable with respect to the Certificates, in connection with a mandatory prepayment of Certificates pursuant to Section 2.03(b) hereof and the delivery of a Cash Flow Report; and

Third, to the payment of amounts owed to the Insurer not paid pursuant to First and Second above.

Section 7.03  Other Remedies of the Trustee. The Trustee shall have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights hereunder against any Local Agency or any supervisor, council member, board member, trustee, member, officer or employee thereof, and to compel such Local Agency or any such supervisor, council member, board member, trustee, member, officer or employee thereof to observe or perform its or his or her duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the applicable Note and Local Agency Trust Agreement and Agreement, required to be observed or performed by it or him or her;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit in equity upon the happening of any default hereunder to require any Local Agency and any supervisor, council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

Section 7.04  Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Local Agencies, the Trustee and the Local Agencies shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.05  Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is an Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Certificates executed

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and delivered hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Section 7.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law. If any remedial action hereunder is discontinued or abandoned, the Trustee and the Owners shall be restored to their former positions.

Section 7.07 Limitation on Owners’ Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 7.01 hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request and consent shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, consent, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Certificates of any remedy hereunder; it being understood and intended that no one or more owners of Certificates shall have any right in any manner whatever by its or their action to enforce any right under the Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

Section 7.08 Limited Liability of the Local Agencies. Except as expressly provided in the [Local Agency Trust Agreements and the Agreements], the Local Agencies shall not have any obligation or liability to the Authority, the Trustee or the Owners, with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the principal and interest payable with respect to the [Local Agency Trust Agreements and the Agreements] by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. The obligation of each Local Agency under its Local Agency Trust Agreement, its Agreement and the Trust Agreement is a several and not a joint obligation and is strictly limited to such Local Agency’s 2020 Installment Sale Payments and Administration Fee due under its Agreement, and to its Revenues and all money in the Pledged Tax Fund and in the funds and accounts so specified and provided for and defined in its Agreement. [Except for the payment when due of the principal of and interest on the Local Agency Certificates (which shall be payable only from moneys available therefor as set forth in Section ___ of the Local Agency Trust Agreements) and the observance and performance of the other agreements, conditions, covenants and terms contained in the Local Agency Certificates and the Local Agency Trust Agreement and Agreements, the Local Agencies shall not have any obligation or liability to the Owners with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the principal of and interest on the Local Agency Certificates by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.]
Notwithstanding anything to the contrary herein or in the [Local Agency Trust Agreements and the Agreements], no Local Agency shall incur any obligation on account of any default, action or omission of any other Local Agency.

**Section 7.09 Limited Liability of the Authority.** Except as expressly provided herein, the Authority shall not have any obligation or liability to the Trustee or the Owners, with respect to the payment when due of the Local Agency Certificates by the Local Agencies, or with respect to the observance or performance by the Local Agencies of the other agreements, conditions, covenants and terms contained in the [Local Agency Trust Agreements and the Agreements], or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything to the contrary contained in the Certificates, the Trust Agreement or any other document related thereto, the Authority shall not have any liability hereunder or by reason hereof or in connection with any of the transactions contemplated hereby except to the extent payable from moneys received from or with respect to the [Local Agency Trust Agreements and the Agreements] and available thereof in accordance with the Trust Agreement.

**ARTICLE VIII**

**DEFEASANCE**

**Section 8.01 Discharge of Certificates.** (a) If the Local Agencies shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest, principal and prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated herein and therein, and the Insurer shall have been paid all amounts owed to the Insurer under the Insurance Policy and the [Reserve Policy], then the Owners of such Certificates shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, the pledge of and lien on the Local Agency Certificates and any interest in the funds held hereunder as provided herein, and all agreements, covenants and other obligations of the Authority and the Local Agencies to the Owners of such Certificates hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.

(b) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest and principal evidenced and represented thereby at the times and in the manner provided herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Local Agency Certificates and any interest in the funds held hereunder as provided herein, and all agreements and covenants of the Local Agencies to such Owners hereunder and under the Local Agency Trust Agreement and Agreement shall thereupon cease, terminate and become void and shall be discharged and satisfied. If any Local Agency shall pay or cause to be paid all or any portion of unpaid principal installments of its 2020 Installment Sale Payments, prior to their payment dates or dates of prepayment in the manner provided its Agreement, and all related allocable amounts owed the Insurer shall have been paid in full, within the meaning of and with the effect expressed in Section 7.01 of its Agreement, and the prepaid Local Agency Certificates designated as principal components and interest coming due on the Certificate Payment Date designated in writing by the Local Agency is paid to the Owners of all Outstanding Certificates, then the Owners of such Certificates shall cease to be entitled to the pledge of and charge and lien upon such Revenues and on the Local Agency Certificates and any interest in the funds held hereunder as provided herein, as provided herein and, if such payment shall pay the Certificates in full on the maturity or prepayment date, all agreements, covenants and other obligations of the Authority and the Local Agency to the Owners of such Certificates hereunder shall thereupon cease, terminate and become void and be
discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.

(c) Any Outstanding Certificates shall prior to the maturity date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in [subsection (a)] of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their respective Certificate Payment Dates, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Obligations, in each case the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to such Certificates on and prior to the Certificate Payment Date or prepayment date thereof, as the case may be, and the principal and prepayment premiums, if any, evidenced and represented by such Certificates, and (2) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Certificates that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this section and stating the Certificate Payment Date or prepayment date upon which money is to be available for the payment of the principal and prepayment premiums, if any, with respect to such Certificates. In addition, the Authority shall cause to be delivered to the Insurer (i) a report of an Independent Certified Public Accountant or such other accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or prepayment date ("Verification"), (ii) an escrow deposit agreement or refunding instructions and agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer “Outstanding” under the Trust Agreement, and (iv) a certificate of discharge of the Trustee with respect to the Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority and the Trustee. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Certificates shall be deemed “Outstanding” under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

**Section 8.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Certificates which remains unclaimed for two (2) years after the date when such Certificates have become due and payable, either at their stated Certificate Payment Dates or by call for prepayment prior to such dates, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Certificates have become due and payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall not look to the Trustee for the payment of such Certificates. Any moneys held by the Trustee in trust for the payment and discharge of any Certificates shall not bear interest or be otherwise invested from and after such Certificate Payment Date or prepayment date.
ARTICLE IX

PROVISIONS RELATED TO THE INSURER AND THE INSURANCE POLICY

Section 9.01 General Provisions. Exhibit B attached hereto relating to the Insurer and the Policy is incorporated by reference into the Trust Agreement. Notwithstanding anything to the contrary, the provisions of Exhibit B shall control and supersede any conflicting or inconsistent provisions in the Trust Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.01 Liability of Authority Limited to Revenues. The Certificates are limited obligations of the Authority and are payable, as to interest, principal and any premiums upon the prepayment of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Certificates are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest, principal and prepayment premiums, if any, with respect to the Certificates as provided herein. The Certificates are not a debt of the Authority, the Local Agencies, the State of California or any of its political subdivisions, and neither the Authority, the Local Agencies, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Certificates be payable out of any funds or properties other than those of the Authority as provided herein. The Certificates do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Section 10.02 Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Local Agencies, the Authority, the Trustee, the Insurer and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Local Agencies or the Authority shall be for the sole and exclusive benefit of the Trustee, the Authority, the Insurer and the Owners. The Insurer is a third party beneficiary of the Trust Agreement [and the [Local Agency Trust Agreements and the Agreements]].

Section 10.03 Successor Is Deemed Included In All References To Predecessor. Whenever any of the Local Agencies, the Authority, the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Local Agencies, the Authority or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Local Agencies, the Authority or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to them the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Certificates and the amount, maturity,
number and date of holding the same may be proved by the registration books relating to the Certificates at the office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the Local Agencies, the Authority or the Trustee in good faith and in accordance therewith.

**Section 10.05 Waiver of Personal Liability; No Liability of Authority Members.** No member, officer or employee of the Authority or any Local Agency shall be individually or personally liable for the payment of the interest, principal or prepayment premiums, if any, with respect to the Certificates by reason of their execution and delivery, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by any applicable provisions of law, or by the Local Agency Certificates or a respective Local Agency Trust Agreement or Agreement, or hereby.

Notwithstanding anything to the contrary herein or in any other document, no entity that is a program participant of the Authority, its supervisors, councilmembers, trustees, officers, directors, employees, and agents, shall have any liability of any kind hereunder or by reason of or in connection with any of the transactions contemplated hereby, other than with respect to a program participant of the Authority in its capacity as a Local Agency hereunder.

**Section 10.06 Acquisition of Certificates by Authority.** All Certificates acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

**Section 10.07 Destruction of Canceled Certificates.** Whenever provision is made herein for the cancellation of any Certificates, the Trustee shall destroy such Certificates in accordance with its retention policy then in effect.

**Section 10.08 Content of Certificates; Post-Issuance Legal Opinions.** Every Certificate of the Authority or any Local Agency with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not the Local Agency or the Authority has complied with such agreement, condition, covenant or term; and (d) a statement as to whether, in the opinion of the signers, the Local Agency or the Authority has complied with such agreement, condition, covenant or term.

Any Certificate of the Authority or any Local Agency may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the Local Agency or the Authority, upon a representation by an officer or officers of the Local Agency or the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 10.09 Publication for Successive Weeks.** Any publication required to be made hereunder for successive weeks in a financial newspaper may be made in each instance upon any Business
Day of the first week and need not be made on the same Business Day of any succeeding week or in the same financial newspaper for any subsequent publication, but may be made on different Business Days or in different financial newspapers, as the case may be.

Section 10.10 Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the Tax Certificates and sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Section 10.11 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.12 Entire Agreement; Partial Invalidity. This Trust Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Local Agencies, the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Local Agencies, the Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.13 Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Local Agencies, the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 10.14 Governing Law. This Trust Agreement shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the United States of America and of the State of California.

Section 10.15 Notices. Except as otherwise provided herein, for the purposes hereof, any notice, consent, request, requisition, direction, certificate or demand or other communication may be served or presented, and such notice or demand may be made and shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class postage prepaid, in a post office letter box, addressed, as the case may be, to the parties as follows:
If to the Authority: California Statewide Communities Development Authority
1700 North Broadway, Suite 405
Walnut Creek, California 94596
Attention: Secretary

If to the Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust Department

If to the Local Agencies: To the individual addressees as set forth in Exhibit A to the Purchase Agreement

If to the Purchaser: Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: John Kim

If to the Insurer:

Attention:
Telephone:
Telecopier:

Any such communication may also be sent by telecopy at the telecopy numbers given above. Any party may change its address by notice to each other party.
IN WITNESS WHEREOF, the Authority and the Local Agencies named in Schedule I hereto have caused the Trust Agreement to be signed in their respective names by such person as has been designated by their respective governing boards, and the Trustee, to evidence its acceptance of the trust hereby created, has caused the Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ___________________________
   Authorized Signatory

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: ___________________________
   Authorized Signatory

CITY OF MORENO VALLEY

By: ___________________________
   Mayor

CITY OF MENIFEE

By: ___________________________
   Mayor

CITY OF DESERT HOT SPRINGS

By: ___________________________
   Mayor
EXHIBIT A

FORM OF CERTIFICATE

No. __________ $_______________

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATE OF PARTICIPATION, SERIES 2020__ (FEDERALLY TAXABLE)
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

Evidencing and Representing a Proportionate
Undivided Interest of the Owner Hereof
In Local Agency Certificates Issued By

City of Moreno Valley
City of Menifee
City of Desert Hot Springs

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<th>Interest Rate</th>
<th>Certificate Payment Date</th>
<th>Dated as of</th>
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

THIS IS TO CERTIFY that the registered owner named above, as the registered owner of this California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificate of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program), is the owner of a proportionate undivided interest in the Local Agency Certificates (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to certain [Local Agency Trust Agreements and the Agreements] (collectively, together with any supplements or amendments thereto, the “Agreements”) by and between one or more Local Agencies named therein and in the Trust Agreement (the “Local Agencies”), each a duly organized and existing political subdivision of the State of California, and the California Statewide Communities Development Authority (the “Authority”), a joint powers authority duly organized and existing under and by virtue of the laws of the State of California. Such Local Agency Certificates have been deposited by the Local Agencies and assigned without recourse by the Authority to Wilmington Trust, National Association, as trustee (the “Trustee”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having a corporate trust office in Costa Mesa, California.

The registered owner of this Certificate is entitled to receive, subject to the terms of the Los Agency Trust Agreements, on the certificate payment date set forth above (the “Certificate Payment Date”), upon surrender of this Certificate on the Certificate Payment Date at the corporate trust office of the Trustee, the principal sum specified above representing the registered owner’s fractional undivided share of the Local Agency Certificates designated as principal components coming due on the Certificate Payment Date, and on each June 1 and December 1, commencing _______1, 20__ (each an “Interest Payment Date”) the registered owner’s fractional undivided share of the Local Agency Certificates designated as interest
components evidenced and represented by this Certificate. This Certificate shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event it shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event it shall evidence and represent interest from ________ 1, 2020; provided, however, that if at the time of registration of any Certificate interest is then in default on the Outstanding Certificate, such Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment of interest evidenced and represented by this Certificate due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Certificate registration books maintained by the Trustee pursuant to the Trust Agreement as the registered owner thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose. The Owner of $1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded. All such amounts are payable in lawful money of the United States of America.

This Certificate is one of the duly authorized California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), which have been executed by the Trustee pursuant to the terms of a Trust Agreement (together with any supplements or amendments thereto, the “Trust Agreement”), by and among the Trustee, the Local Agencies and the Authority, dated as of ________ 1, 2020. Copies of the Trust Agreement are on file at the corporate trust office of the Trustee, and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Certificates, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the other agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder, to which agreements, conditions, covenants and terms the owner hereof, by acceptance hereof, hereby consents.

To the extent and in the manner permitted by the terms of the Trust Agreement and the [Local Agency Trust Agreements and the Agreements], the provisions of the Trust Agreement may be amended or supplemented by the parties thereto.

This Certificate is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Certificate or Certificates of the same series and Certificate Payment Date representing the same principal amount will be executed and delivered to the transferee in exchange herefor. The Certificates are exchangeable at the corporate trust office of the Trustee for a like aggregate principal amount of Certificates of authorized denominations of the same series and Certificate Payment Date, in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement.

The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or
notice to the contrary; and payment of the interest and principal represented by this Certificate shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of five thousand dollars ($5,000) each or any integral multiple thereof so long as no Certificate shall represent principal becoming payable on more than one Certificate Payment Date.

The Certificates are subject to optional and mandatory prepayment prior to their respective Certificate Payment Dates, as provided in the Trust Agreement.

The Certificates each evidence and represent a proportionate, undivided interest in the Local Agency Certificates in an amount equal to the aggregate principal amount of Certificates originally executed and delivered by the Trustee pursuant to the Trust Agreement and enjoy the benefits of a security interest in the moneys held in the funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The obligations of the Local Agencies do not constitute debts of the Local Agencies or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. The obligation of each Local Agency under its Agreement, the Local Agency Trust Agreement and the Trust Agreement is a several and not a joint obligation and is strictly limited to the respective Local Agency Certificates.

The Trustee has no obligation or liability to the Certificate owners for the payment of the interest or principal represented by the Certificates, but rather the Trustee’s sole obligations are to administer, for the benefit of the Local Agencies and the Authority and the Certificate owners, the various funds established under the Trust Agreement. The Authority has no obligation or liability whatsoever to the Certificate owners.

The Owner hereby has a proportionate undivided ownership interest in the Local Agency Certificates payable pursuant to the Local Agency Trust Agreements, as set forth in Schedule I to the Trust Agreement.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to Trustee or its agent for the registration of transfer, exchange, or payment, and any certificate executed and delivered is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Authority has certified to the Trustee that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate. This is to further certify that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.
IN WITNESS WHEREOF, this Certificate has been dated as of the date set forth above and has been executed by the manual signature of an authorized signatory of the Trustee.

Date of Execution: ______ __, 2020

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By:__________________________
   Authorized Signatory
STATEMENT OF INSURANCE

[____________________________________ (the “Insurer”), has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments of principal and interest evidenced and represented by this Certificate to Wilmington Trust, National Association, Costa Mesa, California, or its successor, as trustee for the Certificates (the “Trustee”). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from the Insurer or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Certificate acknowledges and consents to the subrogation rights of the Insurer as more fully set forth in the Policy.]
FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto ____________,
whose address is ________________________, and whose social security or Taxpayer Identification No. is
______________, the within Certificate and do(es) hereby irrevocably constitute and appoint
___________________________________ attorney to transfer such Certificate on the Certificate register
of the Trustee, with full power of substitution in the premises.

Dated: ____________

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the
face of the within Certificate in every particular, without alteration or enlargement or any change
whatsoever.

Signature must be guaranteed by an eligible guarantor institution.
EXHIBIT B

PAYMENTS UNDER THE INSURANCE POLICY; OTHER PROVISIONS CONCERNING THE INSURER

| EXEMPLAR TERMS TO BE REVISED: |

**General Provisions**

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any Qualified Reserve Instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of principal and interest due on the Certificates.

(b) The Insurer shall be deemed to be the sole Owner of the Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Certificates insured by it are entitled to take pursuant to the Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Trust Agreement and each Certificate, to the extent the Insurer is not in default of its obligations under the Insurance Policy, the Trustee and each Owner appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority or a Local Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of the Certificates expressly include mandamus.

(c) The Certificates shall not be accelerated without the consent of the Insurer and in the event the maturity of the Certificates is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer’s obligations under the Insurance Policy with respect to the Certificates shall be fully discharged.

(d) No grace period for a covenant default may exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period is permitted for payment defaults.

(e) The Insurer is a third party beneficiary of the Trust Agreement.
(f) Upon the occurrence of an optional or mandatory prepayment in part pursuant to Section 2.03(a) or 2.03(b) hereof, the selection of Certificates to be prepaid shall be subject to the approval of the Insurer. The exercise of any provision of the Trust Agreement which permits the purchase of Certificates in lieu of prepayment shall require the prior written approval of the Insurer if any Certificate so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Trust Agreement or any other transaction document, including the [Local Agency Trust Agreements and the Agreements] and any underlying security agreement (each a “Related Document”), that requires the consent of Owners or adversely affects the rights and interests of the Insurer is subject to the prior written consent of the Insurer.

(h) The rights granted to the Insurer under the Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Certificates unless the Insurer otherwise approves.

To accomplish defeasance, the Authority or the respective Local Agencies shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Certificates on the maturity or prepayment date (“Verification”), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer “Outstanding” under the Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the respective Local Agencies, the Trustee and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

The Certificates shall be deemed “Outstanding” under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Trust Agreement and the Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid in accordance with the Trust Agreement. The Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
(k) Each of the Authority and Trustee covenant and agree to take such action as is necessary from time to time to preserve the priority of the pledge of the Revenues hereunder.

(l) To the extent not provided in the [Trust Agreement], the Insurer shall be provided with the following information by the Authority, the Local Agencies or the Trustee, as the case may be:

1. Annual audited financial statements within 180 days after the end of the Local Agencies’ fiscal year (together with a certification of each Local Agency that it is not aware of any default or Event of Default under the [Trust Agreement]), and the Local Agencies’ annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

2. Notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof;

3. Prior notice of the advance refunding or prepayment of any of the Certificates, including the principal amount, maturities and CUSIP numbers thereof;

4. Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

5. Notice of the commencement of any proceeding by or against the Authority or any Local Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);

6. Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal or interest evidenced and represented by the Certificates;

7. A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

8. All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.

(n) The Insurer shall have the right to receive such additional information as it may reasonably request.

(o) Each Local Agency will permit the Insurer to discuss the affairs, finances and accounts of the Local Agency or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the Local Agency and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Local Agency on any business day upon reasonable prior notice.

(p) The Trustee shall notify the Insurer of any failure of any Local Agency to provide notices, certificates and other information under the Related Documents.

(q) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Trust Agreement would adversely affect the security
for the Certificates or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(r) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Claims Upon the Insurance Policy and Payments by and to the Insurer

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or Certificate Payment Date (each, a “Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal and interest evidenced and represented by the Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal and interest evidenced and represented by the Certificates due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest evidenced and represented by the Certificates and the amount required to pay principal evidenced and represented by the Certificates, confirmed in writing to the Insurer and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal evidenced and represented by Certificates paid by the Insurer, whether by virtue of mandatory sinking fund prepayment, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to the Insurer, registered in the name of ________________________________________________________, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable with respect to any Certificate or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest and principal with respect to any Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Certificates under the sections hereof regarding payment of Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.
Notwithstanding anything herein to the contrary, subject to Section 7.09 hereof, the Authority agrees to pay to the Insurer, solely from Revenues [allocable solely on a pro rata basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies], (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus [3]%, and (ii) the then applicable highest rate of interest with respect to the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien and pledge of the Revenues on a parity with debt service on the Certificates and, subject to Section 7.09 hereof, are payable from the Revenues.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Certificate Payment Date shall promptly be remitted to the Insurer.

(a) The Insurer shall, to the extent it makes any payment of principal or interest with respect to the Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Authority and the Local Agencies to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(b) Each Local Agency shall pay or reimburse the Insurer any and all charges, fees, costs and expenses attributable to such Local Agency that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document.

(c) After payment of the reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority [each to be allocated on a pro rata basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies] only after the payment of past due and current debt service on the Certificates and amounts required to restore the respective Local Agency’s Reserve Subaccount to the Reserve Fund Requirement.

(d) The Insurer shall be entitled to pay principal or interest evidenced and represented by the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the
Certificates as a result of acceleration of the maturity thereof in accordance with the Trust Agreement, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.]
SCHEDULE I

PARTICIPATING LOCAL AGENCY

<table>
<thead>
<tr>
<th>Local Agency</th>
<th>Principal Amount</th>
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<tbody>
<tr>
<td>City of Moreno Valley</td>
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<tr>
<td>City of Menifee</td>
<td></td>
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<tr>
<td>City of Desert Hot Springs</td>
<td></td>
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</tbody>
</table>

**Total Principal Amount**

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**SCHEDULE II**

INITIAL DEPOSITS OF CERTIFICATE PROCEEDS ATTRIBUTABLE TO EACH LOCAL AGENCY

<table>
<thead>
<tr>
<th>Local Agency</th>
<th>Amount Transferred to the Proceeds Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Moreno Valley</td>
<td></td>
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<tr>
<td>City of Menifee</td>
<td></td>
</tr>
<tr>
<td>City of Desert Hot Springs</td>
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</tr>
</tbody>
</table>

**Total Proceeds**

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DRAFT
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020___ (FEDERALLY TAXABLE)
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)
________, 2020

CERTIFICATE PURCHASE AGREEMENT

California Local Agencies
As listed in Exhibit A hereto

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, California 95814

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), offers to enter into this Certificate of Purchase Agreement (this “Purchase Contract”) with the local agencies identified in Exhibit A hereto (severally and not jointly) (each, a “Local Agency” and, collectively, the “Local Agencies”) and the California Statewide Communities Development Authority (the “Authority”) with regard to the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020___ [(Federally Taxable)] (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), which Purchase Contract, upon the acceptance hereof by the Local Agencies and the Authority, will be binding upon the Authority, the Local Agencies, and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the Authority and the Local Agencies and the delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., California time, on the date hereof, and, if it is not so accepted, such offer may be withdrawn by the Underwriter upon written notice to the Local Agencies and the Authority by the Underwriter at any time before its acceptance. The Authority is acting as sponsor of the California Communities’ T.R.I.P – Total Road Improvement Program (the “Program”) and, pursuant to the 2020 Installment Sale Agreements (as defined herein), will appoint the Local Agencies agents with respect to certain aspects of such Local Agencies’ participation in the Program. For all purposes under this Purchase Contract, each Local Agency shall be, and shall be deemed to be, acting severally and not jointly with any other Local Agency.

1. Upon the terms and conditions and upon the basis of the representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase, and the Local Agencies and the Authority hereby agree to sell to the Underwriter for such purpose, all (but not less than all) of the $__________ aggregate principal amount of the Certificates, which evidence and represent a proportionate and undivided interest in the Installment Sale Payments (as such term is defined in the applicable 2020 Installment Sale Agreement (as hereafter defined)) of each of the Local Agencies made pursuant to its respective 2020 Installment Sale Agreement, dated as of ________, 2020 (each, a “2020 Installment Sale Agreement”).
Agreement” and, collectively, the “2020 Installment Sale Agreements”), by and between the applicable Local Agency and the Authority. The purchase price of the Certificates shall be $____________ (representing the par amount of the Certificates, plus a [net] original issue premium of $____________, less an Underwriter’s discount of $____________); it being acknowledged that the Underwriter will on the Closing Date, on behalf of the Local Agencies, wire the $____________ aggregate premium for the Certificate Insurance Policy and the $____________ aggregate premium for the Reserve Policies to the Certificate Insurer (each as hereinafter defined) directly, and deliver net proceeds to Wilmington Trust, N.A., as trustee (the “Trustee”), in the amount of $____________. The Preliminary Official Statement with respect to the Certificates, dated ____________, 2020 (the “Preliminary Official Statement”), as amended to conform to the terms of this Purchase Contract, and dated the date hereof, and with such changes and amendments as are mutually agreed to by the Authority, the Local Agencies, and the Underwriter, including the cover page, the appendices, and all information incorporated therein by reference, is herein collectively referred to as the “Official Statement.” The Authority represents that it has deemed the sections of the Preliminary Official Statement entitled “THE AUTHORITY” and “NO LITIGATION – The Authority” to be final as of the date of Preliminary Official Statement, pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), and has delivered, or will deliver, a certificate to the Underwriter substantially in the form of Exhibit C-1 attached hereto. Each Local Agency represents that it has deemed the Preliminary Official Statement to be final as of its date, except for (a) information regarding the Authority, the Certificate Insurer, the Reserve Policies, and the Certificate Insurance Policy, (b) information relating to any other Local Agency, and (c) the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, dates and amounts of mandatory sinking fund payments, delivery dates, ratings, and identity of the purchasers and any other terms of the Certificates relating to such matters and any other information permitted to be omitted by the Rule, and has delivered, or will deliver, a certificate to the Underwriter substantially in the form of Exhibit C-2 attached hereto.

2. The Certificates shall mature on the dates and in the amounts, and shall evidence interest payable at the rates, set forth in Exhibit B hereto and as further described in the Official Statement and shall be executed and delivered under and pursuant to the Trust Agreement, dated as of ____________, 2020 (the “Trust Agreement”), by and among the Authority, the Local Agencies, and the Trustee). Concurrently with the execution and delivery of the Certificates, _________ (the “Certificate Insurer”), has agreed to deliver to the Trustee a municipal bond insurance policy (the “Certificate Insurance Policy”) and municipal bond debt service reserve insurance policies for deposit in each Local Agency’s Reserve Subaccount (collectively, the “Reserve Policies”). The Certificate Insurance Policy will guaranty the scheduled payments when due of the principal and interest with respect to the Certificates. Each Reserve Policy will be issued pursuant to the terms of an Insurance Agreement, dated ____________, 2020 (each an “Insurance Agreement” and collectively, the “Insurance Agreements”), by and among the Authority, the applicable Local Agency, and the Certificate Insurer. Each Reserve Policy constitutes a Qualified Reserve Instrument under and as defined in the Trust Agreement, and will be issued by the Certificate Insurer in an aggregate amount equal to the Reserve Fund Requirement. A portion of the proceeds of the Certificates will be delivered to Wells Fargo Bank, National Association, as Trustee and acting in its capacity as escrow agent (the “Escrow Agent”) under three separate Escrow Agreements
(collectively, the “Escrow Agreements”), by and between the Escrow Agent and each of the Local Agencies, providing for the defeasance and prepayment of the certificates of participation previously executed and delivered for the benefit of the Local Agencies under the Program set forth on Exhibit E (the “Prior Certificates of Participation”) and the corresponding installment payment obligations (the “Prior Installment Sale Payments”) of the Local Agencies under their respective installment sale agreements (the “Prior Installment Sale Agreements”) described on Exhibit E. Capitalized terms used herein without definition shall have the meanings given to such terms in the Trust Agreement.

3. The Underwriter agrees to make an initial bona fide public offering of all of the Certificates, at not in excess of the initial public offering yields or prices set forth on Exhibit B attached hereto. Following the initial public offering of the Certificates, the offering prices may be changed from time to time by the Underwriter. The Local Agencies and the Authority acknowledge and agree that: (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm’s-length commercial transaction between the Local Agencies, the Authority, and the Underwriter; (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as Municipal Advisor (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Local Agencies or the Authority with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Local Agencies or the Authority on other matters); and (iv) the Local Agencies and the Authority have consulted their own legal, financial, and other advisors to the extent they have deemed appropriate.

4. The Authority and each of the Local Agencies hereby authorizes, or has previously authorized, the use by the Underwriter of (i) the Trust Agreement, (ii) each respective 2020 Installment Sale Agreement, (iii) each respective Continuing Disclosure Agreement, dated as of the Closing Date (each, a “Local Agency Continuing Disclosure Agreement” and, collectively, the “Local Agency Continuing Disclosure Agreements”), by and between the applicable Local Agency and Fieldman Rolapp and Associates, doing business as Willdan Financial Services, or Urban Futures, Inc., as dissemination agent, and (iv) each of the Preliminary Official Statement and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Certificates.

The Authority will deliver to the Underwriter, within seven (7) business days after the date of this Purchase Contract and in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, copies of the Official Statement in final form (including all documents incorporated by reference therein) and any amendment or supplement thereto in such quantities as the Underwriter may reasonably request in order to comply with the obligations of the Underwriter pursuant to the Rule and the rules of the Municipal Securities Rulemaking Board. As soon as practicable following receipt thereof from the Authority, the Underwriter shall deliver the Official Statement to the Municipal Securities Rulemaking Board.
5. At 8:00 a.m., Los Angeles time, on ____________, 2020, or at such other time or on such other business day as shall have been mutually agreed upon by the Authority, the Local Agencies, and the Underwriter (the “Closing Date”), the Authority will cause the Trustee to execute and deliver to the Underwriter at the office of or otherwise in care of The Depository Trust Company (“DTC”) in New York, New York, or at such other place as the Authority and the Underwriter may mutually agree upon, the Certificates in fully-registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Certificates by wire transfer payable in immediately available funds to or upon the order of the Authority at such place in Los Angeles, California, or New York, New York, as shall have been mutually agreed upon by the Authority and the Underwriter. Such delivery of and payment for the Certificates is referred to herein as the “Closing.” The Certificates shall be made available for inspection by DTC at least one business day before the Closing.

6. The Authority represents, warrants, and covenants to the Underwriter that:

   (A) The Authority is a joint powers authority under Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code duly organized and validly existing under and by virtue of the Constitution and the laws of the State of California (the “State”).

   (B) The Authority has the legal right and power to execute and deliver, and to perform its obligations under, the Trust Agreement, the 2020 Installment Sale Agreements, the Insurance Agreements, and this Purchase Contract (collectively, the “Authority Documents”). The Authority has duly authorized the execution and delivery of the Certificates and the execution and delivery of, and performance of its obligations under, the Authority Documents and, as of the date hereof, such authorizations are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the respective parties thereto, the Authority Documents will constitute legal, valid, and binding obligations of the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws, the application of equitable principles relating to or affecting creditors’ rights generally, and limitations on remedies against public entities in California. The Authority has complied, and will at the Closing be in compliance in all respects, with its obligations under the Authority Documents.

   (C) The Certificates will be paid from Installment Sale Payments pursuant to the respective 2020 Installment Sale Agreements, which payments have been duly and validly authorized pursuant to applicable law.

   (D) The Certificates will be executed and delivered in accordance with the Trust Agreement and will conform in all material respects to the descriptions thereof contained in the Official Statement. The Trust Agreement creates a valid pledge of, first lien upon, and security interest in, the pledged Installment Sale Payments.
(E) The information in the sections of the Official Statement entitled “THE AUTHORITY” and “NO LITIGATION – The Authority” is true and correct in all material respects, and such information does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(F) The Authority covenants with the Underwriter that for twenty-five (25) days after the Closing Date (the “Delivery Period”), if any event occurs that might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriter thereof, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement, at the expense of the Local Agencies, in a form and in a manner approved by the Underwriter.

(G) The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale, or distribution of the Certificates.

(H) If the Official Statement is supplemented or amended, the Official Statement, as so supplemented or amended, as of the date of such supplement or amendment, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(I) The Authority is not in breach of or in default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which the Authority is a party, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing.

(J) The authorization, execution, and delivery by the Authority of the Authority Documents, and compliance by the Authority with the provisions thereof, do not and will not conflict with or constitute a breach of or default by the Authority under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which it is bound or by which its properties may be affected, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law,
administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument, except as provided by the Authority Documents.

(K) No authorization, consent, or approval of, or filing or registration with, any Governmental Authority (as defined below) or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the Authority of its obligations under, the Authority Documents, other than any authorization, consent, approval, filing, or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering, sale, execution, or delivery of the Certificates. All authorizations, consents, or approvals of, or filings or registrations with, any Governmental Authority or court necessary for the valid execution and delivery of, and performance by the Authority of its obligations with respect to, the Certificates will have been duly obtained or made prior to the execution and delivery of the Certificates (and disclosed to the Underwriter). As used herein, the term “Governmental Authority” refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body, or public benefit corporation.

(L) The Authority shall furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request at the expense of the Underwriter and/or the Local Agencies in order (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and shall use its best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, that the Authority shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(M) To the knowledge of the Authority, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or threatened (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting, or seeking to prohibit, restrain, or enjoin the execution and delivery of the Certificates or the execution or delivery of any of the Authority Documents, or the payment or collection of any amounts pledged or to be pledged to pay the principal and interest with respect to the Certificates, or in any way contesting or affecting the validity of the Certificates or the Authority Documents or the consummation of the transactions contemplated thereby or any proceeding of the Authority taken with respect to any of the foregoing, or contesting the exclusion of the portion of the Installment Sale Payments designated as and comprising interest and received by theOwners of the Certificates from taxation or contesting the powers of the Authority and its authority to pledge the Installment Sale Payments; (iii) that may result in any material adverse change relating to the Authority that will materially adversely affect the Authority’s ability to apply Installment Sale Payments to pay the Certificates
when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(N) Other than in the ordinary course of its business or as contemplated by the Official Statement, between the date of this Purchase Contract and the Closing Date the Authority will not, without the prior written consent of the Underwriter, offer or issue any certificates, bonds, notes, or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Installment Sale Payments.

(O) Any certificate signed by any official or other representative of the Authority and delivered to the Underwriter pursuant to this Purchase Contract shall be deemed a representation and warranty by the Authority to the Underwriter as to the truth of the statements therein made.

7. Each Local Agency represents, warrants, and covenants to the Underwriter and the Authority, solely for itself and not on behalf of any other Local Agency, that:

(A) The Local Agency is a municipal corporation of the State duly organized and validly existing under and by virtue of the Constitution and laws of the State.

(B) The Local Agency has the legal right and power to execute and deliver, and to perform its obligations under, the Trust Agreement, its applicable 2020 Installment Sale Agreement, its applicable Local Agency Continuing Disclosure Agreement, its applicable Insurance Agreement, its applicable Escrow Agreement, and this Purchase Contract (collectively, with respect to such Local Agency, the “Local Agency Documents”). The Local Agency has duly authorized the execution and delivery of, and the performance of its obligations under, the Local Agency Documents and as of the date hereof such authorizations are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the respective parties thereto, the Local Agency Documents will constitute legal, valid, and binding obligations of the Local Agency in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws, the application of equitable principles relating to or affecting creditors’ rights generally, and limitations on remedies against public entities in California. The Local Agency has complied, and will at the Closing be in compliance in all respects, with its obligations under the Local Agency Documents.

(C) The Installment Sale Payments payable under the 2020 Installment Sale Agreement have been duly and validly authorized pursuant to applicable law.

(D) The Certificates will be executed and delivered in accordance with the Trust Agreement and will conform in all material respects to the descriptions thereof.
contained in the Official Statement. The Trust Agreement creates a valid pledge of, first lien upon, and security interest in, the pledged Installment Sale Payments.

(E) The information in the Official Statement (excluding any information with respect to the Authority, DTC, the book-entry only system, the Certificate Insurer, the Certificate Insurance Policy, the applicable Reserve Policy, and any Local Agencies other than such Local Agency) is true and correct in all material respects, and such information does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(F) The Local Agency covenants with the Underwriter that, during the Delivery Period, if any event occurs that might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Local Agency shall notify the Underwriter thereof, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Local Agency will cooperate with the Underwriter and the Authority in the preparation of an amendment or supplement to the Official Statement, at the expense of the Local Agency or Local Agencies, as applicable, in a form and in a manner approved by the Underwriter.

(G) The Local Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter. The Local Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale, or distribution of the Certificates.

(H) If the Official Statement is supplemented or amended, the Official Statement as so supplemented or amended, as of the date of such supplement or amendment, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(I) The Local Agency is not in breach of or in default under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which the Local Agency is a party, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing.

(J) The authorization, execution, and delivery by the Local Agency of the Local Agency Documents, and compliance by the Local Agency with the provisions thereof, do not and will not conflict with or constitute a breach of or default by the
Local Agency under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which it is bound or by which its properties may be affected.

(K) No authorization, consent, or approval of, or filing or registration with, any Governmental Authority or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the Local Agency of its obligations under, the Local Agency Documents, other than any authorization, consent, approval, filing, or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering, sale, execution, or delivery of the Certificates.

(L) The Local Agency will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use their best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, that the Local Agency shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(M) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of the Local Agency, threatened against the Local Agency (i) in any way questioning the existence of the Local Agency or the titles of the officers of the Local Agency to their respective offices; (ii) affecting, contesting, or seeking to prohibit, restrain, or enjoin the execution and delivery of the Certificates or the execution or delivery of any of the Local Agency Documents, or the payment or collection of any amounts pledged or to be pledged to pay the principal and interest with respect to the Certificates, or in any way contesting or affecting the validity of the Certificates or the Local Agency Documents or the consummation of the transactions contemplated thereby or any proceeding of the Local Agency taken with respect to any of the foregoing, including, without limitation, the Local Agency’s validation proceedings with respect to the Certificates and the Local Agency Documents, or contesting the exclusion of the portion of the Installment Sale Payments designated as and comprising interest and received by the Owners of the Certificates from taxation or contesting the powers of the Local Agency and its authority to pledge the Installment Sale Payments; (iii) that may result in any material adverse change relating to the Local Agency that will materially adversely affect the Local Agency’s ability to pay Installment Sale Payments when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any
material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(N) Other than in the ordinary course of its business or as contemplated by the Official Statement, between the date of this Purchase Contract and the Closing Date the Local Agency will not, without the prior written consent of the Underwriter, offer or issue any certificates, bonds, notes, or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Installment Sale Payments.

(O) The financial information regarding the Local Agency contained in the Official Statement fairly present the financial position and results of the operations of the Local Agency as of the dates and for the periods therein set forth, and, to the best of the Local Agency’s knowledge, the Local Agency’s audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(P) Any certificate signed by any official or other representative of the Local Agency and delivered to the Underwriter pursuant to this Purchase Contract shall be deemed a representation and warranty by the Local Agency to the Underwriter as to the truth of the statements therein made.

(Q) Except as otherwise disclosed in the Official Statement, the Local Agency has not failed during the previous five (5) years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule.

(R) To the extent permitted by law, the Local Agency agrees to indemnify and hold harmless the Authority and its officers, directors, agents, and employees against any and all losses, claims, damages, liabilities, and expenses arising out of any statement or information in the Preliminary Official Statement or in the Official Statement (other than statements or information specifically related to the Authority, the Program, DTC, the book-entry only system, the Certificate Insurer, the Certificate Insurance Policy, the Reserve Policy, and any Local Agency other than such Local Agency) that is untrue or incorrect in any material respect or that omits to state any material fact that is necessary to make such statement or information therein not misleading in any material respect.

8. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties, and covenants of the Authority and each of the Local Agencies contained herein and in the Authority Documents and the Local Agency Documents to which each of the Authority or each of the Local Agencies, as applicable, is a party, and the performance by the Authority and by each of the Local Agencies of their respective obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter’s obligations under this Purchase Contract are and shall be subject to the following further conditions:
(A) The representations and warranties of the Authority and the Local Agencies contained herein shall be true, complete, and correct in all material respects on the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete, and correct in all material respects at the Closing; the Authority and each of the Local Agencies shall be in compliance with each of the agreements made by it in this Purchase Contract (unless such agreements are waived by the Underwriter); there shall not have occurred an adverse change in the financial position, results of operations, or financial condition of any of the Local Agencies that materially adversely affects the ability of any of the Local Agencies to pay Installment Sale Payments when due or otherwise perform any of its obligations under the Local Agency Documents; and there shall not have occurred an adverse change in the financial position of the Authority that materially adversely affects the ability of the Authority to make payments of principal and interest with respect to the Certificates when due or otherwise perform any of its obligations under the Authority Documents.

(B) At the time of the Closing, the Authority Documents and the Local Agency Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented (except as may be agreed to in writing by the Underwriter); all actions that, in the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the Local Agencies (“Special Counsel”), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and each Local Agency shall perform or shall have performed its obligations required under or specified in the Local Agency Documents to be performed at or prior to the Closing and the Authority shall perform or shall have performed its obligations required under or specified in the Authority Documents to be performed at or prior to the Closing.

(C) At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(D) Except as disclosed in the Official Statement or in a schedule delivered to the Underwriter at the Closing, no decision, ruling, or finding shall have been entered by any court or Governmental Authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside) that has any of the effects described in Section 8(F) hereof.

(E) (i) No default by any Local Agency or the Authority shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note, or other evidence of indebtedness issued by any Local Agency or the Authority, respectively, and (ii) no bankruptcy, insolvency, or other similar proceeding in respect of any Local Agency or the Authority shall be pending or, to the knowledge of each such Local Agency or the Authority, contemplated.
(F) The Underwriter may terminate this Purchase Contract by written notification to the Authority and the Local Agencies if at any time after the date hereof and prior to the Closing:

(1) legislation shall have been enacted by the United States or the State or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation, proposed regulation, or a temporary regulation shall have been published in the Federal Register or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to Federal or State taxation upon revenues or other income or payments of the general character of the Certificates, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Certificates; or

(2) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of America of a national emergency or war or other calamity or crisis the effect of which on financial markets is materially adverse such as to make it, in the reasonable judgment of the Underwriter, impractical to proceed with the purchase or delivery of the Certificates as contemplated by the Official Statement (exclusive of any amendment or supplement thereto); or

(3) there shall have occurred a general suspension of trading on the New York Stock Exchange or other major exchange or limited or minimum prices have been established on any such exchange, or a general banking moratorium shall have been declared by Federal, California, or New York authorities having jurisdiction and being in force; or

(4) there shall have occurred an adverse change in the financial position, results of operations, or financial condition of any Local Agency that, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Certificates; or

(5) any legislation, ordinance, rule, or regulation shall be introduced in, or be enacted by, any governmental body, department, or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered that, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates; or

(6) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation, or official statement by, or all behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Certificates, or the execution, delivery, offering, or sale of the Certificates, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the
general character of the Certificates, or the Certificates, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(7) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority (including, without limitation, the Comptroller of the Currency) or by any national securities exchange, which restrictions (i) materially adversely affect the ability of underwriters to trade obligations of the general character of the Certificates, or (ii) or increase materially the charge to the net capital requirements or financial responsibility requirements of broker dealers; or

(8) any rating of the Certificates or the rating of any securities of any Local Agency shall have been downgraded, suspended, withdrawn or placed on negative watch by a national rating service, which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Certificates; or

(9) the commencement of any action, suit, or proceeding described in Section 6(M) or 7(M) that, in the judgment of the Underwriter, materially adversely affects the market price of the Certificates; or

(10) any rating of the Certificate Insurer shall have been downgraded, suspended, or withdrawn by a national rating service, which, in the Underwriter’s reasonable opinion, materially adversely affects the marketability or market price of the Certificates; or

(11) any event occurring, or information becoming known, that, in the reasonable judgment of the Underwriter, makes any statement or information contained in the Official Statement, as of its date, untrue in any material adverse respect, or has the effect that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(G) At or prior to the Closing, the Underwriter shall receive the following documents:

(1) the opinion of Special Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix C, addressed to the Local Agencies (and accompanied by reliance letters to the Authority, the Underwriter, the Trustee, and the Certificate Insurer);

(2) a supplemental opinion of Special Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the Underwriter, to the effect that:
(ii) the Certificates are not subject to registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; provided that no opinion shall be expressed with respect to the Certificate Insurance Policy or the Reserve Policy;

(iii) this Purchase Contract and the Insurance Agreements have been duly executed and delivered by each Local Agency and is a valid and binding agreement of each Local Agency; and

(iv) the statements contained in the Official Statement under the captions “INTRODUCTION,” “REFUNDING PLAN,” “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” “TAX MATTERS,” “APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS,” and “APPENDIX C – PROPOSED FORM OF SPECIAL COUNSEL OPINION,” insofar as such statements expressly summarize certain provisions of the Trust Agreement, the Escrow Agreements, the 2020 Installment Sale Agreements, the Certificates, and the opinion of Special Counsel concerning certain tax matters relating to the Certificates, are accurate in all material respects;

(3) an opinion of counsel to each Local Agency, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the Authority, the Underwriter, and the Certificate Insurer, to the effect that:

(i) the Local Agency is a municipal corporation duly organized and validly existing under and by virtue of the laws of the State;

(ii) the Local Agency has full legal power and lawful authority to enter into the Local Agency Documents;

(iii) the resolution of the Local Agency approving and authorizing the execution and delivery of the Local Agency Documents and approving the Official Statement (the “Local Agency Resolution”) was duly adopted at a meeting of the city council or other governing body of the Local Agency that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Local Agency Resolution is in full force and effect and has not been modified, amended, or rescinded as of the Closing Date;

(iv) the Local Agency Documents have been duly authorized, executed, and delivered by the Local Agency and, assuming due authorization, execution, and delivery by the other parties thereto, such documents constitute the legal, valid, and binding agreements of the Local Agency enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and the application of equitable principles if equitable remedies are sought;
(v) the execution and delivery by the Local Agency of the Local Agency Documents, and compliance by the Local Agency with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, or agreement to which the Local Agency is subject to or by which it is bound;

(vi) the Reserve Policy, as defined in the applicable Insurance Agreement, is a Qualified Reserve Instrument, as defined in the Trust Agreement, and the repayment obligations owed to the Certificate Insurer in connection with the Reserve Policy are secured by a valid lien on Revenues (as defined in the Trust Agreement), subject to the first pledge of and lien upon the Revenues for the payment of the Certificates;

(vii) nothing has come to such counsel’s attention that would lead such counsel to believe that the Preliminary Official Statement or the Official Statement (excluding therefrom financial information and other statistical data included in the Preliminary Official Statement and Official Statement, and any information with respect to any Local Agencies other than such Local Agency, the Authority, the Program, DTC, the book-entry only system, the Certificate Insurer, the applicable Reserve Policy, or the Certificate Insurance Policy, as to which no view need be expressed) contain any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending or, to the best knowledge of such counsel, threatened against the Local Agency (a) in any way questioning the existence of the Local Agency or the titles of the officers of the Local Agency to their respective offices; (b) affecting, contesting, or seeking to prohibit, restrain, or enjoin the execution and delivery of the Certificates or any of the Local Agency Documents, or the payment or collection of any amounts pledged or to be pledged to pay the Installment Sale Payments or the principal and interest with respect to the Certificates, or in any way contesting or affecting the validity of the Certificates or the Local Agency Documents or the consummation of the transactions contemplated thereby or any proceeding of the Local Agency taken with respect to any of the foregoing, or contesting the exclusion of the interest payable with respect to the Certificates from taxation or contesting the powers of the Local Agency and its authority to pledge the Installment Sale Payments; (c) that may result in any material adverse change relating to the Local Agency that will materially adversely affect the Local Agency’s ability to pay the Installment Sale Payments when due; or (d) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official
Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(ix) no additional authorization, approval, consent, waiver, or any other action by any person, board, or body, public or private, not previously obtained is required as of the Closing Date for the Local Agency to enter into the Local Agency Documents, or to perform its obligations thereunder;

(4) an opinion of Special Counsel, as counsel to the Authority, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the Underwriter and the Certificate Insurer, to the effect that:

(i) the Authority is a joint powers agency organized and existing under the laws of the State of California; and

(ii) the resolution of the Authority approving and authorizing the execution and delivery of the Authority Documents and approving the Official Statement (the “Authority Resolution”) was duly adopted at a meeting of the governing body of the Authority. The Authority Resolution is in full force and effect and has not been amended, modified or rescinded;

(5) a letter from Jones Hall, A Professional Law Corporation, counsel to the Underwriter (“Underwriter’s Counsel”), dated the Closing Date, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Preliminary Official Statement and the Official Statement as Underwriter’s Counsel and without having undertaken to determine independently the fairness, accuracy, or completeness of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement as of its date, and the Official Statement, as of its date and the Closing (excluding from the Preliminary Official Statement and the Official Statement the reports, financial and statistical data and forecasts therein, the information with respect to DTC and the book-entry system, the information with respect to the Certificate Insurer, the Reserve Policies, and the Certificate Insurance Policy, and the information included in the Appendices thereto, as to which no view is expressed) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) a certificate of each Local Agency, in form and substance satisfactory to the Underwriter, dated the Closing Date, to the effect that:

(i) the representations, warranties, and covenants of the Local Agency contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the Local Agency has complied with all of the terms and conditions of the Purchase
Contract required to be complied with by the City at or prior to the Closing Date;

(ii) the Local Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date pursuant to the Purchase Contract with respect to the execution and delivery of the Certificates;

(iii) to the best knowledge of the Local Agency, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Local Agency, affecting the existence of the Local Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain, or enjoin the sale, execution, or delivery of the Certificates or contesting or affecting, as to the Local Agency, the validity or enforceability of the Certificates or the Local Agency Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Local Agency or any authority for the execution and delivery of the Certificates, or in any way contesting or challenging the consummation of the transactions contemplated under the Local Agency Documents, or, except as disclosed in the Official Statement, that might result in a material adverse change in the financial condition of the Local Agency or materially adversely affect the Local Agency’s rights to receive and expend revenues allocated to the Local Agency by the Riverside County Transportation Commission (the “Commission”) that are derived from a retail transactions and use tax imposed in the County of Riverside, California pursuant to the Riverside County Transportation Sales Tax Act, Division 25 (Section 240000 et seq.) of the Public Utilities Code of the State and Ordinance No. 02-001, the Transportation Expenditure Plan and Retail Transaction and Use Tax Ordinance, adopted by the Commission on May 8, 2002, and approved by at least two-thirds of electors voting on such proposition in the November 5, 2002 election, as supplemented and amended, nor is there any basis known to the Local Agency for any such action, suit, proceeding, inquiry, or investigation, wherein an unfavorable decision, ruling, or finding would materially adversely affect the authorization, execution, delivery, or performance by the Local Agency of the Local Agency Documents or the execution by the Trustee of the Certificates;

(iv) no event affecting the Local Agency has occurred since the date of the Official Statement that has not been disclosed therein or in any supplement or amendment thereto, which event should be in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(v) between the date of the Purchase Contract and the Closing Date, the Local Agency has not offered or issued any bonds, notes, or other obligations for borrowed money, or incurred any material liabilities, other than
with the written consent of the Underwriter, nor has there been any adverse change of a material nature in the financial position, results of operations, or condition, financial or otherwise, of the Local Agency;

(7) a certificate of the Authority, in form and substance satisfactory to the Underwriter, dated the Closing Date, to the effect that:

(i) the representations and warranties of the Authority contained in this Purchase Contract are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and

(ii) there has been no material adverse change in the financial condition or results of operations of the Authority from the date of the Official Statement to the Closing Date;

(8) a certificate, dated the date of the Preliminary Official Statement, from the Authority addressed to the Underwriter, in the form attached hereto as Exhibit C-1 and a certificate, dated the date of the Preliminary Official Statement, from each Local Agency addressed to the Underwriter, in the form attached hereto as Exhibit C-2;

(9) an opinion of counsel to [Wilmington Trust, N.A.], as the Trustee and Escrow Agent, dated the Closing Date, addressed to the Underwriter, the Authority, and the Certificate Insurer, to the effect that:

(i) Wilmington Trust, N.A. the Trustee is a national banking association and is validly existing, duly qualified to do business and in good standing under the laws of each jurisdiction in which the performance of its duties under the Trust Agreement and the Escrow Agreements (collectively, the “Wilmington Trust Wilmington Trust Documents”) would require such qualification and has the requisite power and authority to execute, deliver and perform its obligations under the Trust Agreement Wilmington Trust Documents;

(ii) Wilmington Trust, N.A. the Trustee is duly eligible and qualified to act as Trustee under the Trust Agreement and Escrow Agent under the Escrow Agreements;

(iii) Wilmington Trust, N.A. the Trustee has all requisite power, authority and legal right to execute and deliver the Wilmington Trust Documents Trust Agreement and to perform its obligations under the Trust Agreement Wilmington Trust Documents, and has taken all necessary corporate action to authorize the execution and delivery of and the performance of its obligations under the Trust Agreement Wilmington Trust Documents;

(iv) Wilmington Trust, N.A. the Trustee has duly executed and delivered the Trust Agreement Wilmington Trust Documents. Assuming the due
authorization, execution and delivery thereof by the other parties thereto, the Trust Agreement Wilmington Trust Documents are the legal, valid and binding agreements of Wilmington Trust, N.A. the Trustee enforceable against the Trustee in accordance with its terms, except to the extent enforceability thereof may be subject to (A) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights and remedies heretofore or hereafter enacted, and (B) the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(v) the Certificates have been duly executed and delivered by Wilmington Trust, N.A. the Trustee;

(vi) the execution, delivery and performance of the Trust Agreement Wilmington Trust Documents by Wilmington Trust, N.A. the Trustee and the consummation of the transactions contemplated thereby do not and will not (a) to the knowledge of such counsel, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which Wilmington Trust, N.A. the Trustee is a party or by which Wilmington Trust, N.A. the Trustee is bound or to which any of the property or assets of Wilmington Trust, N.A. the Trustee or any of its subsidiaries is subject, (b) result in any violation of the provisions of the charter, articles of association, by-laws, or applicable resolutions of the Trustee, or (c) to the knowledge of such counsel, result in any violation of any statute or any order, rule, or regulation of any court or government agency or body having jurisdiction over Wilmington Trust, N.A. the Trustee or any of its properties or assets; and

(vii) to the knowledge of such counsel, there are no actions, proceedings or investigations pending or threatened against Wilmington Trust, N.A. the Trustee before any court, administrative agency or tribunal (a) asserting the invalidity of the Trust Agreement Wilmington Trust Documents, (b) seeking to prevent the consummation of any of the transactions contemplated thereby, or (c) that might materially and adversely affect the performance by the Trustee of its obligations under, or the validity or enforceability of the Trust Agreement Wilmington Trust Documents;

(10) a certificate, dated the Closing Date, signed by a duly authorized officer of Wilmington Trust, N.A. the Trustee, to the effect that:

(i) Wilmington Trust, N.A. the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the necessary power to enter into, accept, and administer the trusts created under the Trust Agreement and to execute and deliver the Certificates to the Underwriter;

(ii) the Trust Agreement Wilmington Trust Documents have been duly authorized, executed, and delivered by a duly authorized officer of
the Trustee, and the execution, delivery, and performance of the Trust Agreement has been duly authorized by all necessary action of the Trustee:

(iii) the Wilmington Trust Documents constitutes the legal, valid, and binding obligations of the Trustee enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(iv) the Certificates have been duly executed and delivered by a duly authorized officer of the Trustee;

(v) no consent, approval, authorization, or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Wilmington Trust Documents or the performance by the Trustee of its duties and obligations under the Wilmington Trust Documents;

(vi) the execution and delivery by the Trustee of the Wilmington Trust Documents and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution, or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order, or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty, or agreement need be made by such counsel with respect to any federal or State securities or blue sky laws or regulations);

(vii) the Trustee’s action in executing and delivering the Wilmington Trust Documents will not contravene the articles or bylaws of the Trustee and is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and such action does not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound; and

(viii) there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental agency, public board, or body that has been served on the Trustee, or to the best knowledge of the Trustee, threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or
affecting the validity or enforceability of the Wilmington Trust Documents or contesting the powers of the Wilmington Trust Trustee or its authority to enter into and perform its obligations thereunder;

(11) an opinion of counsel to the Escrow Agent, dated the Closing Date, addressed to the Underwriter, the Authority, and the Certificate Insurer, to the effect that:

(i) the Escrow Agent is a national banking association and is validly existing, duly qualified to do business and in good standing under the laws of each jurisdiction in which the performance of its duties under the Escrow Agreements would require such qualification and has the requisite power and authority to execute, deliver and perform its obligations under the Escrow Agreements;

(ii) the Escrow Agent is duly eligible and qualified to act as Escrow Agent under the Escrow Agreements;

(iii) the Escrow Agent has all requisite power, authority and legal right to execute and deliver the Escrow Agreements and to perform its obligations under the Escrow Agreements, and has taken all necessary corporate action to authorize the execution and delivery of and the performance of its obligations under the Escrow Agreements;

(iv) the Escrow Agent has duly executed and delivered the Escrow Agreements. Assuming the due authorization, execution and delivery thereof by the other parties thereto, the Escrow Agreements are the legal, valid and binding agreements of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except to the extent enforceability thereof may be subject to (A) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights and remedies heretofore or hereafter enacted, and (B) the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(v) the execution, delivery and performance of the Escrow Agreements by the Escrow Agent and the consummation of the transactions contemplated thereby do not and will not (a) to the knowledge of such counsel, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Escrow Agent is a party or by which the Escrow Agent is bound or to which any of the property or assets of the Escrow Agent or any of its subsidiaries is subject, (b) result in any violation of the provisions of the charter, articles of association, by-laws, or applicable resolutions of the Escrow Agent, or (c) to the knowledge of such counsel, result in any violation of any statute or any order, rule, or regulation of any court or government agency or body having jurisdiction over the Escrow Agent or any of its properties or assets; and
(vi) to the knowledge of such counsel, there are no actions, proceedings or investigations pending or threatened against the Escrow Agent before any court, administrative agency or tribunal (a) asserting the invalidity of the Escrow Agreements, (b) seeking to prevent the consummation of any of the transactions contemplated thereby, or (c) that might materially and adversely affect the performance by the Escrow Agent of its obligations under, or the validity or enforceability of the Escrow Agreements;

(12) a certificate, dated the Closing Date, signed by a duly authorized officer of the Escrow Agent, to the effect that:

(i) the Escrow Agent is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the necessary power to enter into the Escrow Agreements;

(ii) the Escrow Agreements have been duly authorized, executed, and delivered by a duly authorized officer of the Escrow Agent, and the execution, delivery, and performance of the Escrow Agreements has been duly authorized by all necessary action of the Escrow Agent;

(iii) the Escrow Agreements constitute the legal, valid, and binding obligation of the Escrow Agent enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(iv) no consent, approval, authorization, or other action by any governmental or regulatory authority having jurisdiction over the Escrow Agent that has not been obtained is or will be required for the execution and delivery of the Escrow Agreements or the performance by the Escrow Agent of its duties and obligations under the Escrow Agreements;

(v) the execution and delivery by the Escrow Agent of the Escrow Agreements and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution, or any other agreement or instrument to which the Escrow Agent is a party or by which it is bound, or any law or any rule, regulation, order, or decree of any court or governmental agency or body having jurisdiction over the Escrow Agent or any of its activities or properties (except that no representation, warranty, or agreement need be made by such counsel with respect to any federal or State securities or blue sky laws or regulations);

(vi) the Escrow Agent’s action in executing and delivering the Escrow Agreements will not contravene the articles or bylaws of the Escrow Agent and is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and such action does not
conflict with or violate any contract to which the Escrow Agent is a party or any administrative or judicial decision by which the Escrow Agent is bound; and

(vii) there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental agency, public board, or body that has been served on the Escrow Agent, or to the best knowledge of the Escrow Agent, threatened against the Escrow Agent which in the reasonable judgment of the Escrow Agent would affect the existence of the Escrow Agent or in any way contesting or affecting the validity or enforceability of the Escrow Agreements or contesting the powers of the Escrow Agent or its authority to enter into and perform its obligations thereunder;

(a certificate, dated the Closing Date, signed by a duly authorized officer of Fieldman Rolapp and Associates, doing business as Willdan Financial Services, as dissemination agent ("Willdan"), under the Local Agency Continuing Disclosure Agreements with the City of Menifee and the City of Moreno Valley, to the effect that:

(i) Willdan is a corporation validly existing and in good standing under the laws of the State of California and has full corporate power and authority to enter into and perform its obligations under and the Local Agency Continuing Disclosure Agreements with the City of Menifee (the “Menifee Continuing Disclosure Agreement”) and Local Agency Continuing Disclosure Agreements with the City of Moreno Valley (the “Moreno Valley Continuing Disclosure Agreement”);

(ii) the Menifee Continuing Disclosure Agreement and the Moreno Valley Continuing Disclosure Agreement have been duly authorized, executed, and delivered by a duly authorized officer of Willdan, and the execution, delivery, and performance of such Local Agency Continuing Disclosure Agreements has been duly authorized by all necessary action of Willdan;

(iii) each of the Menifee Continuing Disclosure Agreement and the Moreno Valley Continuing Disclosure Agreement constitutes the legal, valid, and binding obligation of Willdan enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(iv) no consent, approval, authorization, or other action by any governmental or regulatory authority having jurisdiction over Willdan that has not been obtained is or will be required for the execution and delivery of the Menifee Continuing Disclosure Agreement and the Moreno Valley Continuing Disclosure Agreement or the performance by Willdan of its duties and obligations under the Menifee Continuing Disclosure Agreement and the Moreno Valley Continuing Disclosure Agreement;
(v) the execution and delivery by Willdan of the Menifee Continuing Disclosure Agreement and the Moreno Valley Continuing Disclosure Agreement and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution, or any other agreement or instrument to which Willdan is a party or by which it is bound, or any law or any rule, regulation, order, or decree of any court or governmental agency or body having jurisdiction over Willdan or any of its activities or properties (except that no representation, warranty, or agreement need be made with respect to any federal or State securities or blue sky laws or regulations);

(vi) Willdan’s action in executing and delivering the Menifee Continuing Disclosure Agreement and the Moreno Valley Continuing Disclosure Agreement will not contravene the articles or bylaws of Willdan and is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and such action does not conflict with or violate any contract to which Willdan is a party or any administrative or judicial decision by which Willdan is bound; and

(ix)(viii) there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental agency, public board, or body that has been served on Willdan, or, to the best knowledge of Willdan, threatened against Willdan that in the reasonable judgment of Willdan would affect the existence of Willdan or in any way contesting or affecting the validity or enforceability of the Menifee Continuing Disclosure Agreement or the Moreno Valley Continuing Disclosure Agreement or contesting the powers of Willdan or its authority to enter into and perform its obligations thereunder;

(12)(14) a certificate, dated the Closing Date, signed by a duly authorized officer of Urban Futures, Inc., as dissemination agent (“Urban Futures”) under the Local Agency Continuing Disclosure Agreement with the City of Desert Hot Springs (the “Desert Hot Springs Continuing Disclosure Agreement”), to the effect that:

(i) Urban Futures is a corporation validly existing and in good standing under the laws of the State of California and has full corporate power and authority to enter into and perform its obligations under and the Desert Hot Springs Continuing Disclosure Agreement;

(ii) the Desert Hot Springs Continuing Disclosure Agreement has been duly authorized, executed, and delivered by a duly authorized officer of Urban Futures, and the execution, delivery, and performance of the Desert Hot Springs Continuing Disclosure Agreement has been duly authorized by all necessary action of Urban Futures;

(iii) Desert Hot Springs Continuing Disclosure Agreement constitutes the legal, valid, and binding obligation of Urban Futures enforceable
in accordance with its terms, except as enforcement thereof may be limited by
bankruptcy, insolvency, or other laws affecting the enforcement of creditors’
rights generally and by the application of equitable principles, if equitable
remedies are sought;

(iv) no consent, approval, authorization, or other action by any
governmental or regulatory authority having jurisdiction over Urban Futures
that has not been obtained is or will be required for the execution and delivery
of the Desert Hot Springs Continuing Disclosure Agreement or the performance
by Urban Futures of its duties and obligations under Desert Hot Springs
Continuing Disclosure Agreement;

(v) the execution and delivery by Urban Futures of the Desert
Hot Springs Continuing Disclosure Agreement and compliance with the terms
thereof will not conflict with, or result in a violation or breach of, or constitute a
default under, any loan agreement, indenture, bond, note, resolution, or any
other agreement or instrument to which Urban Futures is a party or by which it
is bound, or any law or any rule, regulation, order, or decree of any court or
governmental agency or body having jurisdiction over Urban Futures or any of
its activities or properties (except that no representation, warranty, or agreement
need be made with respect to any federal or State securities or blue sky laws or
regulations);

(vi) Urban Futures’ action in executing and delivering the
Desert Hot Springs Continuing Disclosure Agreement will not contravene the
articles or bylaws of Urban Futures and is in full compliance with, and does not
conflict with, any applicable law or governmental regulation currently in effect,
and such action does not conflict with or violate any contract to which Urban
Futures is a party or any administrative or judicial decision by which Urban
Futures is bound; and

(vii) there is no action, suit, proceeding, or investigation, at law
or in equity, before or by any court or governmental agency, public board, or
body that has been served on Urban Futures, or, to the best knowledge of Urban
Futures, threatened against Urban Futures that in the reasonable judgment of
Urban Futures would affect the existence of Urban Futures or in any way
contesting or affecting the validity or enforceability of the Desert Hot Springs
Continuing Disclosure Agreement or contesting the powers of Urban Futures or
its authority to enter into and perform its obligations thereunder;

(13)(15) certified copies of each Local Agency Resolution, the
Authority Resolution, and an incumbency resolution of the Trustee;

(14)(16) copies each of the Authority Documents, the Local Agency
Documents, the Wilmington Trust Documents, and the Official Statement, duly
executed and delivered by the respective parties thereto;
evidence satisfactory to the Underwriter that the Certificates shall have received the Certificate Insurance Policy by the Certificate Insurer that unconditionally guarantees the timely payments of all debt service with respect to the Certificates;

evidence satisfactory to the Underwriter that the Trustee shall have received the Reserve Policies from the Certificate Insurer, which Reserve Policies constitute Qualified Reserve Instruments under and as defined in the Trust Agreement;

an opinion of counsel to the Certificate Insurer, in form and substance satisfactory to the Underwriter, Special Counsel, and Underwriter’s Counsel, with respect to, among other matters, the Certificate Insurance Policy and the Reserve Policies;

a certificate of the Certificate Insurer, in form and substance satisfactory to the Underwriter, Special Counsel, and Underwriter’s Counsel, with respect to, among other matters, the Certificate Insurance Policy and the Reserve Policies;

a no-default certificate of the Certificate Insurer, in form and substance satisfactory to the Underwriter, Special Counsel, and Underwriter’s Counsel;

evidence that the underlying rating on the Certificates of “__” by S&P Global Ratings is in full force and effect on the Closing Date;

evidence that the rating on the Certificates of “__” by S&P Global Ratings as a result of the Certificate Insurance Policy provided by the Certificate Insurer is in full force and effect on the Closing Date;

copies of the statements with respect to the sale of the Certificates required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

copies of the following default judgments (i) default judgment rendered on November 18, 2011, by the Superior Court of the State of California for the County of Riverside in the action entitled City of Desert Hot Springs v. All Persons Interested in the Matter, etc., Case No. __________, (ii) default judgment rendered on November 18, 2011, by the Superior Court of the State of California for the County of Riverside in the action entitled City of Menifee v. All Persons Interested in the Matter, etc., Case No. __________, and (iii) default judgment rendered on March 21, 2012, by the Superior Court of the State of California for the County of Riverside in the action entitled City of Moreno Valley v. All Persons Interested in the Matter, etc., Case No. __________, and order of the California Court of Appeal dated July 16, 2003 affirming such judgment;
(24)(26) a letter from the Commission in form and substance satisfactory to the Underwriter to the effect that Measure A Receipts (as such term is defined in the Official Statement) received by the applicable Local Agency may be pledged to the payment of Installment Sale Payments:

(25)(27) A letter addressed to the Authority, the Local Agencies, the Underwriter, and Special Counsel, dated the date of the Closing, from ___________ (the “Verification Agent”), verifying the accuracy of the mathematical computations concerning the adequacy of the moneys to be deposited with the Escrow Agent to provide for the payment and prepayment of the Prior Certificates of Participation in accordance with the Escrow Agreements;

(26)(28) A defeasance opinion of Special Counsel, in form and substance acceptable to the Underwriter, relating to the Prior Certificates of Participation and Prior Installment Sale Agreements; and

(27)(29) such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter, Special Counsel, or Underwriter’s Counsel may reasonably request to evidence compliance by the Local Agencies and the Authority with legal requirements, the accuracy, as of the time of Closing, of the Authority and the Local Agencies’ representations herein contained, and the due performance or satisfaction by the Local Agencies and the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Local Agencies and the Authority.

If any of the Local Agencies or the Authority shall be unable to satisfy the conditions to the Underwriter’s obligations contained in this Purchase Contract or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and none of the Local Agencies, the Authority, or the Underwriter shall have any further obligation hereunder.

9. The performance by each of the Authority and the respective Local Agencies of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority, the Local Agencies, and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the Authority and the Local Agencies.

10. (A) The Underwriter shall be under no obligation to pay, and the Local Agencies shall pay, the following expenses incident to the performance of the Authority’s and the Local Agencies’ obligations hereunder:

   (1) the fees and disbursements of Special Counsel and Underwriter’s Counsel;

   (2) the cost of printing and delivering the Certificates, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 4 of this Purchase Contract);
(3) the fees and disbursements of the Trustee, the Escrow Agent, accountants, financial advisers, legal counsel, and any other experts or consultants retained by the Authority or the Local Agencies, rating agency fees, and costs, fees, and expenses pertaining to the provision of any municipal bond insurance policy or municipal bond debt service reserve insurance policy;

(4) expenses (included in the expense component of the spread) incurred on behalf of the Local Agencies’ employees that are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of such employees; and

(5) any other expenses and costs of the Authority and the Local Agencies incident to the performance of their respective obligations in connection with the authorization, execution, delivery, and sale of the Certificates, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(B) The Underwriter shall pay from the expense component of the Underwriter’s spread all expenses incurred by it in connection with the public offering and distribution of the Certificates including, without limitation:

(1) all advertising expenses in connection with the offering of the Certificates; and

(2) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Certificates (excluding the fees and expenses of its counsel) including, without limitation, CUSIP Bureau and California Debt and Investment Advisory Commission fees, if any, except as provided in subsection (A) above or as otherwise agreed to by the Underwriter, the Authority, and the Local Agencies.

11. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing to the California Statewide Communities Development Authority, 1100 K Street, Suite 101, Sacramento, California 95814, Attention: Treasurer, or to such other person as the Treasurer may designate in writing; any notice or other communication to be given to any Local Agency under this Purchase Contract may be given by delivering the same in writing to such address and to such person as the applicable Local Agency may designate in writing; and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 South Figueroa St, Suite 1800, Los Angeles, California 90071, Attention: John W. Kim. The approval of the Underwriter when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to the Authority.

12. For all purposes of this Purchase Contract, a default shall not be deemed to be continuing if it has been cured, waived, or otherwise remedied. This Purchase Contract shall be
governed by and construed in accordance with the laws of the State applicable to contracts made and performed within the State.

13. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]
14. This Purchase Contract when accepted by the Authority and the Local Agencies in writing shall constitute the entire agreement among the Local Agencies, the Authority, and the Underwriter and is made solely for the benefit of the Local Agencies, the Authority, and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: ________________________________
Its: ________________________________

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

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ________________________________
   Authorized Signatory

Time of Execution: ____________________

LOCAL AGENCIES LISTED ON EXHIBIT A HERETO

[Authorized Officers of each Local Agency shall execute this Purchase Contract by signing Pricing Confirmation Supplement in Exhibit D hereto.]
EXHIBIT A

$__________
California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

LOCAL AGENCIES

CITY OF DESERT HOT SPRINGS
CITY OF MENIFEE
CITY OF MORENO VALLEY
EXHIBIT B

$__________
California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

SCHEDULE OF TERMS AND PRICES

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<th>Maturity Date (June 1)</th>
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<th>Interest Rate</th>
<th>Price</th>
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Serial Certificates:

Term Certificates:

Total

(1) Priced to optional redemption date of June 1, 20__; callable at par.
EXHIBIT C-1

FORM OF 15c2-12 CERTIFICATE

CERTIFICATE OF AUTHORITY
AS TO FINALITY OF PRELIMINARY OFFICIAL STATEMENT

I hereby certify that I am a member of the commission of the California Statewide Communities Development Authority (the “Authority”) or an authorized administrative delegatee thereof (“Authorized Signatory”), and as such I am authorized to execute this certificate on behalf of the Authority.

I understand that there has been delivered to Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) of the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates Of Participation, Series 2020___ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), a Preliminary Official Statement relating to the Certificates, dated _________, 2020 (including the cover page, the introduction and all appendices thereto, the “Preliminary Official Statement”), which, as to only the sections thereof entitled “THE AUTHORITY” and “NO LITIGATION – The Authority,” the Authority deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12.

Dated: _________, 2020

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

________________________________________

Authorized Signatory
EXHIBIT C-2
“DEEMED FINAL CERTIFICATE”
FOR
PRELIMINARY OFFICIAL STATEMENT

__________, 2020

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa St, Suite 1800
Los Angeles, California 90071
Attention: John W. Kim

Re: California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

Ladies and Gentlemen:

With respect to the proposed sale of the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates Of Participation, Series 2020___ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), the California Statewide Communities Development Authority (the “Authority”) has delivered to you a Preliminary Official Statement, dated the date hereof (the “Preliminary Official Statement”), the City of ___________, for purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), deems the Preliminary Official Statement to be final as of its date, except for (a) information regarding Authority, the Program, the Certificate Insurer, the Reserve Policies, and the Certificate Insurance Policy (each as defined in the Preliminary Official Statement), (b) information relating to any other Local Agencies (as defined in the Preliminary Official Statement), and (c) the omission of the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, dates and amounts of mandatory sinking fund payments, delivery dates, ratings, and identity of the purchasers and any other terms of the Certificates relating to such matters and any other information permitted to be omitted by the Rule.

[NAME OF LOCAL AGENCY]

By:______________________________

Name:____________________________

Title:______________________________
EXHIBIT D-1

$__________
California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

FORM OF PRICING CONFIRMATION SUPPLEMENT

CITY OF DESERT HOT SPRINGS

PRICING INFORMATION

Purchase Price Calculation
Proportionate Principal Amount of Certificates:
Plus: [Net] Original Issue Premium:
Less: Underwriter’s Discount:
Total Purchase Price

Use of Proceeds
Prepay Desert Hot Springs 2012 Certificates
Costs of Issuance:
Certificate Insurance Policy:
Reserve Policy:
Net Proceeds:
Total Use of Proceeds

IMPORTANT DATES

Resolution Date of Local Agency: __________, 2020
Purchase Date: __________, 2020
Closing Date: __________, 2020
Certificate Payment Dates: June 1 of each year, commencing June 1, 20__
Interest Payment Dates: June 1 and December 1 of each year, commencing [December 1, 2020]
Final Maturity Date: June 1, 20__
IN WITNESS WHEREOF, the Purchase Contract is agreed to, and this Pricing Confirmation Supplement appearing as Exhibit D thereto is accepted, all on the Purchase Date set forth above.

CITY OF DESERT HOT SPRINGS

By:______________________________

Name:____________________________

Title:____________________________

Time of Execution: ________________
EXHIBIT D-2

$________
California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

FORM OF PRICING CONFIRMATION SUPPLEMENT

CITY OF MENIFEE

PRICING INFORMATION

Purchase Price Calculation
Proportionate Principal Amount of Certificates:
Plus: [Net] Original Issue Premium:
Less: Underwriter’s Discount:
Total Purchase Price

Use of Proceeds
Prepay Menifee 2012 Certificates
Costs of Issuance:
Certificate Insurance Policy:
Reserve Policy:
Net Proceeds:
Total Use of Proceeds

IMPORTANT DATES

Resolution Date of Local Agency: __________, 2020
Purchase Date: __________, 2020
Closing Date: __________, 2020
Certificate Payment Dates: June 1 of each year, commencing June 1, 20__
Interest Payment Dates: June 1 and December 1 of each year, commencing [December 1, 2020]
Final Maturity Date: June 1, 20__
IN WITNESS WHEREOF, the Purchase Contract is agreed to, and this Pricing Confirmation Supplement appearing as Exhibit D thereto is accepted, all on the Purchase Date set forth above.

CITY OF MENIFEE

By: ____________________________

Name: __________________________

Title: ____________________________

Time of Execution: __________________________
EXHIBIT D-3

$__________
California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

FORM OF PRICING CONFIRMATION SUPPLEMENT

CITY OF MORENO VALLEY

PRICING INFORMATION

Purchase Price Calculation
Proportionate Principal Amount of Certificates:
Plus: [Net] Original Issue Premium:
Less: Underwriter’s Discount:
Total Purchase Price

Use of Proceeds
Prepay Moreno Valley 2013 Certificates
Costs of Issuance:
Certificate Insurance Policy:
Reserve Policy:
Net Proceeds:
Total Use of Proceeds

IMPORTANT DATES

Resolution Date of Local Agency: ____________, 2020
Purchase Date: ____________, 2020
Closing Date: ____________, 2020
Certificate Payment Dates: June 1 of each year, commencing June 1, 20__
Interest Payment Dates: June 1 and December 1 of each year, commencing [December 1, 2020]
Final Maturity Date: June 1, 20__
IN WITNESS WHEREOF, the Purchase Contract is agreed to, and this Pricing Confirmation Supplement appearing as Exhibit D thereto is accepted, all on the Purchase Date set forth above.

CITY OF MORENO VALLEY

By:______________________________
Name:______________________________
Title:______________________________

Time of Execution:______________________________
EXHIBIT E

$__________
California Statewide Communities
Development Authority Transportation Revenue (Installment Sale)
Certificates Of Participation, Series 2020___ (Federally Taxable)
(T.R.I.P. – Total Road Improvement Program)

PRIOR CERTIFICATES OF PARTICIPATION AND
PRIOR INSTALLMENT SALE AGREEMENTS

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

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

(iii) California Communities Local Measure A Sale Tax Revenues (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) (the “Moreno Valley 2013 Certificates” and together with the Desert Hot Springs 2012 Certificates and Menifee 2012 Certificates, the “Prior Certificates of Participation”) evidencing proportionate and undivided interests in installment sale payments payable by the City of Menifee under a 2013 Installment Sale Agreement, dated as of August 1, 2013, by and between the Authority and the City of Moreno Valley.
ESCROW AGREEMENT

by and between

CITY OF MORENO VALLEY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee and Escrow Agent

Dated as of _______ 1, 2020

relating to the

CALIFORNIA COMMUNITIES LOCAL MEASURE A SALES TAX REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2013A (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)
Evidencing Proportionate Interests of the Owners Thereof in 2013 Installment Sale Payments to be Received From CITY OF MORENO VALLEY
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This ESCROW AGREEMENT, dated as of ______, 2020 (the “Escrow Agreement”), between the CITY OF MORENO VALLEY, a municipal corporation duly organized and existing under its charter and the laws of the State of California (the “City”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States as trustee (the “Trustee”) with respect to the California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) described below and acting in its capacity as escrow agent hereunder (the “Escrow Agent”), as acknowledged and accepted by the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”);

WITNESSETH:

WHEREAS, the City is currently obligated to make certain payments with respect to the California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) (the “Series 2013 Certificates”), delivered on August 29, 2013;

WHEREAS, the Series 2013 Certificates evidence and represent proportionate interests of the Owners thereof in installment payments to be paid by the Authority from installment payments received from the City pursuant to that 2013 Installment Sale Agreement, dated as of August 1, 2013, between the Authority and the City (the “2013 Installment Sale Agreement”);

WHEREAS, the Series 2013 Certificates were executed and delivered by Wells Fargo Bank, National Association, in the original aggregate principal amount of $20,000,000 pursuant to that certain trust agreement, dated as of August 1, 2013 (the “Series 2013 Trust Agreement”), among the Authority, the City and the Trustee, evidencing and representing proportionate and undivided interests in 2013 Installment Sale Payments made by the City under the 2013 Installment Sale Agreement;

WHEREAS, the City has taken action to cause to be issued or delivered to the Escrow Agent for deposit in or credit to a special trust fund to be created hereunder to be known as the escrow fund to be maintained by the Escrow Agent (the “Escrow Fund”), certain Defeasance Obligations (as such term is defined in the Series 2013 Trust Agreement, and subject to Article VIII of the Series 2013 Trust Agreement), as listed on Schedule I attached hereto and made a part hereof (the “Escrow Securities”), in a total amount which, together with income or interest to accrue on such Escrow Securities and an initial cash deposit, has been verified in a report (the “Verification Report”) by [Verification Agent] (the “Verification Agent”) to be sufficient to pay when due (i) the interest and principal coming due with respect to the Series 2013 Certificates on and prior to June 1, 2023 (the “Prepayment Date”) and (ii) to prepay on the Prepayment Date the Series 2013 Certificates maturing on and after June 1, 2023 on the Prepayment Date at the principal evidenced and represented by the Certificates plus accrued interest to the Prepayment Date, without premium (the “Prepayment Price”);

NOW, THEREFORE, the City, the Trustee and the Escrow Agent hereby agree as follows:

Section 1. Establishment, Funding and Maintenance of Escrow Fund. (a) The Escrow Agent agrees to establish and maintain until all of the Series 2013 Certificates have been paid in full a fund designated as the “Escrow Fund,” and to hold the securities, investments and moneys therein at all times as a special and separate trust fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent). All securities, investments and moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Sections 2, 4 and 5 hereof, to secure the payment of the Series 2013 Certificates. [The Trustee and the Escrow Agent [hereby waive the requirement of][are in
receipt of] not less than thirty (30) days prior written notice to the Authority and the Trustee in accordance with Section 3.03 of the 2013 Installment Sale Agreement describing prepayment of the Certificates and specifying the date on which the prepayment will be paid and the order thereof, which date shall be not less than thirty (30) days nor more than sixty (60) days from the date such notice is given.

(b) On _______ __, 2020, an amount equal to $_____ was deposited in the Escrow Fund, $______ of which was derived from the proceeds of the Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Series 2020 Certificates”), executed and delivered pursuant to the terms of a trust agreement, dated as of _______ 1, 2020 (the “Series 2020 Trust Agreement”), by and among the Authority, Wilmington Trust, National Association, as trustee thereunder (the “Series 2020 Trustee”), the City and certain other local agencies named herein, if any, and $______ was transferred to the Escrow Agent and deposited in the Escrow Fund [from amounts released from the ________ fund/account under the Series 2013 Trust Agreement]. The Escrow Agent shall immediately apply $_________ of such amount to acquire the Escrow Securities and shall hold the remainder of such amount of $_________ uninvested.

Section 2. Investment of the Escrow Fund.

(a) The City and the Escrow Agent each shall take all remaining necessary action to have issued and registered in the name of the Escrow Agent, for the account of the Escrow Fund, the Escrow Securities listed on Schedule I attached hereto and shall hold in cash the amount of $__________.

(b) Except as otherwise provided in this subsection and Section 5, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund and shall hold such cash portion uninvested. The Escrow Agent shall, upon written request of the City, reinvest any cash portion of the Escrow Fund in (x) direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the full faith and credit of the United States of America, or (y) in Defeasance Obligations (as defined in the Series 2013 Trust Agreement and subject to Article VIII thereof), provided that in the case of (y) the Escrow Agent receives (i) an opinion of nationally recognized bond counsel to the effect that such reinvestment will not result in the inclusion of interest payable with respect to the Series 2013 Certificates in gross income for federal income tax purposes and (ii) a report of nationally recognized independent certified public accountants to the effect that such reinvestment will not adversely affect the sufficiency of the amount of securities, investments and moneys on deposit in the Escrow Fund to pay when due the principal and interest evidenced and represented by the Series 2013 Certificates in gross income for federal income tax purposes and (ii) a report of nationally recognized independent certified public accountants to the effect that such reinvestment will not adversely affect the sufficiency of the amount of securities, investments and moneys on deposit in the Escrow Fund to pay when due the principal and interest evidenced and represented by the Series 2013 Certificates to the Prepayment Date and to prepay the Series 2013 Certificates on the Prepayment Date at the Prepayment Price, together with interest accrued with respect thereto to the Prepayment Date. Any receipts on investments made pursuant to this Section in excess of the cost of such investments which are not needed for the defeasance and prepayment of the Series 2013 Certificates as shown in the Verification Report shall, [be transferred to the Local Agency Interest Payment Account established for the benefit of the City under the Series 2020 Trust Agreement][upon written request of the City, be remitted to the City free from the trust created by this Escrow Agreement to be applied to pay eligible costs payable from Revenues in accordance with the 2013 Installment Sale Agreement].

(c) The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

(d) The Escrow Agent acknowledges receipt of the Verification Report from the Verification Agent. The Escrow Agent may rely upon the conclusion of such report to the effect that the Escrow Securities described on Schedule I hereto mature and bear interest payable in such amounts and at such times as shall be necessary and sufficient to pay when due (i) the interest and principal coming due with
Section 3. Payment of the Series 2013 Certificates. (a) The City hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in the Escrow Fund the principal of and interest on all Escrow Securities held for the account of the Escrow Fund promptly as such principal and interest become due, and to apply, subject to the provisions of Sections 2, 4 and 5 hereof, such principal and interest, together with any other moneys and the principal of and interest on any other securities deposited in the Escrow Fund, to pay when due (i) the interest and principal coming due with respect to the Series 2013 Certificates on and prior to the Prepayment Date and (ii) to prepay on the Prepayment Date the Series 2013 Certificates maturing on and after June 1, 2023 on the Prepayment Date at the Prepayment Price, at the places and in the manner stipulated in the Series 2013 Trust Agreement, and to give notice of such prepayment in substantially the form attached hereto as Exhibit A to the parties, at the time and in the manner specified in the Series 2013 Trust Agreement. The City further requests and irrevocably instructs the Escrow Agent, in accordance with Section 3.03 of the 2013 Installment Sale Agreement, to prepay all of the 2013 Installment Sale Payments (as that term is defined under the 2013 Installment Sale Agreement) due under the 2013 Installment Sale Agreement through the application of moneys deposited hereunder.

(b) The parties acknowledge that the Authority has requested, directed and irrevocably instructed the Escrow Agent pursuant to the Order of the Authority, attached hereto as Exhibit C, to apply the moneys transferred to or deposited with the Escrow Agent pursuant hereto to the payment of (a) the Series 2013 Certificates to the Prepayment Date and to prepay the Series 2013 Certificates on the Prepayment Date at the Prepayment Price, together with interest accrued with respect thereto to the Prepayment Date, and the City hereby requests and irrevocably instructs the Escrow Agent to give notice of prepayment of the Series 2013 Certificates, in accordance with the provisions of the Series 2013 Trust Agreement. The Trustee hereby waives the right under Section 2.03 of the Series 2013 Trust Agreement to receive at least 45 days’ prior written notice of prepayment of the Series 2013 Certificates as long as it receives the Order of the Authority referenced in this Section 3(b).

The City hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to post notice of defeasance of the Series 2013 Certificates in substantially the form attached hereto as Exhibit B in accordance with Article VIII of the Series 2013 Trust Agreement on or before ____ __, 2020.

Section 4. Transfer of Funds After Prepayment of Certificates. Subject to Section 8 hereof, the City hereby requests and irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to transfer all remaining funds any money or securities remaining in the Escrow Fund after payment of the Prepayment Price [to the Local Agency Interest Payment Account established for the benefit of the City under the Series 2020 Trust Agreement][upon written request of the City, to the City free from the trust created by this Escrow Agreement to be applied to pay eligible costs payable from Revenues in accordance with the 2013 Installment Sale Agreement].

Section 5. Substitution of Securities. Except as provided in Sections 1, 2 and 4 hereof and in this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of or make substitutions of the investments initially required to be made therewith. Upon the written request of the City, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Escrow Securities, provided that there are substituted therefor from the proceeds of the Escrow Securities other Defeasance Obligations (as defined in the Series 2013 Trust Agreement).
Agreement and subject to Article VIII thereof). The Escrow Agent shall purchase such substituted securities with the proceeds derived from the sale, transfer, disposition or redemption of the Escrow Securities. The amounts realized from the disposition of the Escrow Securities and purchase of substitute securities, together with the earnings thereon not required by the Escrow Agent to fulfill its obligations hereunder, shall immediately be released to the City. The disposition and substitution may be effected only after the Escrow Agent receives (i) an opinion of nationally recognized bond counsel to the effect that such disposition and substitution will not result in the inclusion of interest payable with respect to the Series 2013 Certificates in gross income for federal income tax purposes and (ii) a report of nationally recognized independent certified public accountants to the effect that such disposition and substitution will not adversely affect the sufficiency of the amount of securities, investments and moneys on deposit in the Escrow Fund to pay the Series 2013 Certificates to the Prepayment Date and to prepay the Series 2013 Certificates on the Prepayment Date at the Prepayment Price, together with interest accrued with respect thereto to the Prepayment Date. The Escrow Agent shall not be liable or responsible for any loss resulting from any disposition or substitution made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 6. Fees and Costs.

(a) The Escrow Agent’s annual fees and costs for acting as Escrow Agent under this Escrow Agreement are to be agreed upon by the Escrow Agent and the City and paid by the City. The rights, duties and obligations of the Escrow Agent shall, except as otherwise expressly provided herein, be governed by the Series 2013 Trust Agreement. The annual fees and costs of the Escrow Agent for any other duties to be carried out by it under the Series 2013 Trust Agreement shall continue as previously agreed upon between the Escrow Agent and the City.

(b) The City agrees to indemnify and hold the Escrow Agent, its officers, employees, directors and agents harmless from and against any and all losses, costs, expenses, claims and liabilities whatsoever (including, without limitation, fees and expenses of attorneys) which may be imposed on, asserted against or incurred by the Escrow Agent related to or arising from the acceptance and performance by the Escrow Agent of its duties hereunder, unless due to the negligence or willful misconduct of the indemnified party.

(c) The obligations of the City under this Section shall survive the termination or discharge of this Escrow Agreement and the earlier removal or resignation of the Escrow Agent.

(d) The fees of and the costs incurred by the Escrow Agent shall in no event be deducted or payable from or constitute a lien against the Escrow Fund.

Section 7. Resignation of the Escrow Agent. The Escrow Agent may resign and be discharged of its duties hereunder if and at such time as the Escrow Agent shall resign or be discharged as Trustee under the Series 2013 Trust Agreement in accordance with the provisions of the Series 2013 Trust Agreement. Any successor Trustee under the Series 2013 Trust Agreement shall succeed as the Escrow Agent under this Escrow Agreement.

Section 8. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the principal and interest evidenced and represented by the Certificates have been paid and any money remaining in the Escrow Fund shall be transferred pursuant to Section 4 hereof; provided, that money held by the Escrow Agent in the Escrow Fund for the payment and discharge of any of the Series 2013 Certificates which remains unclaimed shall be disposed of in accordance with the terms of the Series 2013 Trust Agreement.
Section 9. Capacity of Escrow Agent. The Escrow Agent is entering into this Escrow Agreement in its capacity as Trustee under the Series 2013 Trust Agreement and the protections, immunities and limitations from liability afforded to the Trustee under the Series 2013 Trust Agreement (including, without limitation, as set forth in Section 5.01 and 5.02 thereof) shall be applicable to this Escrow Agreement and are incorporated by reference herein. Subject to the provisions of Sections 4, 5 and 8 hereof, moneys held by the Escrow Agent hereunder are to be held and applied for the payment of the Series 2013 Certificates in accordance with the Series 2013 Trust Agreement.

The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Escrow Agreement and no implied duties, covenants or obligations shall be read into this Escrow Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment or substitution of Escrow Securities made by it in accordance with the terms of this Escrow Agreement. The Escrow Agent shall not be liable for the recitals or representations contained in this Escrow Agreement and shall not be responsible for the validity of this Escrow Agreement, the sufficiency of the Escrow Fund or the moneys and Escrow Securities or any substitute Escrow Securities to pay the principal, interest and premium on the Series 2013 Certificates.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent’s understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 11. Amendment. (a) The parties hereto may, without the consent of or notice to the holders of the unpaid Certificates, enter into such agreements supplemental to this Escrow Agreement as
shall not materially, adversely affect the rights of such holders hereunder and shall not be inconsistent with the terms and provisions of this Escrow Agreement, for any one or both of the following purposes:

(1) to cure any ambiguity or formal defect or omission in this Escrow Agreement; and

(2) to grant or confer upon the Escrow Agent for the benefit of the holders of the Series 2013 Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent.

(b) The Escrow Agent shall enter into such agreements only upon receipt of, and shall be entitled to rely conclusively upon, an opinion of nationally recognized bond counsel to the effect that any such agreement complies with this Section 11, and does not materially adversely affect the rights of the holders of the Series 2013 Certificates.

Section 12. Execution of Counterparts. This Escrow Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 13. Notice to the Escrow Agent and the City. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the corporate trust office of the Escrow Agent at Wells Fargo Bank, National Association, 333 South Grand Ave., 5th floor, Los Angeles, CA 90071, Attention: Corporate Trust Department, or as otherwise specified by the Escrow Agent in accordance with the provisions of the Series 2013 Trust Agreement. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by certified or registered mail, and deposited, postage prepaid, in a post office letter box, addressed to the City at City of Moreno Valley, 14177 Frederick St., Moreno Valley, CA 92553, Attention: Chief Financial Officer (or at such other address as may have been filed in writing by the City with the Escrow Agent).

Section 14. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.
IN WITNESS WHEREOF, CITY OF MORENO VALLEY has caused this Escrow Agreement to be signed by its duly authorized representative and WELLS FARGO BANK, NATIONAL ASSOCIATION has caused this Escrow Agreement to be signed in its name by its duly authorized representative all as of the day and year first above written.

CITY OF MORENO VALLEY

By: ____________________________
     Authorized Representative

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee and Escrow Agent

By: ____________________________
     Authorized Representative

ACKNOWLEDGED AND ACCEPTED:

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ____________________________
     Authorized Representative
SCHEDULE I

ESCROW SECURITIES

[Tables __ and ___ from Verification Report]
(attached below)
EXHIBIT A

FORM OF NOTICE OF PREPAYMENT IN FULL

NOTICE OF PREPAYMENT IN FULL

CALIFORNIA COMMUNITIES LOCAL MEASURE A SALES TAX REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2013A (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

Date of Delivery: August 29, 2013

NOTICE IS HEREBY GIVEN by Wells Fargo Bank, National Association, as trustee (the “Trustee”), for and on behalf of the California Statewide Communities Development Authority (the “Authority”) and City of Moreno Valley (the “City”), that the California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) specified in the table below (the “Certificates”) evidencing and representing 2013 Installment Sale Payments by the City are subject to optional prepayment on June 1, 2023 (the “Prepayment Date”). The Certificates will be prepaid at a price equal to 100% of the principal evidenced and represented by the Certificates plus accrued interest to the Prepayment Date, without premium (the “Prepayment Price”). The Certificates were originally executed and delivered on August 29, 2013, pursuant to a trust agreement, dated as of August 1, 2013 (the “Trust Agreement”), among the Authority, the City and the Trustee. On the Prepayment Date there will become due and payable on each of the Certificates the Prepayment Price represented thereby, together with interest accrued with respect thereto to the Prepayment Date, and from and after such Prepayment Date, interest thereon shall cease to accrue. The Certificates to be prepaid are as follows:

<table>
<thead>
<tr>
<th>Maturing (June 1)</th>
<th>Principal Component</th>
<th>Interest Rate</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>$685,000</td>
<td>4.125%</td>
<td>13013V AH2</td>
</tr>
<tr>
<td>2025</td>
<td>715,000</td>
<td>4.375</td>
<td>13013V AJ8</td>
</tr>
<tr>
<td>2026</td>
<td>745,000</td>
<td>4.625</td>
<td>13013V AK5</td>
</tr>
<tr>
<td>2027</td>
<td>780,000</td>
<td>4.750</td>
<td>13013V AL3</td>
</tr>
<tr>
<td>2030</td>
<td>2,575,000</td>
<td>5.000</td>
<td>13013V AM1</td>
</tr>
<tr>
<td>2035</td>
<td>5,240,000</td>
<td>5.125</td>
<td>13013V AN9</td>
</tr>
<tr>
<td>2039</td>
<td>5,255,000</td>
<td>5.125</td>
<td>13013V AP4</td>
</tr>
</tbody>
</table>

[The Certificates are required to be surrendered at the addresses of the Trustee specified below. Payment of the Certificates called for prepayment will be made upon presentation and surrender of said Certificates as follows:

First Class/Registered/Certified  By Hand Only  Express Delivery Only

Additional information regarding the foregoing actions may be obtained from Wells Fargo Bank, National Association, Corporate Trust Department, Bondholder Relations, telephone number ___________.
Under the Tax Cuts and Jobs Act of 2017 (the “Act”), paying agents making payments of interest or principal on municipal securities may be obligated to withhold a 24% tax from remittance to individuals who have failed to furnish the paying agent with a certified and valid taxpayer identification number. Owners of the Certificates who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting the Certificates for payment.]

Capitalized terms used but undefined herein shall have the meaning given such terms in the Trust Agreement.

* None of the Authority, the City or the Trustee shall be held responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in this Prepayment Notice, which are included solely for the convenience of the Owners.

By WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee
EXHIBIT B

FORM OF NOTICE OF DEFEASANCE

NOTICE OF DEFEASANCE

CALIFORNIA COMMUNITIES LOCAL MEASURE A SALES TAX REVENUE
(INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2013A
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

Date of Delivery: August 29, 2013

NOTICE IS HEREBY GIVEN by Wells Fargo Bank, National Association, as trustee (the “Trustee”), for and on behalf of the California Statewide Communities Development Authority (the “Authority”) and the City of Moreno Valley (the “City”), that the California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) specified in the table below (the “Certificates”) evidencing and representing 2013 Installment Sale Payments by the City have been defeased through a deposit of certain Defeasance Obligations (as such term is defined in the Trust Agreement (as defined below) pursuant to which the Certificates were executed and delivered) (the “Escrow Securities”), in a total amount which, together with income or interest to accrue on such Escrow Securities and an initial cash deposit, has been verified in a report by [Verification Agent] to be sufficient to pay when due the interest and principal coming due with respect to the Certificates prior to June 1, 2023 (the “Prepayment Date”) and to prepay the Certificates on the Prepayment Date at the principal evidenced and represented by the Certificates plus accrued interest to the Prepayment Date, without premium. The Certificates were originally executed and delivered on August 29, 2013, pursuant to a trust agreement, dated as of August 1, 2013 (the “Trust Agreement”), among the Authority, the City and the Trustee. The Certificates defeased are as follows:

<table>
<thead>
<tr>
<th>Maturing (June 1)</th>
<th>Principal Component</th>
<th>Interest Rate</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$ 600,000</td>
<td>5.000%</td>
<td>13013V AE9</td>
</tr>
<tr>
<td>2022</td>
<td>630,000</td>
<td>5.000</td>
<td>13013V AF6</td>
</tr>
<tr>
<td>2023</td>
<td>660,000</td>
<td>4.000</td>
<td>13013V AG4</td>
</tr>
<tr>
<td>2024</td>
<td>685,000</td>
<td>4.125</td>
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</tr>
<tr>
<td>2025</td>
<td>715,000</td>
<td>4.375</td>
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</tr>
<tr>
<td>2026</td>
<td>745,000</td>
<td>4.625</td>
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</tr>
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</tr>
<tr>
<td>2039</td>
<td>5,255,000</td>
<td>5.125</td>
<td>13013V AP4</td>
</tr>
</tbody>
</table>

In accordance with the Trust Agreement, the Certificates have been defeased through the irrevocable deposit of cash and federal securities into the escrow fund for such Certificates (the “Escrow Fund”). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated as of ________ 1, 2020, by and between the City and Wells Fargo Bank, National Association, as Trustee and Escrow Agent thereunder, and acknowledged and accepted by the California Statewide Communities Development Authority (the “Authority”). As a result of such deposit, the Owners of such Certificates cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement [and, if such payment shall pay the Certificates in full on the maturity or prepayment date,[and] all agreements, covenants and other obligations of the Authority and the City to the Owners of
the Certificates under the Trust Agreement, and the right, title and interest of the Authority in the 2013 Installment Sale Agreement and the obligations of the City under the 2013 Installment Sale Agreement, has ceased, terminated and become void and be discharged and satisfied. The pledge of the funds provided for under the Trust Agreement and all other obligations of the Authority and the City to the Owners and beneficial owners of the Certificates shall hereafter be limited to the application of moneys in the Escrow Fund for the payment and prepayment of the Certificates.

On the Prepayment Date there will become due and payable on each of the Certificates the Prepayment Price represented thereby, together with interest accrued with respect thereto to the Prepayment Date, and from and after such Prepayment Date, interest thereon shall cease to accrue.

The filing of this notice does not constitute or imply any representation regarding any other financial or operating information about the Authority or the City or any representation that no other circumstances or events have occurred which may have a bearing on the Authority’s or the City’s financial condition or an investor’s decision to buy, sell or hold any certificates, bonds or other obligations that relate to the Authority or the City.

Capitalized terms used but undefined herein shall have the meaning given such terms in the Trust Agreement.

* None of the Authority, the City or the Trustee shall be held responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in this Defeasance Notice, which are included solely for the convenience of the Owners.

By WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee
EXHIBIT C

FORM OF ORDER OF THE AUTHORITY

CALIFORNIA COMMUNITIES LOCAL MEASURE A SALES TAX REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2013A (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

ORDER OF THE AUTHORITY

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION, as escrow agent (the “Escrow Agent”) under the Escrow Agreement, dated as of _______ 1, 2020 (the “Escrow Agreement”), by and between City of Moreno Valley (the “City”) and the Escrow Agent, and as trustee (the “Trustee”) under the trust agreement, dated as of August 1, 2013 (the “Series 2013 Trust Agreement”), among the California Statewide Communities Development Authority (the “Authority”), the City and the Trustee.

In accordance with Sections 2.03 and 8.01 of the Series 2013 Trust Agreement, the Authority hereby authorizes, directs and irrevocably instructs you to prepay the Certificates as set forth in the Escrow Agreement and to apply the moneys and proceeds of securities transferred to or deposited with you as Escrow Agent pursuant to the Escrow Agreement to the payment of the principal or Prepayment Price and interest with respect to the California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program).

The Authority has caused to be delivered to the Insurer (as defined in the Series 2013 Trust Agreement) and the Trustee: (i) a report of an Independent Certified Public Accountant or such other accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or prepayment date, (ii) an escrow deposit agreement or refunding instructions and agreement (in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer “Outstanding” under the Series 2013 Trust Agreement, and (iv) a certificate of discharge of the Trustee with respect to the Certificates.

The Authority makes no representation hereby as to compliance with the requirements of the Series 2013 Trust Agreement or the Agreement as defined therein.

Capitalized terms used but not defined in this certificate shall have the meanings ascribed thereto in the Series 2013 Trust Agreement.

Dated: _______ __, 20__. 
THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ________________________________

Authorized Officer
EXHIBIT D

FORM OF NOTICE OF DISCHARGE OF TRUST AGREEMENT

CALIFORNIA COMMUNITIES LOCAL MEASURE A SALES TAX REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2013A (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)

CERTIFICATE OF RELEASE AND SATISFACTION REGARDING TRUST AGREEMENT

The undersigned, an authorized officer of Wells Fargo Bank, National Association, DOES HEREBY CERTIFY as follows:

1. In accordance with the provisions of that certain Trust Agreement, dated as of August 1, 2013 (the “Trust Agreement”), by and between the California Statewide Communities Development Authority (the “Authority”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”), the Trustee executed and delivered the California Communities Local Measure A Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2013A (T.R.I.P. – Total Road Improvement Program) evidencing principal in $20,000,000 aggregate principal amount, of which $17,885,000 principal amount is currently outstanding (the “Certificates”) evidencing and representing proportionate and undivided interests in 2013 Installment Sale Payments made by the City of Moreno Valley (the “City”) under the 2013 Installment Sale Agreement, dated as of August 1, 2013, between the Authority and the City (the “2013 Installment Sale Agreement”).

2. Section 8.01 of the Trust Agreement provides that the Trust Agreement and the pledge of Revenues and other assets made thereunder and all covenants, agreements and other obligations of the Authority and the City with respect to the Certificates under the Trust Agreement shall cease as provided thereunder upon the deposit with the Trustee, in trust, of money or securities in the amount necessary as provided in the Trust Agreement.

3. Wells Fargo Bank, National Association, as Trustee, is further acting as Escrow Agent as defined in the Escrow Agreement, dated as of ______ 1, 2020 (the “Escrow Agreement”), between the City and Wells Fargo Bank, National Association, as Trustee and acting in its capacity as escrow agent thereunder (the “Escrow Agent”), and acknowledged and accepted by the Authority, with respect to the Certificates.

4. The Trustee hereby certifies that it has received written direction of the City with respect to prepayment of the 2013 Installment Sale Payments under the 2013 Installment Sale Agreement at a prepayment price equal to the principal amount of the outstanding 2013 Certificates plus accrued interest to the date of prepayment. The Escrow Agent, on the date hereof, hereby certifies that it has received the amount of $_______, constituting a portion of the proceeds of the Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program), the receipt of which is hereby acknowledged, and said amount has been deposited on the date hereof in the Escrow Fund established pursuant to the Escrow Agreement.

5. The Authority has delivered to the Trustee its Order of the Authority, dated the date hereof, under which the Authority elects, at the request of the City to defease the Certificates and the pledge of Revenues (as defined in the Trust Agreement) and other assets under the Trust Agreement with respect to such Certificates.
6. The City has caused for there to be deposited with the Escrow Agent, in trust, money in an amount necessary to prepay the Certificates, together with a Verification Report on which the Trustee shall rely to make this certification and written direction of the City and irrevocable instruction to provide notice of prepayment thereof in satisfaction of Article VIII of the Trust Agreement. The City remains responsible for paying any Escrow Agent or Trustee fees due until the Certificates are paid in full and the Escrow Agreement has terminated.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

Dated: ________, 2020

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: ________________________________
    Authorized Representative