OFFICIAL NOTICE OF SALE

$33,000,000*
SUCCESSOR AGENCY TO THE
INDIAN WELLS REDEVELOPMENT AGENCY
CONSOLIDATED WHITEWATER REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS, SERIES 2026A

NOTICE IS HEREBY GIVEN that electronic bids will be received in the manner described below through the S&P Global Market Intelligence BiDCOMP™/PARITY® System ("**Parity**") by the Successor Agency To The Indian Wells Redevelopment Agency (the "**Successor Agency**") for the purchase of the tax allocation refunding bonds captioned above (the "**Bonds**"). Bidding procedures and sale terms are as follows:

Issue: The Bonds are described in the Successor Agency's Preliminary Official Statement for the Bonds dated September 4, 2026 (the "**Preliminary Official Statement**").

Time: Bids for the Bonds must be received by the Successor Agency by 8:30 a.m, California time, on September 15, 2026.

Place: Electronic bids must be submitted in the manner and subject to the terms and conditions described under "TERMS OF SALE—Form of Bids; Delivery of Bids" below, but no bid will be accepted after the time for receiving bids specified above.

THE RECEIPT OF BIDS ON SEPTEMBER 15, 2026, MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE SUCCESSOR AGENCY THROUGH THOMSON REUTERS AND/OR BLOOMBERG BUSINESS NEWS (COLLECTIVELY, THE "NEWS SERVICES") AND/OR PARITY (AS DESCRIBED IN "TERMS OF SALE—FORM OF BIDS; DELIVERY OF BIDS" BELOW) AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. Notice of the new date and time for receipt of bids shall be given through Parity and/or one or more of the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice in writing from the Successor Agency's municipal advisor (the "**Municipal Advisor**"):

Columbia Capital Management
Attention: James Prichard or Curt de Crinis
telephone number, (913) 312-8072
e:mail: jprichard@columbiacapital.com
cdecrinis@columbiacapital.com

However, failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale of the Bonds. See "TERMS OF SALE— Postponement or Cancellation of Sale."

The Successor Agency reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amounts for the maturities of the Bonds; provided, that any such modification or amendment will be communicated to potential bidders through one or more of the News Services and/or Parity not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale of the Bonds. Bidders are required to bid upon the Bonds as so modified or amended. See "TERMS OF SALE—Right to Modify or Amend."

Bidders are referred to the Preliminary Official Statement for additional information regarding the Successor Agency, the Bonds, the security for the Bonds and other matters. See "CLOSING PROCEDURES AND DOCUMENTS—Official Statement." Capitalized terms used and not defined in this Official Notice of Sale have the meanings given to them in the Preliminary Official Statement.

This Official Notice of Sale will be submitted for posting to Parity (as described in "TERMS OF SALE—Form of Bids; Delivery of Bids" below). If the summary of the terms of sale of the Bonds posted on Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE SUCCESSOR AGENCY FOR ISSUANCE, PURPOSES, PAYMENT OF PRINCIPAL AND INTEREST, REDEMPTION, DEFEASANCE, SOURCES AND USES OF FUNDS, SECURITY AND SOURCES OF PAYMENT, FORM OF LEGAL OPINION OF BOND COUNSEL AND OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION OF THE BONDS CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Issue. The Bonds will be issued as fully registered bonds without coupons in book-entry only form in denominations of one Bond for each maturity of the Bonds, all dated the date of delivery, which is expected to be September 30, 2026. If the sale is postponed, notice of the new date of the sale will also set forth any new expected date of delivery of the Bonds.

Book-Entry Only. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only in denominations of $5,000 or any integral multiple thereof and the successful bidder (the "**Purchaser**") will not receive certificates representing its interest in the Bonds purchased. As of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Interest Rates. Interest on the Bonds will be payable on March 1, 2027, and semiannually thereafter on March 1 and September 1 of each year (each an "**Interest Payment Date**"). Interest

shall be calculated on the basis of a 30-day month, 360-day year from the dated date of the Bonds. Bidders may specify any number of separate interest rates for the Bonds, and the same interest rate or rates may be repeated as often as desired, provided:

(i) each interest rate specified in any bid for the Bonds must be a multiple of one-twentieth or one-eighth of one percent per annum;

(ii) the maximum interest rate bid for any maturity shall not exceed 5.500% per annum;

(iii) no Bond shall bear a zero rate of interest;

(iv) each Bond shall bear interest from its dated date to its stated maturity date at the single rate of interest for the respective Bond specified in the bid; and

(v) all Bonds maturing at any one time shall bear the same rate of interest. See the Preliminary Official Statement – "THE BONDS – Description of the Bonds."

Maximum Discount. All bids must be for not less than all of the Bonds hereby offered for sale and must provide for a purchase price of not less than 99% of the aggregate par amount thereof.

Principal Payments. The Bonds shall be serial and/or term Bonds, as specified by each bidder, and principal shall be payable on September 1 of each year, commencing on September 1, 2027, as shown below. Subject to the Successor Agency's right to modify or amend this Notice of Sale (see "TERMS OF SALE—Right to Modify or Amend"), the final maturity of the Bonds shall be September 1, 2034. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of $5,000. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the Bonds is shown below for information purposes only. **Bidders for the Bonds must provide bids for all of the Bonds Principal Amounts.**

Subject to the Successor Agency's right to modify or amend this Notice of Sale (see "TERMS OF SALE—Right to Modify or Amend"), and to adjustment as provided in this Notice of Sale (see "— Adjustment of Principal Payments"), the aggregate principal amount of the serial maturity or mandatory sinking fund payment for the Bonds in each year is as follows:

Maturity Date (September 1)	Principal Amount
2027	$3,700,000
2028	3,605,000
2029	3,775,000
2030	3,970,000
2031	4,160,000
2032	4,380,000
2033	4,585,000
2034	4,825,000

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the Successor Agency with respect to the likely interest rates and reoffering yields of the winning bid and the premium/discount that will be contained in the winning bid. **The Successor Agency reserves the right to change the principal payment schedule set forth above after the determination of the successful bidder, by adjusting one or more of the principal payments of the Bonds, in increments of $5,000, as determined in the sole discretion of the Successor Agency, in order to provide sufficient proceeds to accomplish the purposes of the financing, reduce principal to eliminate excess proceeds due to a bid premium, increase principal to compensate for bid discount and to achieve approximately level annual debt service. Any such adjustment will not change the average per Bond dollar amount of the underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn.**

See also "TERMS OF SALE—Right to Modify or Amend," regarding the Successor Agency's right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturity and mandatory sinking fund payment dates, along with corresponding principal amounts with respect thereto.

A BIDDER AWARDED THE BONDS BY THE SUCCESSOR AGENCY WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF SUCH BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

Optional Redemption of the Bonds. The Bonds are not subject to optional call and redemption prior to maturity.

Legal Opinions and Tax Matters. Upon delivery of the Bonds, Best Best & Krieger LLP, Bond Counsel to the Successor Agency ("**Bond Counsel**"), will deliver its legal opinion as to the validity and enforceability of the Bonds.

A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. A copy of the opinion of Bond Counsel will be furnished to

the Purchaser upon delivery of the Bonds. See the Preliminary Official Statement – "TAX MATTERS."

TERMS OF SALE

Maximum Discount. All bids must provide for a purchase price of not less than 99% of the aggregate par amount of the Bonds. Individual maturities of the Bonds may be reoffered at par, a premium or a discount.

Optional Bond Insurance. Build America Mutual Assurance Company ("BAM") has qualified the Bonds for a municipal bond insurance policy. The purchase of such policy shall be at the sole option and expense of the successful bidder. The successful bidder shall be responsible for the insurance premium and any increased costs of issuance of the Bonds resulting from the purchase and issuance of such policy. Any failure of BAM to issue such policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of its bid.

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds offered for sale, (2) unconditional, and (3) comply with the interest rate parameters as described in "TERMS RELATED TO THE BONDS—Interest Rate" above and (4) submitted via Parity; and after the verbal award, an email copy of the completed and signed applicable Official Bid Form, in Exhibit B, conforming to the Parity bid by the successful bidder, with any adjustments made by the Successor Agency pursuant hereto must be submitted by the successful bidder. Electronic bids must conform to the procedures established by Parity. No bid submitted to the Successor Agency shall be subject to withdrawal or modification by the bidder.

All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids for the Bonds shall be rejected. No bid submitted to the Successor Agency shall be subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The Successor Agency retains absolute discretion to determine whether any bidder is a responsible bidder and whether any bid is timely, legible and complete and conforms to this Official Notice of Sale. The Successor Agency takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

Electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact either the Municipal Advisor at the number provided above or Parity at: (212) 849-5023.

Warnings Regarding Electronic Bids. Bids for the Bonds must be submitted electronically via Parity. However, none of the Successor Agency, the Municipal Advisor or Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by electronic transmission.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions:

(1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity and/or the News Services, will control;

(2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale;

(3) the Successor Agency will not have any duty or obligation to provide or ensure access to Parity to any bidder, and the Successor Agency will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity;

(4) the Successor Agency is permitting use of Parity as a communication mechanism, and not as an agent of the Successor Agency, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the Successor Agency;

(5) the Successor Agency is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity;

(6) the Successor Agency may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory;

(7) if the bidder's bid is accepted by the Successor Agency, the signed, completed and conforming Official Bid Form submitted by the bidder by email or facsimile transmission after the verbal award, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and

(8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the Successor Agency unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost to the Successor Agency. The true interest cost will be that nominal interest rate that, when compounded semiannually on the basis of a 30-day month, 360-day year and applied to discount all payments of principal and interest payable on the Bonds to the dated date of the Bonds, results in an amount equal to the principal amount of the Bonds plus the amount of any net premium or discount. For the purpose of calculating the true interest cost, mandatory sinking fund payments for any term Bonds specified by a bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payments. In the event that two or more bidders offer bids for the Bonds at the same true interest cost, the Successor Agency will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the Successor Agency.

No Good Faith Deposit. No good faith deposit is required.

Establishment of Issue Price for the Bonds. In the event the Successor Agency receives at least three (3) bona fide bids for the Bonds, then the Issue Price for the Bonds shall be established based on the reasonably expected initial offering prices of the Bonds as of the Sale Date (the "Expected Offering Prices"). The Expected Offering Prices shall consist of the prices for each maturity of the Bonds used by the successful bidder in formulating its bid to purchase the Bonds. The successful bidder shall be required to deliver on the date of original delivery of the Bonds to the successful bidder (the "Delivery Date") a certificate in the form attached hereto as Exhibit A (a "**Reoffering Price Certificate**"), and provide to the Successor Agency and Bond Counsel, in writing, the Expected Offering Prices as of the Sale Date.

In the event the Successor Agency receives fewer than three (3) bona fide bids for the Bonds, then the Issue Price for the Bonds shall be established based on the first price at which at least 10% of each maturity of the Bonds was sold to the Public (as defined below), unless the successful bidder elects the hold-the-offering-price rule as further described below. The successful bidder shall be required to deliver on the Delivery Date a certificate to such effect, and provide to the Successor Agency, in writing, evidence satisfactory to Bond Counsel to the Successor Agency of such sales prices for each maturity of the Bonds. In the event that the successful bidder has not sold at least 10% of each maturity of the Bonds to the Public as of the Delivery Date (each, an "Unsold Maturity"), the successful bidder shall (i) provide to the Successor Agency, in writing, on the Delivery Date, the Expected Offering Prices for each Unsold Maturity and a certificate regarding same and (ii) have a continuing obligation to provide to the Successor Agency, in writing, evidence satisfactory to Bond Counsel to the Successor Agency of the first price at which at least 10% of each Unsold Maturity is sold to the Public, contemporaneous with each such sale, until at least 10% of all such Unsold Maturities have been sold to the Public. The proposed form of such certificate with respect to the Issue Price of the Bonds will be provided upon request to the Municipal Advisor.

As used herein, the term "Sale Date" means the date on which bids are received for the purchase of the Bonds, being September 15, 2026 (or such other date to which the sale of the Bonds is postponed as described above). The term "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (as defined herein) or a related party to an Underwriter. The term "related party" generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. As used herein, the term "Underwriter" means (i) any person that agrees pursuant to a written contract with the Successor Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

For the purposes of this paragraph, sales of the Bonds to the other securities brokers or dealers will not be considered sales to the general public.

The Successor Agency may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The successful bidder shall advise the Successor Agency if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. Any maturities of the Bonds that do not satisfy the 10% test as of the date and time of the award shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements described above are not satisfied. Bidders should prepare their

bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid (unless the successful bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public), the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (1) the close of the fifth (5th) business day after the sale date; or (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public. The successful bidder will advise the Successor Agency promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Successor Agency acknowledges that, if the hold-the-offering price rule applies, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Successor Agency further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds. If the hold-the-offering price rule applies, the proposed form of such certificate with respect to the Issue Price of the Bonds will be provided upon request to the Municipal Advisor.

Right of Rejection and Waiver of Irregularity. The Successor Agency reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. Other than with respect to postponement or cancellation as described in this Official Notice of Sale, and in addition to the Successor Agency's right to adjust the payment amounts of the Bonds as provided in "TERMS RELATING TO THE BONDS— Adjustment

of Principal Payments" the Successor Agency reserves the right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity for the Bonds and adding or deleting a maturity, along with corresponding principal amounts with respect thereto; provided, that, subject to the terms of this Notice of Sale (see "TERMS RELATING TO THE BONDS—Adjustment of Principal Payments") any such modification or amendment will be communicated to potential bidders through Parity and/or the News Services not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale of the Bonds.

Postponement or Cancellation of Sale. The Successor Agency may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity and/or the News Services as soon as practicable following such postponement or cancellation. If a sale is postponed, notice of a new sale date will be given through Parity and/or the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

Prompt Award. The Successor Agency will take official action awarding the Bonds or rejecting all bids with respect to the Bonds not later than 24 hours after the time for receipt of bids for the Bonds, unless such time period is waived by the Purchaser.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Bonds will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about September 30, 2026.** Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the Trustee. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The Successor Agency will deliver to the Purchaser, dated as of the delivery date, the legal opinion with respect to the Bonds described in Appendix B to the Preliminary Official Statement.

Qualification for Sale. The Successor Agency will furnish such information and take such action not inconsistent with law as the Purchaser may request and the Successor Agency may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the Successor Agency will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. Upon delivery of the Bonds, the Successor Agency will deliver a certificate stating that no litigation of any nature is pending, or to the knowledge of the officer of the Successor Agency executing such certificate, threatened, restraining or enjoining the sale, issuance or delivery of the Bonds or any part thereof, or the entering into or performance of any obligation of the Successor Agency, or concerning the validity of the Bonds, the ability of the

Successor Agency to levy and collect the special taxes required to pay debt service on the Bonds, the corporate existence of the Successor Agency, or the entitlement of any officers of the Successor Agency who will execute the Bonds to their respective offices.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract for the sale of the Bonds if the Successor Agency fails to execute the Bonds and tender the same for delivery within 30 days from the sale date, and in such event the Purchaser will not be entitled to any damages or other compensation.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the successful bidder. The Municipal Advisor shall be responsible for obtaining the CUSIP numbers and providing them to the Successor Agency and the successful bidder.

Expenses of the Successful Bidder. California Debt and Investment Advisory Commission fees (under California Government Code Section 8856), The Depository Trust Company charges and all other expenses of the successful bidder will be the responsibility of the successful bidder. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission, within 60 days from the sale date, the statutory fee for the Bonds purchased.

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon written request to the Municipal Advisor. (The contact information for the Municipal Advisor is set forth above in this Official Notice of Sale.) In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**"), the Successor Agency deems the Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. Within seven business days after the date of award of the Bonds, the Purchaser of the Bonds will be furnished with a reasonable number of copies (not to exceed 50) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds.

By submitting a bid for the Bonds, the Purchaser of the Bonds agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the sale and delivery of the Bonds by the Purchaser, including, without limitation, the delivery of a final Official Statement, including any supplements, to each investor who purchases Bonds.

The form and content of the final Official Statement is within the sole discretion of the Successor Agency. The name of a Purchaser of the Bonds will not appear on the cover of the final Official Statement.

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an authorized representative of the Successor Agency, confirming to the Purchaser that (i) such authorized representative has determined that, to the best of such authorized representative's knowledge and belief, the final Official Statement (excluding reoffering information, information relating to The Depository Trust Company and its book-entry system, as to

which no view will be expressed) did not as of its date, and does not as of the date of closing, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (ii) such authorized representative knows of no material adverse change in the condition or affairs of the Successor Agency that would make it unreasonable for such Purchaser of the Bonds to rely upon the final Official Statement in connection with the resale of the Bonds, and (iii) the Successor Agency authorizes the Purchaser of the Bonds to distribute copies of the final Official Statement in connection with the resale of the Bonds.

Purchaser Certificate Concerning Official Statement. As a condition of delivery of the Bonds, the Purchaser of the Bonds will be required to execute and deliver to the Successor Agency, prior to the date of closing, a certificate to the following effect:

(i)The Purchaser has provided to the Successor Agency the initial reoffering prices or yields on the Bonds as printed in the final Official Statement, and the Purchaser has made a bona fide offering of the Bonds to the public at the prices and yields so shown.

(ii) The Purchaser has not undertaken any responsibility for the contents of the final Official Statement. The Purchaser, in accordance with and as part of its responsibilities under the federal securities laws, has reviewed the information in the final Official Statement and has not notified the Successor Agency of the need to modify or supplement the final Official Statement.

(iii) The foregoing statements will be true and correct as of the date of closing.

Continuing Disclosure. In order to assist bidders in complying with Rule 15c2-12, the Successor Agency will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, operating data and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

The Successor Agency believes it is in compliance in all material respects with its prior continuing disclosure undertaking. See the Preliminary Official Statement – "CONTINUING DISCLOSURE."

Additional Information. Prospective bidders should read the entire Preliminary Official Statement, copies of which may be obtained in electronic form from the Municipal Advisor.

Sales Outside of the United States. The Purchaser must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any resale of the Bonds to persons outside the United States.

Date: September 4, 2026.

EXHIBIT A TO OFFICIAL BID FORM
FORM OF REOFFERING PRICE CERTIFICATE*

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE MET (I.E., 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)

$ _____

SUCCESSOR AGENCY TO THE
INDIAN WELLS REDEVELOPMENT AGENCY
CONSOLIDATED WHITEWATER REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS, SERIES 2026A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [**NAME OF UNDERWRITER**] (**"**[**SHORT NAME OF UNDERWRITER**]**"**), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [**SHORT NAME OF UNDERWRITER**] are the prices listed in Schedule 1 (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [**SHORT NAME OF UNDERWRITER**] in formulating its bid to purchase the Bonds. Attached as Schedule 1 is a true and correct copy of the bid provided by [**SHORT NAME OF UNDERWRITER**] to purchase the Bonds.

(b) [**SHORT NAME OF UNDERWRITER**] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [**SHORT NAME OF UNDERWRITER**] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [**DATE**].

(d) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the

Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [**SHORT NAME OF UNDERWRITER**]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Best Best & Krieger LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [**ISSUE DATE**]

[**UNDERWRITER**]

By: _____
Name and Title

SCHEDULE 1

EXPECTED OFFERING PRICES

Maturity Dates (September 1)	Principal Amount	Interest Rate	Offering Price or Yield

* Subject to adjustment in accordance with the Official Notice of Sale.
† To be completed by Purchaser.

OFFICIAL BID FORM BID FOR THE PURCHASE OF
$
SUCCESSOR AGENCY TO THE
INDIAN WELLS REDEVELOPMENT AGENCY
CONSOLIDATED WHITEWATER REDEVELOPMENT PROJECT AREA
TAX ALLOCATION REFUNDING BONDS, SERIES 2026A

_____, 2026

Ladies and Gentlemen:

We offer to purchase the $_____ Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A dated as of the date of delivery, expected to be _____, 2026, and in the principal amounts, in such denominations, maturing on September 1 in the years and bearing interest as follows:

Maturity Date (September 1)	Principal Amount	Serial Maturity	Sinking Account Redemption *(check)*	Interest Rate
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		____	____	____

and to pay therefor the principal amount thereof, plus a premium of $_____ or minus a discount of $_____ on the aggregate principal amount (making an aggregate sum of $_____).

This bid is made subject to all the terms and conditions of the Official Notice of Sale for said Bonds dated as of _____, 2026, all of which terms and conditions are made a part hereof as fully as though set forth in full in this bid.

This proposal is subject to acceptance, in whole or in part, within twenty-six (26) hours after the expiration of the time for the receipt of proposals, as specified in said Official Notice of Sale.

We hereby request that _____ (not to exceed 100) printed copies of the Official Statement pertaining to the Bonds be furnished us in accordance with the terms of said Official Notice of Sale.

The following is our computation made as provided in the Official Notice of Sale, but not constituting any part of the foregoing, of the true interest cost under the foregoing proposal:

Total Interest $_____

True Interest Cost _____%

Following is a list of the members of our account on whose behalf this bid is made.

_____

_____

_____

Respectfully submitted,

Name of Firm: _____

By: _____

Address:_____

Agency:_____ State:_____ Zip:_____

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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 4, 2026

NEW ISSUE RATINGS: **S&P : "AA-"**
BOOK ENTRY ONLY **See "RATINGS"**

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Series 2026A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Series 2026A Bonds is exempt from California personal income taxes. See the caption "OTHER INFORMATION – Tax Matters."

$33,000,000*
Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2026A

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

The Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A (the "Series 2026A Bonds") will be issued by the Successor Agency to the Indian Wells Redevelopment Agency (the "Successor Agency") to assist in refinancing certain redevelopment activities with respect to the Consolidated Whitewater Project Area of the Successor Agency (the "Project Area"), as further described herein. The Series 2026A Bonds will be secured and payable under an Indenture of Trust, dated as of May 1, 2014 (the "Original Indenture") as supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, a Second Supplemental Indenture of Trust, dated as of July 1, 2016, a Third Supplemental Indenture of Trust, dated as of June 1, 2020 and a Fourth Supplemental Indenture of Trust, dated as of September 1 2026 (as amended, the "Indenture"), each by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The payments due under the Indenture will be secured by a pledge of, security interest in and lien on Pledged Tax Revenues (as defined in the Indenture and described herein) allocated as described herein on parity with the Series 2020A Bonds (as defined herein) and subject to certain Pre-Existing Agreements (as defined herein) of the Successor Agency outstanding in the aggregate principal amount of $4,380,000. The Successor Agency has covenanted not to issue any obligations payable from Tax Increment Revenues (as defined in the Indenture and described herein) on a senior basis to the Series 2026A Bonds. See "SECURITY FOR THE BONDS."

The Series 2026A Bonds are being issued in fully registered form, and when issued, will be registered in the name of the Initial Purchaser. The Series 2026A Bonds are being issued in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2026A Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2027. Payments of principal, premium, if any, and interest on the Series 2026A Bonds will be payable by the Trustee, by wire transfer to the Initial Purchaser, as more fully described herein.

The Series 2026A Bonds are not subject to optional redemption prior to maturity as described herein.

Series 2026A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City of Indian Wells (the "City"), the County of Riverside (the "County"), the State of California (the "State") nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2026A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2026A Bonds. The issuance of the Series 2026A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meanings set forth herein.

For a discussion of some of the risks associated with a purchase of the Series 2026A Bonds, see "BOND OWNERS' RISKS."

MATURITY SCHEDULE
See inside front cover

The Series 2026A Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the Series 2026A Bonds by Best Best & Krieger LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Successor Agency by Best Best & Krieger LLP, as Disclosure Counsel, and by the City Attorney, and for the Trustee by its counsel. It is anticipated that the Series 2026A Bonds will be available for delivery through the facilities of The Depository Trust Company on or about September 30, 2026.

Dated: _____

* Preliminary, subject to change.

MATURITY SCHEDULE

$33,000,000[*]
Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2026A

MATURITY SCHEDULE

BASE CUSIP®[1] _____

Maturity Date (September 1)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP®† Suffix***
2027	$3,700,000	%	%		
2028	3,605,000				
2029	3,775,000				
2030	3,970,000				
2031	4,160,000				
2032	4,380,000				
2033	4,585,000				
2034	4,825,000				

[*] Preliminary, subject to change.

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Utility Authority, the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

INDIAN WELLS SUCCESSOR AGENCY
CITY COUNCIL

Dr. Toper Taylor, Mayor
Brian M. Penna, *Mayor Pro-Tem*
Greg Sanders, *Council Member*
Dana Reed, *Council Member*
Bruce Whitman, *Council Member*

SUCCESSOR AGENCY/CITY STAFF

Christopher Freeland, *City Manager*
Kevin McCarthy, *Finance Director*
Best Best & Krieger LLP, *City Attorney and General Counsel to the Successor Agency*

SPECIAL SERVICES

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

Bond Counsel and Disclosure Counsel
Best Best & Krieger LLP
Riverside, California

Municipal Advisor
Columbia Capital Management, LLC
Carlsbad, California

Fiscal Consultant
Urban Analytics, LLC
San Francisco, California

Verification Agent
Causey Public Finance, LLC
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Series 2026A Bonds other than as 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, nor shall there be any sale of the Series 2026A Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Successor Agency. 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 the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

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 words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein) and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Series 2026A Bond and the Successor Agency.

The issuance and sale of the Series 2026A Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2026A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2026A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE INSIDE FRONT COVER PAGE OF THIS OFFICIAL STATEMENT AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The City maintains a website and certain social media accounts for various purposes. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026A Bonds.

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$33,000,000*
Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project Area
Tax Allocation Refunding Bonds, Series 2026A

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Series 2026A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Indian Wells Redevelopment Agency (the "Successor Agency") of its Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A (the "Series 2026A Bonds"). The Series 2026A Bonds will be issued to assist in refinancing certain redevelopment activities with respect to the Consolidated Whitewater Project Area of the Successor Agency (the "Project Area"), as further described herein.

The Series 2026A Bonds will be secured and payable under an Indenture of Trust, dated as of May 1, 2014 (the "Original Indenture") as supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, a Second Supplemental Indenture of Trust, dated as of July 1, 2016, a Third Supplemental Indenture of Trust, dated as of June 1, 2020, and a Fourth Supplemental Indenture of Trust, dated as of September 1, 2026 (as amended, the "Indenture"), each by and between the Successor Agency and U. S. Bank Trust Company, National Association, as successor to MUFG Union Bank, N.A.., as trustee (the "Trustee"). The payments due under the Indenture will be secured by a pledge of, security interest in and lien on Pledged Tax Revenues (as defined in the Indenture and described below) allocated on parity with the Series 2020A Bonds and (each as defined herein) and subject to certain Pre-Existing Agreements and Statutory Tax Sharing payments) (each as defined below). As defined in the Indenture, the term "Pre-Existing Agreements" means the contractual and statutory obligations secured by a lien on Tax Increment Revenues superior to the lien securing the Bonds. See "SECURITY FOR THE BONDS – Tax Sharing." The Successor Agency has covenanted not to issue any obligations payable from Tax Increment Revenues, described herein, on a senior basis to the Series 2026A Bonds. See "SECURITY FOR THE BONDS."

Purpose

The Series 2026A Bonds are being issued to refund, on a current basis, all of the outstanding Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2015A outstanding in the aggregate principal amount of $2,435,000 and Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2016A outstanding in the aggregate principal amount of $32,300,000 (the "Refunded Bonds"). Proceeds of the Series 2026A Bonds will additionally be applied to fund the premium for a Debt Service Reserve Insurance Policy for the reserve account for the Series 2026A Bonds, and to pay costs of issuance of the Series 2026A Bonds,

* Preliminary, subject to change.

including the premium for the 2026 Reserve Policy (as such terms are defined below). See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Refunded Bonds were issued pursuant to the Original Indenture as supplemented and amended by the First Supplemental Indenture of Trust, dated as of August 1, 2015 and the Second Supplemental Indenture of Trust, dated as of July 1, 2016.

The City

The City of Indian Wells (the "City") is located in the Coachella Valley in eastern Riverside County (the "County"), 20 miles southeast of Palm Springs and 120 miles southeast of Los Angeles. The City is traversed by State Highway 111, which connects the Coachella Valley desert communities to Interstate 10. For many years the region has been popular with vacationers and retirees because of the dry desert climate, resort amenities, and close proximity to population centers in Los Angeles, Orange County, and San Diego, all of which are within approximately two hours driving time. The City was incorporated as a general law city on July 14, 1967. Subsequently, upon the approval of the voters on November 5, 2002, the City became a charter city. The population is 4,862. For certain information regarding the City, see APPENDIX B – "GENERAL INFORMATION CONCERNING THE CITY OF INDIAN WELLS."

The Successor Agency

As described below, the Successor Agency has succeeded to certain rights of the Indian Wells Redevelopment Agency (the "Former Agency"). The Former Agency was activated by the City Council (the "City Council") of the City in 1981, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 *et seq*. of the California Health and Safety Code) (the "Redevelopment Law").

Pursuant to California legislation enacted in 2011 and 2012 and most recently in 2014 (as more fully described herein, the "Dissolution Act"), redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See "–The Project Area" below. Additional amendments constituting a portion of the Dissolution Act resulted from the enactment of Senate Bill No. 107 ("SB 107") (Chapter 325, Statutes of 2015), which became effective on September 22, 2015. See also "SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

The Project Area

The Redevelopment Plan for the Project Area (as amended, the "Redevelopment Plan") was adopted by the City Council on July 15, 1982. The Project Area represents approximately 80% of the City's total acreage. Tax Increment Revenues (as defined in the Indenture and described herein) are generated from approximately 3,327 acres of the Project Area. See "THE CONSOLIDATED WHITEWATER PROJECT AREA."

Under the Dissolution Act, the Series 2026A Bonds will be secured by a pledge of, and payable from Pledged Tax Revenues (as defined in the Indenture and described herein) consisting mainly of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Riverside (the "County Auditor-Controller") with respect to the Successor Agency (the "Redevelopment Property Tax Trust Fund" or "RPTTF"). DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES OR PLEDGED TAX REVENUES NOW

REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to make payments under certain enforceable obligations, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Series 2026A Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See "SECURITY FOR THE BONDS – Tax Revenues Allocable to the Successor Agency."

Authority for Issuance of the Series 2026A Bonds

The Series 2026A Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act, the Redevelopment Law and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California.

The Series 2026A Bonds will be payable from and secured by, designated property tax (formerly tax increment revenues) related to the Project Area (the Pledged Tax Revenues), which will include, moneys deposited, from time to time, in the RPTTF on a parity with the Series 2020A Bonds. Pledged Tax Revenues exclude Pre-Existing Agreements as more fully described herein. See "SECURITY FOR THE BONDS."

The issuance of the Series 2026A Bonds was subject to approvals under the Dissolution Act, of the Countywide Oversight Board, as described below, and the Department of Finance of the State of California (the "State Department of Finance"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY." The Successor Agency approved the issuance of the Series 2026A Bonds by resolution adopted on May 11, 2026. The Countywide Oversight Board approved the issuance of the Series 2026A Bonds by the Successor Agency by resolution adopted on June 9, 2026. The State Department of Finance released its letter approving the Countywide Oversight Board Resolution approving the issuance of the Series 2026A Bonds on June 17, 2026. The Series 2026A Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act. The Series 2026A Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act, the Redevelopment Law and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California.

Pursuant to, and as indebtedness under, the Indenture, the Successor Agency has previously issued bonds, designated as $7,220,000 Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2020A (the "Series 2020A Bonds"). The Series 2020A Bonds, the Series 2026A Bonds and any Parity Debt issued as bonds are referred to collectively as, the "Bonds." The Series 2026A Bonds will be payable from and secured by, designated property tax (formerly tax increment revenues) related to the Project Area, which will include, moneys deposited, from time to time, in the RPTTF on a parity with the Series 2020A Bonds and on a subordinate basis to certain Pre-Existing Agreements, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as "Pledged Tax Revenues." See "SECURITY FOR THE BONDS."

Terms of the Series 2026A Bonds

The Series 2026A Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Series 2026A Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on March 1, 2027.

The Series 2026A Bonds are being issued in fully registered form, and when issued, will be registered in the name of the Initial Purchaser. Payments of principal, premium, if any, and interest on the Series 2026A Bonds will be payable by the Trustee, by wire transfer to the Initial Purchaser, as more fully described herein.

The Series 2026A Bonds are not subject to redemption prior to maturity. See "THE SERIES 2026A BONDS – Redemption of the Series 2026A Bonds" herein.

Security for the Bonds

The Series 2026A Bonds will be secured by a lien on and pledge of Pledged Tax Revenues on a parity with the Series 2020A Bonds. Under the Indenture, "Pledged Tax Revenues" is defined to mean the portion of the monies deposited from time to time in the RPTTF as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2026A Bonds, pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pre-Existing Agreements, (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law. In accordance with the Dissolution Act, the Series 2026A Bonds and Parity Debt shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the RPTTF as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above. The Indenture defines "Tax Revenues" to mean the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements and "Tax Increment Revenues" to mean all taxes allocated and paid to the Successor Agency pursuant to Article 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Redevelopment Plan, including all payments and reimbursements, if any, to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations. The Series 2026A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City, the County, the State of California (the "State") nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2026A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2026A Bonds. The issuance of the Series 2026A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Reserve Fund Surety

In order to further secure the payment of the principal of and interest on the Series 2026A Bonds, the Series 2026 Subaccount of the Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy for the reserve account for the Series 2026A Bonds (the "2026

Reserve Policy") issued by Build America Mutual Assurance Company (the "Insurer") in an amount to provide coverage equal to the portion of the Reserve Requirement for the Series 2026A Bonds. The 2026 Reserve Policy will secure the Series 2026A Bonds. The initial Reserve Requirement for the Series 2026A Bonds is the amount of $_____. See "SECURITY FOR THE BONDS – Security for the Bonds – Specimen Municipal Bond Debt Service Reserve Insurance Policy" The 2026 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2020A Bonds or any other series of Bonds or Parity Debt.

In connection with the delivery of the Series 2020A Bonds, the Series 2020 Subaccount of the Reserve Account was funded by the purchase of a Municipal Bonds Debt Service Reserve Fund Insurance Policy (the "2020 Reserve Policy") issued by Build America Mutual Assurance Company in the amount of $607,240.00, equal to the initial Reserve Requirement for the Series 2020A Bonds. See "SECURITY FOR THE BONDS – Security for the Bonds – *Reserve Requirement*." The 2020 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2026A Bonds, or any other series of Bonds or Parity Debt.

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as trustee with respect to the Series 2026A Bonds under the Indenture.

Columbia Capital Management, LLC has acted as Municipal Advisor to the Successor Agency in the structuring and presentation of the financing.

Urban Analytics, LLC, San Francisco, California, has acted as Fiscal Consultant to the Successor Agency and has prepared an analysis of taxable values and tax increment revenues in the Project Area. See APPENDIX A – "FISCAL CONSULTANT REPORT" herein.

All proceedings in connection with the issuance of the Series 2026A Bonds are subject to the approval of Best Best & Krieger LLP, Bond Counsel. Best Best & Krieger LLP is also acting as Disclosure Counsel. Certain legal matters will be passed on for the Successor Agency by the City Attorney, as general counsel to the Successor Agency. Bond Counsel and Disclosure Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement. .

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate, the Successor Agency has covenanted for the benefit of the Owners of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), in which it covenants to provide information regarding the Successor Agency on an annual basis as well as information regarding material adverse events, if any such events should occur to the owners of the Bonds and to the Municipal Securities Rulemaking Board ("MSRB") during the term of the Bonds. See APPENDIX F - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

Reference to Underlying Documents

Brief descriptions of the Series 2026A Bonds, the Indenture, the Successor Agency, the Project Area and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices

of the Successor Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

PLAN OF REFUNDING

General

Net proceeds of the Series 2026A Bonds, together with other available moneys, will be applied to prepay and refund on a current basis all of the Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2015A (the "Series 2015A Bonds") outstanding in the principal amount of $2,435,000 and its Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2016A, outstanding in the principal amount of $32,300,000 (the "Series 2016A Bonds," and together with the Series 2015A Bonds, the "Refunded Bonds").With the refunding of the Refunded Bonds, there will remain no Senior Bonds (as defined in the Indenture) outstanding. The following table details the Refunded Bonds.

2015 Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate
2027	$2,435,000	5.00%

2016 Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate
2027	$1,165,000	5.000%
2028	3,880,000	5.000
2029	4,065,000	5.000
2030	4,275,000	4.000
2031	4,440,000	4.000
2032	4,625,000	4.000
2033	4,800,000	5.000
2034	5,050,000	5.000

On the date of issuance of the Series 2026A Bonds, a portion of the proceeds thereof, together with other available moneys, will be irrevocably deposited in a special trust fund for the Refunded Bonds, to be held in trust by U.S. Bank Trust Company, National Association, as prior trustee, in accordance with those Irrevocable Refunding Instructions with respect to the Refunded Bonds dated as of the closing date (the "Instructions"). Such funds on hand and proceeds deposited into the Bond Fund pursuant to the Instructions will be invested in U.S. Treasury securities, with the remainder held uninvested, and applied to pay the redemption price of all of the Refunded Bonds on October 16, 2026, at a redemption price equal to 100% of their principal amount as specified in the Instructions, plus accrued interest. The amounts deposited for refunding the Refunded Bonds will be verified by Causey Public Finance, LLC. See "ESTIMATED SOURCES AND USES OF FUNDS." Upon deposit of such proceeds and other moneys into the Bond Fund, the Refunded Bonds will no longer be deemed outstanding.

The moneys and securities held in accordance with the Instructions are pledged to the payment of the Refunded Bonds. Moneys deposited and in accordance with the Instructions are not available to pay principal of or interest on the Series 2026A Bonds or other outstanding bonds of the Successor Agency.

See "ESTIMATED SOURCES AND USES OF FUNDS" below. See also "OTHER INFORMATION – Verification of Mathematical Accuracy" below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Series 2026A Bonds.

Sources:

Par Amount of Series 2026A Bonds
Amounts Released from accounts of Refunded Bonds
TOTAL SOURCES

Uses:

Transfer to Redemption Fund of 2015 Bonds
Transfer to Redemption Fund of 2016 Bonds
Costs of Issuance [(1)]
TOTAL USES:

[(1)] Includes premiums for the 2026 Reserve Policy, legal fees, rating agency fees and expenses, fees of the Municipal Advisor, fees of the Fiscal Consultant, Underwriter's discount, printing costs, and other issuance costs of the Series 2026A Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Parity Debt, and the Series 2026A Bonds.

Bond Year Ended (Sept. 1)	2020 Bonds	Series 2026A Bonds*			Annual Total
		Principal	Interest	Total	
2027	$ 599,170				
2028	598,313				
2029	607,240				
2030	600,738				
2031	604,128				
2032	597,195				
2033	605,155				
2034	602,685				
Total	$4,814,624				

* Preliminary, subject to change.

THE SERIES 2026A BONDS

General

The Series 2026A Bonds will be dated as of the date of original delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Series 2026A Bonds are being issued in fully registered form, and when issued, will be registered in the name of the Initial Purchaser. The Series 2026A Bonds are being issued in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2026A Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2027 (each an "Interest Payment Date"). Principal of and premium, if any, on the Series 2026A Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the "Record Date"). At the written request of an Owner of either the Series 2026A Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Series 2026A Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Series 2026A Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Redemption of the Series 2026A Bonds

The Series 2026A Bonds are not subject to option redemption prior to maturity.

SECURITY FOR THE BONDS

Special Obligations

The Series 2026A Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Pledged Tax Revenues and funds on deposit in certain funds and account established under the Indenture, allocated as described herein on parity with the Series 2020A Bonds, and the Successor Agency is not obligated to pay such principal and interest except from such Pledged Tax Revenues. Series 2026A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City, the County, the State of California (the "State") nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2026A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2026A Bonds. The issuance of the Series 2026A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power.

Tax Increment Financing Generally

Prior to the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax revenues. This financing mechanism provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Thereafter, the increase in

taxable valuation becomes the increment upon which taxes are levied and allocated to the applicable agency. Redevelopment agencies have no authority to levy property taxes, but must instead look to this allocation of tax revenues to finance their activities.

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, city and county, district or other public corporation (the "Taxing Agencies") when collected are divided as follows:

(i) An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project area last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(ii) That portion of the levied taxes in excess of the amount described in paragraph (i) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

That portion of the levied taxes described in paragraph (ii) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the RPTTF. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on and after January 1, 1989" reference from paragraph (i) above.

Pledged Tax Revenues

In accordance with the Dissolution Act, the Bonds and Parity Debt shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the RPTTF as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183 as more fully described below. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above. The Indenture defines "Tax Increment Revenues" to mean all taxes allocated and paid to the Successor Agency pursuant to Article 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Redevelopment Plan, including all payments and reimbursements, if any, to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations. The Indenture defines "Tax Revenues" to mean the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements.

Tax Sharing

The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into agreements with seven taxing entities regarding payments under Section 33401 (the "Pass-Through Agreements"). Additionally, Sections 33607.5 and

33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994 or amended thereafter (as is the case for the Redevelopment Plan) in certain manners specified in such statutes (the "Statutory Pass-Through Amounts").

By application, the statutory formula for Statutory Pass-Through Amounts, which applies to tax increment revenues net of the housing set-aside is as follows: The first 25% of net tax increment generated by the increase in assessed value after the establishment of the project area or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional 21% of the increment generated by increases in assessed value after the tenth year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional 14% of the increment generated by increases in assessed value after the 30th year must be so paid.

The tax sharing payments described above are required to be made prior to payment of debt service on bonds or loans secured by tax increment from project areas which are subject to Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290"). However, the provisions of Section 33607.5(e) of the Redevelopment Law set forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency did not take any action to subordinate the payments with respect to the pass-through payments to debt service on the Series 2020A Bonds or the Series 2026A Bonds.

The Dissolution Act requires county auditor-controllers to distribute from the RPTTF amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the RPTTF to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless: (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the RPTTF allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments and the Successor Agency's administrative cost allowance for the applicable six month period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated pass-through obligations, if any, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Pass-Through Amounts subordinate to the Series 2026A Bonds. The Successor Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are senior to the Bonds, including the Series 2026A Bonds. Furthermore, the Pass-Through

Agreements have not been expressly subordinated to the Series 2026A Bonds and therefore constitutes obligations senior in right of payment to the Bonds. See the captions "SECURITY FOR THE BONDS" for information regarding the revenues derived from the Project Area and the tables under the caption "ESTIMATED REVENUES AND BOND RETIREMENT" for projections of Tax Revenues after deduction of the Pass-Through Agreements and Statutory Pass-Through Amounts.

Low and Moderate-Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low- and moderate-income housing fund not less than 20% of all tax revenues allocated to such agencies. This 20% set-aside requirement was eliminated by the Dissolution Act. There are currently no obligations outstanding which will have a prior lien on the Low and Moderate Housing Fund. Accordingly, Pledged Tax Revenues are not subject to the former set aside requirement for such purposes and the former set aside requirement is included in Pledged Tax Revenues pledged to the payment of debt service on the Bonds, including the Series 2026A Bonds.

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Series 2026A Bonds, to be secured by a pledge of moneys deposited from time to time in a RPTTF held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

Allocation of Taxes Subsequent to the Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of California Assembly Bill X1 26 ("AB 26"), using current assessed values on the last equalized roll on August 20, and to deposit that amount in the RPTTF for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the Series 2020A Bonds, the Series 2026A Bonds and any such Parity Debt. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Series 2026A Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules (as defined herein) as prepared from time to time under the Dissolution Act. See "Recognized Obligation Payment Schedule" below.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll within the Project Area, to the extent they constitute Tax Increment Revenues, less administrative costs, as described herein, will be deposited in the RPTTF for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund established pursuant to the Dissolution Act on January 2 and

June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "Recognized Obligation Payment Schedule" below.

Recognized Obligation Payment Schedule

The Dissolution Act provides for the completion, approval and submission of an annual Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. The timing for the preparation and approval of a Recognized Obligation Payment Schedule, among other procedures, was changed with the amendments to the Dissolution Act under SB 107. On or before each February 1, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the Countywide Oversight Board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Housing Fund. The Dissolution Act permits a successor agency to request additional amounts on a Recognized Obligation Payment Schedule to fund a reserve when required by a bond indenture or when the next property tax allocation will be insufficient to pay all enforceable obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the RPTTF (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Successor Agency submits the amendment to State Department of Finance no later than October 1, (ii) the oversight board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Successor Agency may only amend the amount requested for payment of approved enforceable obligations. The State Department of Finance shall notify the Successor Agency and the County Auditor-Controller as to whether the Successor Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the oversight board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance and the State Controller by February 1 in each year. If the Successor Agency does not submit a Countywide Oversight Board -approved Recognized Obligation Payment Schedule by

such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day that the schedule is not submitted. Additionally, the Successor Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Successor Agency does not submit a Countywide Oversight Board approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Series 2026A Bonds, see the caption "BOND OWNERS' RISKS – Recognized Obligation Payment Schedule."

With respect to each Recognized Obligation Payment Schedule submitted by the Successor Agency, the Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the State Department of Finance and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the February 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Countywide Oversight Board and the State Department of Finance at least 60 days prior to the next February 1 property tax distribution date.

The Successor Agency has submitted each Recognized Obligation Payment Schedule to State Department of Finance on or before the applicable statutory deadline.

See the caption "– Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the RPTTF, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made for the upcoming fiscal year, and provide those estimates to the entities receiving the distributions and State Department of Finance by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Successor Agency from the RPTTF allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Successor Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance by no later than 10 days from the date of the Successor Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, and if the Successor Agency's tax sharing obligations described in Section 38183(a)(1) of the Dissolution Act have been subordinated to the Successor Agency's enforceable obligations, then the Dissolution Act provides for certain adjustments to be made to the

estimated distributions, as described in more detail under the caption "– Tax Increment Financing Generally" above.

The Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to such date, will be included in the Successor Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF established pursuant to the Dissolution Act. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the State Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the State Department of Finance's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Series 2026A Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate could reduce the amount of Tax Increment Revenues and, accordingly, Pledged Tax Revenues that would otherwise be available to pay the principal of, and interest on, the Series 2026A Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

The Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the Tax Increment Revenues and the contractual and statutory tax sharing amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Series 2026A Bonds when due. See "–Recognized Obligation Payment Schedule." See also "ESTIMATED REVENUES AND BOND RETIREMENT" for additional information regarding the Statutory Pass-Through Amounts and Pre-Existing Agreements applicable to the Successor Agency and the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the Series 2026A Bonds. See "BOND OWNERS' RISKS."

The Series 2026A Bonds are not a debt of the City, the County, the State or any of its political subdivisions (except the Successor Agency), and none of the City, the County, the State or any of its political subdivisions (except the Successor Agency) is liable therefor. The Series 2026A Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Security for the Bonds

Pledged Tax Revenues. The following is a discussion of the flow of funds under the Indenture after payments of debt service for the entire year, and payments with respect to Pre-Existing Agreements, are set aside.

Under the Indenture, the Pledged Tax Revenues (as defined below) allocated and paid to the Successor Agency are pledged to the payment of debt service on the Series 2026A Bonds and Parity Debt (subject to the lien of the Pre-Existing Agreements) together with moneys in the funds and accounts. See Table 6 herein showing the projected Pledged Tax Revenues, and debt service coverage on the Series 2026A Bonds.

"Pledged Tax Revenues" means the portion of the monies deposited from time to time in the RPTTF as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2026A Bonds, pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pre-Existing Agreements, and (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law. In accordance with the Dissolution Act, the Series 2026A Bonds and Parity Debt shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the RPTTF as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above.

Pre-Existing Agreements include Pass-Through Agreements to other taxing agencies, which are discussed under the caption, "THE CONSOLIDATED WHITEWATER PROJECT AREA – Pass-Through Agreements," herein.

Pass-Through Agreements and Statutory Tax Sharing. The Successor Agency has entered into tax-sharing agreements with taxing entities and school districts with respect to the portions of the Project Area that were adopted prior to 1994 (the "Pass-Through Agreements") which are senior to the payment of debt service on the Series 2026A Bonds. See "Tax Sharing" above, "THE CONSOLIDATED WHITEWATER PROJECT AREA – Pass-Through Agreements" and "– Statutory Tax Sharing," and APPENDIX A – "FISCAL CONSULTANT REPORT – Fiscal Agreements."

Debt Service Fund. The Indenture establishes a special trust fund known as the "Debt Service Fund" and the accounts therein which shall be held by the Trustee in accordance with Indenture. Pursuant to the Indenture, the Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Series 2026A Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under the Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues is not sufficient to pay debt service on the Series 2026A Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the

Series 2026A Bonds and any Parity Debt on a *pro rata* basis (based on the amount of debt service coming due during any such period of insufficiency).

Moneys in the Debt Service Fund shall be transferred in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund, which accounts are held by the Trustee to pay debt service on the Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) Interest Account. On or before the fourth Business Day preceding each date on which interest on the Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Series 2020A Bonds, Series 2026A Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fourth Business Day preceding each date on which principal of the Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, the Successor Agency shall withdraw from the Debt Service Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking

Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Written Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

The Reserve Requirement with respect to the Series 2026A Bonds shall be satisfied by the delivery of the 2026 Reserve Policy, described herein, to the Trustee. The Trustee shall credit the 2026 Reserve Policy to the Series 2026 Subaccount of the Reserve Account, which subaccount is created under Indenture. The Trustee shall comply with all of the terms and provisions of the 2026 Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the 2026 Reserve Policy. All amounts drawn by the Trustee under the 2026 Reserve Policy will be deposited into the Series 2026 Subaccount of the Reserve Account and applied for the purposes of paying principal and interest on the Series 2026A Bonds.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) Equal Rights. It is the intention of the Successor Agency that the Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the Bonds and Parity Debt as it becomes due, the Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund.

Reserve Requirement. The "Reserve Requirement" is defined in the Indenture to mean, with respect to the Series 2020A Bonds and any Parity Debt issued as Bonds (including the Series 2026A Bonds) pursuant to a Supplemental Indenture supplemental to the Indenture, as of any calculation date, the lesser of (i) Maximum Annual Debt Service with respect to the Series 2020A Bonds, the Series 2026A Bonds or

Parity Debt, as applicable, or (ii) 125% of average Annual Debt Service on the Series 2020A Bonds, the Series 2026A Bonds or Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Tax Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such of additional Parity Debt pursuant to a Supplemental Indenture, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of paragraph (d) immediately above. In order to further secure the payment of the principal of and interest on the Series 2026A Bonds, the Series 2026 Subaccount of the Reserve Account will be funded by the purchase of the 2026 Reserve Policy issued by Build America Mutual Assurance Company in an amount to provide additional coverage equal to the portion of the Reserve Requirement for the Series 2026A Bonds. The 2026 Reserve Policy will secure the Series 2026A Bonds. The initial Reserve Requirement for the Series 2026A Bonds is the amount of $_____. See "– Specimen Municipal Bond Debt Service Reserve Insurance Policy" below. The 2026 Reserve Policy is not available to secure the payment of the principal of and interest on the Series 2020A Bonds or any other series of Bonds or Parity Debt.

As defined in the Indenture, the term "Qualified Reserve Account Credit Instrument" means (i) the 2026 Reserve Policy (and includes the 2020 Reserve Surety) or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is "A" (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to paragraph (d) immediately above; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

In connection with the delivery of the Series 2020A Bonds, the 2020 Reserve Surety was issued by Build America Mutual Assurance Company in an amount equal to the initial Reserve Requirement for the Series 2020A Bonds. The 2020 Reserve Surety secures the Series 2020A Bonds in the amount of $607,240.00. See "– *Security for the Bonds - Reserve Requirement*" below. The 2020 Reserve Surety is not available to secure the payment of the principal of and interest on the Series 2026A Bonds or any other series of Bonds or Parity Debt.

"Maximum Annual Debt Service" is defined in the Indenture to mean, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

If circumstances should ever cause a Qualified Reserve Account Credit Instrument to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by such Qualified Reserve Account Credit Instrument.

Specimen Municipal Bond Debt Service Reserve Insurance Policy.

The 2026 Reserve Policy provides that upon notice from the Trustee to the Insurer to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Series 2026A Bonds, the Insurer will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the Series 2026A Bonds or the available amount of the 2026 Reserve Policy, whichever is less.

The Trustee will ascertain the necessity for a claim upon the 2026 Reserve Policy in accordance with the provisions of this paragraph and provide notice to the Insurer at least three business days prior to each date upon which interest or principal is due on the Series 2026A Bonds. The Successor Agency will repay any draws under the 2026 Reserve Policy and pay all related reasonable expenses incurred by the Insurer from available Pledged Tax Revenues. Interest will accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate as defined in the Indenture. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") will commence in the first month following each draw, and each such monthly payment will 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 will 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 2026 Reserve Policy will be increased by a like amount, subject to the terms of the 2026 Reserve Policy. All cash and investments in the Series 2026A Subaccount of the Reserve Account established for the Series 2026A Bonds, if any, will be transferred to the Debt Service Fund for payment of the debt service on the Series 2026A Bonds before any drawing may be made on the 2026 Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost will be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the 2026 Reserve Policy) on which there is available coverage will 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 Series 2026A Subaccount of the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments will be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2026A Subaccount of the Reserve Account. 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.

Draws under the 2026 Reserve Policy may only be used to make payments on Series 2026A Bonds.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

Issuance of Additional Successor Agency Parity Debt. The Successor Agency will not incur any additional obligations which are senior to the lien of Pledged Tax Revenues under the Indenture. Indenture provides that the Successor Agency may issue or incur additional Parity Debt subject to the conditions summarized in part below. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" – "Issuance of Parity Debt" for a more complete description of the conditions precedent to the issuance or incurrence of Parity Debt.

(a) The Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with Bonds and any outstanding Parity Debt, if (a) annual debt service on such refunding bonds is lower than annual debt service on the bonds or other indebtedness being refunded during every year the Bonds or Parity Debt, as applicable, will be Outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds or Parity Debt being refunded, as applicable.

(b) In the event the Successor Agency issues Parity Debt pursuant to a Supplemental Indenture supplemental hereto, the Successor Agency shall cause the amount on deposit in the Reserve Account to equal the Reserve Requirement.

(c) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in clauses (a) and (b) above have been satisfied.

Issuance of Successor Agency Subordinate Debt. Indenture provides that the Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency.

Events of Default and Acceleration of Maturities. Each of the following events constitutes an Event of Default under the Indenture:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Series 2020A Bonds and Series 2026A Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or any other Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Subject in all respects to the provisions of Indenture, if an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority of the principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the

appointment of a receiver or receivers for the Pledged Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, *ex parte*, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under the Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with the Indenture.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to Indenture, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law; and

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

(c) To the payment of amounts owed to any Insurer under the Indenture.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a "Last and Final Recognized Obligation Payment Schedule") for approval by the oversight board and State Department of Finance if: (i) The successor agency's only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules, (ii) All remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by State Department of Finance, and (iii) The successor agency is not a party to outstanding or unresolved litigation. The Last and Final Recognized Obligation Payment Schedule must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the RPTTF, (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources, and (C) loans or deferrals authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets. The Last and Final Recognized Obligation Payment Schedule must also include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation described in (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to (C) above. The Last and Final Recognized Obligation Payment Schedule will also establish the maximum amount of RPTTF revenues to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. State Department of Finance approval is required for any Last and Final Recognized Obligation Payment Schedule to become effective. The county auditor-controller is also required to review the Last and Final Recognized Obligation Payment Schedule and provide any objection to the inclusion of any items or amounts to State Department of Finance. Successor agencies may only amend an approved Last and Final Recognized Obligation Payment Schedule twice. Commencing on the effective date of the approved Last and Final Recognized Obligation Payment Schedule, the successor agency will not prepare or transmit annual Recognized Obligation Payment Schedules.

After the Last and Final Recognized Obligation Payment Schedule is approved by State Department of Finance, the county auditor-controller will continue to allocate moneys in the successor agency's RPTTF pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller will allocate such moneys in each fiscal period, after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass-through payments pursuant to Section 34183(a)(1) of the Dissolution Act, (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final Recognized Obligation Payment Schedule, (C) scheduled payments on revenue bonds listed and approved in the Last and Final Recognized Obligation Payment Schedule, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds, (D) scheduled payments for debts and obligations listed and approved in the Last and Final Recognized Obligation Payment Schedule to be paid from the RPTTF, (E) payments listed and approved on the Last and Final Recognized Obligation Payment Schedule that were authorized but unfunded in prior periods, (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets

that are listed and approved on the Last and Final Recognized Obligation Payment Schedule, and (G) any moneys remaining in the RPTTF after the payments and transfers described in (A) to (F), above, will be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the RPTTF will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "– Tax Increment Financing Generally" above.

The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule and has no current plans to seek approval of a Last and Final Recognized Obligation Payment Schedule.

SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY

The Successor Agency

As described below, the Successor Agency was established by the City Council following dissolution of the Former Agency pursuant to the Dissolution Act. Set forth below is a discussion the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Dissolution Act, and the limitations thereon.

General

The City, acting pursuant to the Redevelopment Law, activated the Former Agency by Ordinance No. 186 of the City adopted on October 16, 1981. Under the terms of this Ordinance the City Council declared itself to be the governing body of the Former Agency.

As of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agency all under the supervision of a new oversight board, the State Department of the Finance and the State Controller.

The present members of the City Council acting as the Successor Agency are as follows:

Dr. Toper Taylor, *Mayor*
Brian M. Penna, *Mayor Pro-Tem*
Greg Sanders, *Council Member*
Dana Reed, *Council Member*
Bruce Whitman, *Council Member*

The Successor Agency is a component unit of the City for financial reporting purposes and does not leave separate audited financial statements. The audited financial statements of the City for year ending June 30, 2025, are included herein as APPENDIX C. The City's strategic financial planning system has received national and state finance officer associations' recognition for "excellence in financial reporting" and "Distinguished Budgeting." The inclusion of such financial statements should not suggest that the City is obligated in any way with respect to the Bonds. The Bonds are payable solely from Pledged Tax Revenues and other sources as described herein. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds.

The Successor Agency has one project area, The Consolidated Whitewater Project Area, referred to as the Project Area herein (see "THE CONSOLIDATED WHITEWATER PROJECT AREA").

Pursuant to Resolution No. 2012-03 (the "Establishing Resolution") adopted by the City Council on January 12, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the City Council appointed itself as successor to the Former Agency. On June 27, 2012, the Redevelopment Law was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

As discussed below, many actions of the Successor Agency are subject to approval by an "oversight board" and the review or approval by the State Department of Finance, including the issuance of bonds such as the Series 2026A Bonds.

Successor Agency Staff

The City Manager also serves as the Executive Director of the Successor Agency. The City Finance Director maintains the Successor Agency's financial records and serves as the Successor Agency's Treasurer. The City Attorney also serves as the Successor Agency's counsel. Brief résumés of the key staff at the City and Successor Agency are set forth below:

Christopher Freeland was appointed City Manager for the City of Indian Wells on May 2, 2019. Prior to this new assignment, Chris spent over 18 years with the City of West Covina where he served in several executive roles, including City Manager, Assistant City Manager, Community Development Director, Human Resources Director, Parks and Recreation Director, and Deputy City Manager. He has extensive experience in economic development, working on the revitalization of several shopping centers, an auto plaza, a regional mall, and an award-winning brownfield development. During his tenure in West Covina, Chris was successful in restructuring the City's finances, building new playgrounds and sports facilities, replacing aging police and fire equipment, completing a General Plan Update, streamlining the entitlement process for new businesses, reducing and refinancing all city debt, and much more.

Chris holds a Bachelor of Arts in Political Science and a Bachelor of Science in Civil Engineering from Cal Poly Pomona, a Master of Public Administration from Cal State Long Beach and is a graduate of the UC Berkeley Executive Leadership Program for Strategic Management of Public Organizations. Chris has served on various League of California Cities Public Policy Committees, and currently holds a seat on the Transportation, Public Works and Communications Committee.

Kevin McCarthy, City Finance Director and Successor Agency Treasurer, has been with the City and Former Agency and Successor Agency since 1998. Mr. McCarthy previously served as the senior accountant for the SunLine Transit Agency, the Coachella Valley's public bus service. Mr. McCarthy earned his business management degree from California State University, San Bernardino.

Countywide Oversight Board

California Health and Safety Code Section 34179 provides for the appointment of a countywide oversight board (in place of the former successor agency oversight boards) with specific duties to approve certain successor agency actions pursuant to Health and Safety Code Section 34180 and to direct the successor agency in certain other actions pursuant to Health and Safety Code Section 34181. The Countywide Oversight Board for the County of Riverside (the "Countywide Oversight Board") was created pursuant to California Health and Safety Code Section 34179(j). Pursuant to Health and Safety Code

Section 34179, the County Auditor-Controller selected the County Executive Office to staff the Countywide Oversight Board for the County of Riverside. The Countywide Oversight Board is governed by a seven-member governing board. The Memorandum of Understanding and Resolution delegating the staffing obligations to the County Executive Office was approved by the County of Riverside Board of Supervisors on February 27, 2018 pursuant to Minute Order No. 3.11.

Department of Finance Finding of Completion

The Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Within five business days of receiving notification from the State Department of Finance, a successor agency must remit to the county auditor-controller the amount of unobligated balances determined by the State Department of Finance, or it may request a meet and confer with the State Department of Finance to resolve any disputes.

The Successor Agency has paid to the County Auditor-Controller all unobligated balances relating to affording housing funds, as determined by the State Department of Finance. In July 2013, the Successor Agency remitted to the County Auditor-Controller all unobligated balances relating to all other funds determined by the State Department of Finance. The Successor Agency has made all payments required under AB 1484 and has received its finding of completion from the State Department of Finance on April 26, 2013. On January 17, 2014, the State Department of Finance approved the Successor Agency's Long-Range Property Management Plan which was submitted on September 20, 2013.

THE CONSOLIDATED WHITEWATER PROJECT AREA

General

In 1982, the Successor Agency adopted redevelopment plans for two separate projects, Whitewater Redevelopment Project Area No. 1 and Whitewater Redevelopment Project Area No. 2. In 1987 the two project areas were consolidated into one project area and named the "Consolidated Whitewater Project Area," which is referred to herein as the "Project Area." Currently, 3,327 acres within the Project Area produce tax increment.

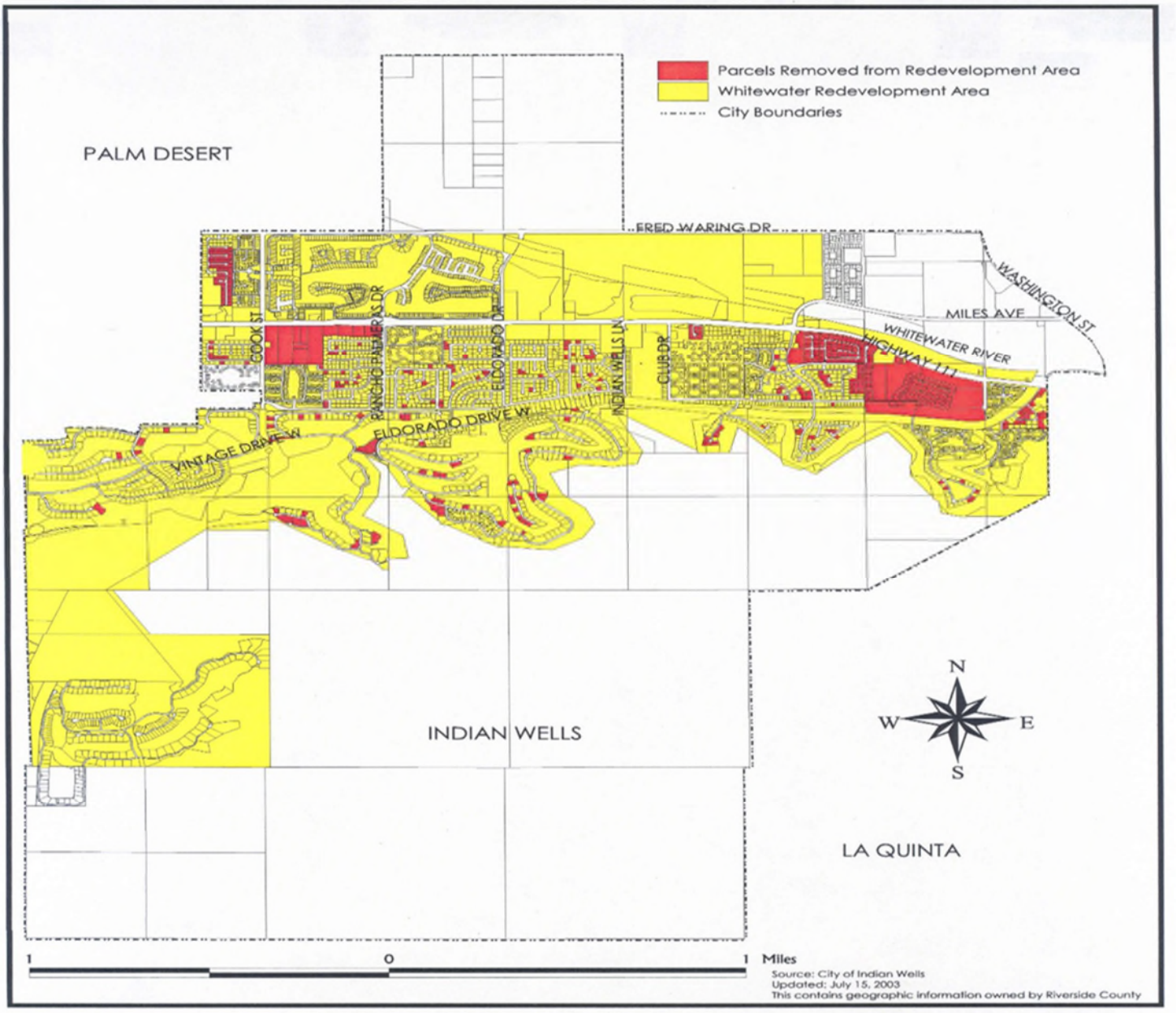
The Project Area includes 80% of land within the City limits. The Project Area is predominately residential with 65.3% of its fiscal year 2025-26 valuation in single-family residential use and 18.3% in condominiums. 6.2% of the Project Area valuation is in commercial use, 9.2% is classified as exceptional residential properties, golf courses and other use types. and 1% is classified as vacant.

There are 2,348 single family homes in the Project Area as of July 1, 2025. Residential country clubs located in the Project Area include the Hyatt Regency Resort and Spa, Renaissance Indian Wells Resort and Spa, Miramonte Resort and Spa, the Vintage Club and the El Dorado Country Club.

Of the major taxpayers Indian Wells Hotel, the Renaissance Indian Wells Resort and Spa (owned by BBC Esmeralda), the Miramonte Resort and Spa (owned by Indian Wells Property), and The Vintage Club and El Dorado Country Club (each, a private golf course) are all located in the Project Area and together represent approximately 5.0% of the assessed valuation in the Project Area. The Project Area includes 171 holes of golf, divided among the various private clubs and resorts, as well as numerous grass,

clay and hard surface tennis courts serving the resort developments. The City and the Successor Agency have reconstructed two championship quality eighteen-hole golf courses owned by the City, along with the clubhouse, known as the Indian Wells Golf Resort.

Consolidated Whitewater Redevelopment Project Area



Pass-Through Agreements

Under redevelopment law existing at the time of the Former Agency's plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or passthrough, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity's share of the tax increment received by the Successor Agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

The Successor Agency has agreements with seven taxing entities regarding payments under Section 33401 (the Pass-Through Agreements herein). Under these agreements, the County Auditor-Controller passes through to the taxing entities varying percentages of the tax increment that the entities would otherwise receive.

The fiscal agreement with the County, covering both the County General Fund and the County Fire District, requires these entities to receive 100% of the combined County and County Fire District share of tax increment, totaling approximately 36% of the tax increment. The Coachella Valley Water District receives 100% of its 6% share of tax increment. Three entities – the Desert Sands Unified School District, County Superintendent of Schools and the College of the Desert – each receive 30% of their share of tax increment (respectively and approximately, 38%, 4% and 8%) above a $5 million threshold, calculated annually. The Desert Recreation and Park District and the Coachella Valley Mosquito Abatement District each receive 100% of their shares (approximately 2% and 1%) of tax increment over a threshold of $6.5 million annually.

Under the Section 33401 fiscal agreements, the taxing entities agreed to rescind any resolutions then in effect also claiming payments under Section 33676. Consequently, there are no resolutions in effect requiring payments under Section 33676.

The Section 33401 fiscal agreements contain no clauses allowing the Successor Agency to subordinate payments to the taxing entities to debt service payments. Therefore, all passthrough payments made under the fiscal agreements are senior to the Series 2020A Bonds, the Series 2026A Bonds, any other series of Bonds or Parity Debt.

Statutory Tax Sharing

In addition, certain sub-areas of the Project Areas are subject to the tax sharing provisions of AB 1290. Under Section 33607.5 and Section 33607.7 of the Law (added by AB 1290), any territory added to a project area after 1994 is required to share in tax increment revenues generated by such territory pursuant to a statutory formula ("Statutory Tax Sharing"). See APPENDIX A – "FISCAL CONSULTANT REPORT – Fiscal Agreements" for a description of the Successor Agency's obligation to make statutory tax sharing payments.

The adoption of Ordinance 551 on November 6, 2003 eliminating the plan limitation on the issuance of indebtedness also triggered a statutory requirement that the Successor Agency commence making Statutory Tax Sharing payments to taxing entities not already subject to fiscal agreements. This requirement of the Redevelopment Law sets the date on which new Statutory Tax Sharing payments commence as the date on which the plan limitation eliminated by the ordinance would have gone into effect. As the plan limitation on the issuance of indebtedness had been January 1, 2004, the new Statutory Tax Sharing payments for certain taxing entities commenced on that date.

The taxing entities subject to the Statutory Tax Sharing payments, and their approximate shares of tax increment, are the County Recreation and Park District (0.5%), the Coachella Valley Cemetery District (0.4%), the Desert Center Hospital District (0.6%) and the Coachella Valley Resource Conservation District (0.03%). The Statutory Tax Sharing payments are senior to debt service payable on the Series 2020A Bonds and the Series 2026A Bonds.

The Statutory Tax Sharing payments, specified in redevelopment law established by AB 1290, provide taxing entities with their share of 25% percent of incremental tax revenues above certain thresholds; in this case the initial threshold is the tax increment received from assessed valuation in 2003-04. Tax increment above that amount is distributed to the four taxing entities identified above that did not already have Section 33401 fiscal agreements in effect with the Successor Agency. New thresholds are established ten and thirty years beyond the initial threshold date and a portion of tax increment above these new thresholds are also paid to taxing entities.

Projections used in the fiscal consultant's report incorporate the pass-through payments made under the AB 1290 Statutory Tax Sharing provisions as well as under the Pass-Through Agreements.

Ten Largest Assessees

Table 1 below sets forth the ten largest assessees in the Project Area whose property in the aggregate comprises approximately 6.79% of the total taxable value in the Project Area. As noted below, certain parcels owned by these entities are located adjacent to, but outside of, the Project Area and as such do not generate RPTTF tax increment and are excluded from the valuations shown.

Table 1

Consolidated Whitewater Project Area
Ten Largest Fiscal Year 2025-2026 Assessees

Property Owner	Secured	Unsecured	Total	Percent of Total	Principal Use
INDIAN WELLS HOTEL	$ 173,751,920	$ 206,412	$ 173,958,332	2.77%	Hotel/Motel
BBC ESMERALDA	82,119,087	0	82,119,087	1.31%	Hotel/Motel
VINTAGE CLUB	31,138,781	887,243	32,026,024	0.51%	Golf Courses
ELDORADO COUNTRY CLUB	28,419,437	345,062	28,764,499	0.46%	Golf Courses
VILLAGE SHOPPING CENTER AT INDIAN WELLS	26,165,434	0	26,165,434	0.42%	Retail
INDIAN WELLS PROP	22,891,044	0	22,891,044	0.36%	Hotel/Motel
COOK LEO W	15,874,745	0	15,874,745	0.25%	Hotel/Motel
IW GOLF CLUB	15,208,364	0	15,208,364	0.24%	Golf Courses
SCHMID INV	15,040,877	0	15,040,877	0.24%	Office
INDIAN WELLS VILLAGE II	14,649,770	0	14,649,770	0.23%	Retail
Total, Top Ten:	$ 425,259,459	$ 1,438,717	$ 426,698,176	6.79%	
Total, Top Twenty:	$ 543,994,006	$ 2,805,037	$ 546,799,043	8.71%	
Total, Top Hundred:	$1,093,623,478	$ 2,805,037	$1,096,428,515	17.46%	
Total for the Area:	$6,260,780,330	$19,958,724	$6,280,739,054	100.00%	

Source: Riverside County Office of the Assessor; Urban Analytics.

The Indian Wells Hotel is a 22 acre-resort and spa on Indian Wells Lane with a primary resort property valued at $146.4 million and 37 villas and other hotel parcels comprise the remainder of the $173,751,902 assessed value. The assessed valuation of improvements on the primary resort parcel

increased by approximately $22.8 million in fiscal year 2025-26. The BBC Esmeralda property is the nearby 20-acre Renaissance Indian Wells Resort and Spa also on Indian Wells Lane.

Vintage Club and El Dorado Country Club are golf course properties, while the Village Shopping Center at Indian Wells is a 104,600 square foot shopping center.

Property Tax Delinquencies

The County utilizes a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 *et seq*. of the California Revenue and Taxation Code).

The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the Successor Agency is not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

In the past five years, the delinquency rate for all secured properties in the Project Area has been negligible The overall delinquency rate for the last full fiscal year (2024-25) for all secured properties in the Project Area was 2.9% as of June 2, 2025.

Property Value by Land Use

Table 2 below sets forth the distribution of property value located in the Project Area by principal purpose for which the land is used.

Table 2

Consolidated Whitewater Project Area
Property Value by Land Use[(1)]
Fiscal Year 2025-2026

Land Use	Secured AV	Percent of AV	Number of Parcels	Percent of Parcels	Acres	Percent of Acres
Commercial	$ 385,222,107	6.2%	55	0.8%	109	3.3%
Single-Family Residential	4,090,104,011	65.3%	2,348	33.5%	695	20.9%
Condominiums	1,145,043,149	18.3%	1,690	24.1%	139	4.2%
Other Residential	35,914,435	0.6%	41	0.6%	18	0.6%
Vacant	26,584,961	0.4%	34	0.5%	166	5.0%
Other	577,911,666	9.2%	2,833	40.5%	2,199	66.1%
Total	$6,260,780,330	100.0%	7,001	100.0%	3,327	100.0%

(1) Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Successor Agency. Timeshares are included in Commercial Secured assessed valuation figure but are excluded from the parcel count and acreage figures.

Source: Riverside County Office of the Assessor; Urban Analytics.

Plan Limitations

Under the provisions of Redevelopment Law, the following limitations were formerly imposed upon the redevelopment plan for the Project Area: (1) the time limit on the effectiveness of the Redevelopment Plan - July 15, 2025, (2) the time limit for the repayment of indebtedness - July 15, 2035, (3) tax increment dollars that may be allocated to the Successor Agency - $1.2 billion, and (4) the amount of bonded indebtedness outstanding at one time - $120 million. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Successor Agency are no longer effective for purposes of paying the Successor Agency's enforceable obligations such as the Series 2026A Bonds and Parity Debt. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the original time and financial limitations set forth in the Redevelopment Plan.

Assessment Appeals

Property owners can appeal the assessment of their property to the county assessment appeals board. See "BOND OWNERS' RISKS – Assessment Appeals" and APPENDIX A – "FISCAL CONSULTANT REPORT." The Fiscal Consultant conducted a review of pending and recently resolved assessment appeals in order to determine potential impact on current and future Project Area value and tax increment revenue. The results of this review are described in the Fiscal Consultant's Report attached as APPENDIX A, portions of which are summarized below.

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the county assessor immediately subsequent to a change in ownership or completion of new

construction. If the base year value assigned by the county assessor is reduced, the valuation of the property cannot increase in subsequent years more than two percent annually unless and until another change in ownership and/or additional new construction activity occurs.

The most common type of appeal filed, a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's assessment based on the current economic value of the property. The county assessor may also adjust valuations based on Proposition 8 criteria. Reductions in valuation made under Proposition 8 are temporary, with valuations restored to their full assessments once the economic reason for the reduction no longer applies. Such reductions can affect the Successor Agency's tax increment while they are in effect.

The Riverside County Assessor (the "Assessor") annually reports on the number of assessments by the City subject to Proposition 8 reductions, and the amount of Proposition 8 reductions, as shown below. For Fiscal Year 2025-26, the Assessor reports 156 properties reduced through Proposition 8 in the City of Indian Wells and $230,388,091 in reduced valuation. This continues a downward trend in Proposition 8 reductions in the City from a high of 4,434 properties and $902,804,427 in reduced valuation in Fiscal Year 2012-13 and 4,116 properties with $915,179,042 in reduced valuation in Fiscal Year 2011-12.

With respect to direct property owner appeals, the County experienced a high level of assessment appeals in the late 1990's and again in the late 2000's. Within the Project Area, the primary cause of such appeals was declining market value of improved and unimproved residential property. Further significant appeals to assessed values in the Project Area may be filed from time to time in the future. The Successor Agency cannot predict the extent of any such appeals or their likelihood of success.

Based on information provided by the County Assessor's office on October 25, 2025 there are 193 appeals pending in the Project Area, as shown in Table 3. The amount of assessed valuation in dispute (the original county valuation less the applicant's opinion of value) is $413.7 million for pending appeals. The disputed amounts will be resolved in the appeals process and some portion of those amounts may be adjusted. To provide some indication of the proportion of valuation upheld on appeal. Table 3 below provides information on resolved appeals filed in previous years in the Project Area. Overall, the 843 appeals settled in the Project Area during the fiscal years 2016-17 to 2025-26 period resulted in reductions in valuation of $92.2 million out of $2.7 billion in enrolled valuation subject to appeals, or 3.4%. The overall retention rate has thus been approximately 96.6% of the original valuation.

The potential exposure of the Successor Agency's tax increment revenue to appeals, were either (i) the County Auditor-Controller to change its policy of deducting appeal-related tax refunds solely from supplemental revenue and not from tax increment or (ii) the Assessor to continue Proposition 8 reductions on future rolls for properties granted prior year reductions, may be seen by applying the retention rate to the amount of valuation in dispute in pending appeals.

Applying the 96.6% retention rate for resolved appeals to the $757.1 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of $25.5 million or approximately $255,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be $413.7 million or approximately $4.1 million in tax revenue. As noted below herein, and under the heading "Tax Increment Projection" in APPENDIX A – "FISCAL CONSULTANT REPORT – Assessment Appeals," no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

See APPENDIX A – "FISCAL CONSULTANT REPORT – Assessment Appeals." The County has two years from the date of filing to rule on appeal requests. If the County reduces the assessed value of any parcel, there can be no assurance that the reduction will be by the amount estimated by the Fiscal

Consultant. Also, additional appeals on property within the Project Area may be filed in the future. The Successor Agency cannot predict the extent of any such appeals or their likelihood of success.

The following Table 3 illustrates the pending and resolved assessment appeals in the Project Area, and a projection of the estimated impact of pending appeals on assessed value.

Table 3

Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project
Assessment Appeals

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate*
2025-26	Resolved	-	-	-	-	-
2025-26	Pending	24	$ 55,699,504	$ 51,801,000	TBD	TBD
2024-25	Resolved	73	188,300,494	95,757,296	$ 188,300,494	100.0%
2024-25	Pending	12	126,708,773	67,267,603	TBD	TBD
2023-24	Resolved	101	379,070,691	230,480,742	377,483,556	99.6%
2023-24	Pending	42	116,011,837	26,950,452	TBD	TBD
2022-23	Resolved	76	287,614,683	184,749,090	271,041,765	94.2%
2022-23	Pending	75	204,566,091	47,545,160	TBD	TBD
2021-22	Resolved	105	437,576,828	174,031,392	415,030,646	94.8%
2021-22	Pending	34	81,067,623	21,341,147	TBD	TBD
2020-21	Resolved	131	455,129,178	273,515,821	432,160,890	95.0%
2020-21	Pending	6	168,074,453	123,569,171	TBD	TBD
2019-20	Resolved	115	337,199,607	222,297,451	323,245,579	95.9%
2019-20	Pending	-	-	-	-	-
2018-19	Resolved	96	268,238,022	176,430,134	262,406,377	97.8%
2018-19	Pending	-	-	-	-	-
2017-18	Resolved	71	180,959,784	112,400,942	179,428,735	99.2%
2017-18	Pending	-	-	-	-	-
2016-17	Resolved	75	188,363,118	118,589,533	181,180,567	96.2%
2016-17	Pending	-	-	-	-	-
All Years	Resolved	843	$2,722,452,405	$1,588,252,401	$2,630,278,609	96.6%
All Years	Pending	193	$ 752,128,281	$ 338,474,533	TBD	TBD

(1) Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" into the "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County valuation.

Data obtained from the Riverside County Assessor's Assessment Appeals Database as of October 25, 2025.
Source: Riverside County Office of the Assessor; Urban Analytics.

Under Section 51 of the Revenue and Taxation Code the annual increase in assessed valuation for real property is limited to the lesser of two percent or the October-to-October change in the California Consumer Price Index (CCPI) preceding the January 1 lien date. The State Board of Equalization reports the figure annually in late December. Since 1976-77 the CCPI has been above two percent in all but eleven years, with the lowest CCPIs being a negative 0.24% for fiscal year 2010-11 and a positive 0.75% for fiscal year 2011-12. The factor applied to the fiscal years 2017-18 through 2025-26 rolls was 2.00% with the exception of fiscal year 2021-22, which was 1.04%. This factor, referred to at times in this Analysis as the Proposition 13 inflation factor, is applied to land and improvements where the property has not been sold or, in the case of improvements, newly constructed. Properties whose valuations have been reduced under Proposition 8 continue to receive an inflationary adjustment under Proposition 13 on the reduced valuation.

A number of appeals have been filed by large property owners in the Project Area, shown on Table 4 below. Properties owned by BBC Esmerelda, Indian Wells Hotel and Village Shopping Center have appeals pending for the 2024-25 roll year; BBC Esmerelda, Village Shopping Center and IW Golf Club also have appeals pending for prior roll years.

Table 4

Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project
Assessment Appeals by Large Owners

Year	Owner	Resolved / Pending	County Valuation	Applicant Opinion of Value	Valuation After Appeal
2024-25	BBC ESMERALDA	1 Pending	$ 80,508,910	$ 40,254,455	TBD
2024-25	INDIAN WELLS HOTEL OWNER	2 Pending	1,182,934	934,554	TBD
2024-25	VILLAGE SHOPPING CENTER	2 Pending	22,439,886	11,219,944	TBD
2024-25	INDIAN WELLS PROP	1 Resolved	16,533,619	872,000	$ 16,533,619
2024-25	IW GOLF CLUB	32 Resolved	13,623,457	6,788,116	13,623,457
2023-24	BBC ESMERALDA	1 Pending	78,930,305	58,500	TBD
2023-24	IW GOLF CLUB	34 Pending	8,447,314	6,636,173	TBD
2023-24	VILLAGE SHOPPING CENTER	2 Pending	21,999,890	10,999,946	TBD
2023-24	INDIAN WELLS HOTEL OWNER	32 Resolved	138,366,984	110,313,560	138,366,984
2022-23	BBC ESMERALDA	1 Pending	77,382,653	19,345,663	TBD
2022-23	IW GOLF CLUB	36 Pending	7,394,497	7,049,402	TBD
2022-23	VILLAGE SHOPPING CENTER	2 Resolved	21,568,522	10,784,262	20,500,000
2021-22	BBC ESMERALDA	1 Pending	75,865,347	18,966,336	TBD
2021-22	IW GOLF CLUB	29 Pending	4,053,343	2,066,400	TBD
2021-22	IW GOLF CLUB	4 Resolved	4,947,000	4,567,339	3,908,831
2021-22	VILLAGE SHOPPING CENTER	2 Resolved	17,720,000	10,572,807	17,720,000
2020-21	BBC ESMERALDA	1 Pending	75,087,442	49,000,000	TBD
2020-21	VILLAGE SHOPPING CENTER	1 Resolved	14,876,539	7,438,270	12,450,000

Data obtained from the Riverside County Assessor's Assessment Appeals Database as of 10/25/2025
Source: Riverside County Office of the Assessor; Urban Analytics.

Redevelopment Property Tax Trust Fund

The County of Riverside Auditor Controller maintains the Redevelopment Property Tax Trust Fund (RPTTF), depositing into the fund property tax increment, revenue from supplemental assessments and other revenue each January and June before deducting County administration charges, pass-through payments, and Successor Agency enforceable obligations. The residual amount is distributed to taxing entities.

As shown in Table 5, property tax deposits for the current fiscal year are $62.2 million. This amount includes $59.0 million in secured and unsecured property tax increment, $3.0 million in supplemental property tax revenue and $0.2 million in other revenue. The amount of residual revenue is $15.9 million, approximately 1.7 times the amount required for non-administrative enforceable obligations.

Table 5

Successor Agency to the Indian Wells Redevelopment Agency
Consolidated Whitewater Redevelopment Project
Historical Residual Redevelopment Property Tax Trust
Fund Revenues

Fiscal Year	ROPS Period	Property Tax Deposits (A)	County Administrative Distributions (B)	Passthrough Distribution (C)	Available for Enforceable Obligations (D=A-B-C)	Administrative Obligations (E)	Debt Service and Non Administrative Obligations (F)	Residual RPTTF (G=D-E-F)	Ratio of Residual RPTTF to Debt Service and Non-Administrative Obligations (H=G/F)
2021-22	21-22B & 22-23A	47,049,429	448,019	27,130,048	19,471,361	300,000	8,055,688	11,115,673	1.3799
2022-23	22-23B & 23-24A	52,151,533	408,582	30,188,751	21,554,199	240,000	9,178,295	12,135,904	1.3222
2023-24	23-24B & 24-25A	56,199,059	341,463	32,613,915	23,243,680	240,000	8,914,376	14,089,304	1.5805
2024-25	24-25B & 25-26A	59,202,367	311,262	34,302,807	24,588,298	250,000	9,553,306	14,784,992	1.5476
2025-26	25-26B & 26-27A	62,164,879	493,565	36,056,509	25,614,805	250,000	9,460,548	15,904,257	1.6811

Source: County of Riverside Auditor Controller

ESTIMATED REVENUES AND BOND RETIREMENT

The Successor Agency has retained Urban Analytics, LLC, San Francisco, California (the "Fiscal Consultant"), to analyze the Project Area and to project future Tax Increment Revenues for the Project Area. The Fiscal Consultant's report is included as APPENDIX A and should be read in its entirety.

Based on assessment roll data provided by the County Assessor, the total assessed valuation in the Project Area is $6.3 billion in Fiscal Year 2025-26 after deducting all exemptions. This represents an increase of 5.6% over Fiscal Year 2024-25 valuation and follows gains of 4.66%, 5.99%, 7.69% and 2.96% in the preceding fiscal years.

The secured roll accounted for 99.7% of the total valuation in the Project Area in Fiscal Year 2025-26, with the unsecured roll comprising 0.3%. There was no utility roll valuation in the Project Area.

The Fiscal Year 2025-26 valuation increase of $330.0 million was attributable to a combination of factors. Secured valuation increases from new ownership on 1,519 parcels accounted for $184.5 million of the gain, the Proposition 13 inflation factor contributed $97.2 million while new development on 155 parcels contributed $47.6 million of overall growth. The unsecured roll grew by $3.3 million.

The Tax Rate calculated by the City is 1.000% for the secured roll and the unsecured roll for the Successor Agency. In accordance with Health and Safety Code Section 33670(e) the Successor Agency Tax Rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. The Successor Agency does not receive, on an annual basis, all Tax Increment Revenues, unless required to pay debt service.

Actual levels of future Tax Increment Revenues will depend upon the rate of growth in tax increment resulting from change of ownership and inflation, further development, and changes in tax rates, and may differ from the projections presented herein.

Table 6

Successor Agency to the Indian Wells Redevelopment Agency
Historical Assessed Valuation and Tax Increment Verification
Fiscal Year 2021-22 through 2025-26

Roll	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Secured and Utility					
- Land	$1,579,796,712	$1,639,719,439	$1,699,160,580	$1,774,710,567	$1,893,110,280
- Improvements	3,389,685,424	3,698,433,210	3,954,125,982	4,141,346,626	4,337,946,108
- Personal Property	-	15,209,535	19,105,604	22,381,178	37,701,635
- Exemptions	(8,321,796)	(7,936,252)	(7,771,462)	(7,613,792)	(7,977,693)
Secured Total	$4,961,160,340	$5,345,425,932	$5,664,620,704	$5,930,824,579	$6,260,780,330
Unsecured					
- Land	-	-	-	-	-
- Improvements	$ 4,890,885	$ 5,208,315	$ 5,704,512	$ 4,540,084	$ 5,190,972
- Personal Property	12,286,537	10,770,548	12,334,131	12,106,886	14,767,752
- Exemptions	-	-	-	-	-
Unsecured Total	$ 17,177,422	$ 15,978,863	$ 18,038,643	$ 16,646,970	$ 19,958,724
Totals:	$4,978,337,762	$5,361,404,795	$5,682,659,347	$5,947,471,549	$6,280,739,054
Percent Change	2.96%	7.69%	5.99%	4.66%	5.60%
Plus: HOPTR AV *	$ 7,036,400	$ 6,697,600	$ 6,444,200	$ 6,227,200	$ 6,003,200
Less: Base AV	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)
Incremental AV:	$4,594,944,470	$4,977,672,703	$5,298,673,855	$5,563,269,057	$5,896,312,562
Incremental Revenue	$ 45,949,445	$ 49,776,727	$ 52,986,739	$ 55,632,691	$ 58,963,126

* The Homeowner's Property Tax Relief exemption, reimbursed by the state.
Source: Urban Analytics; County of Riverside, the Successor Agency.

Tax increment is projected over the duration of the plan in the Project Area, as shown in Table 7 below and in Table 10 of the Fiscal Consultant's Report. Table 10 in the Fiscal Consultant's Report attached hereto as APPENDIX A sets forth estimated Fiscal Year 2025-26 Tax Increment Revenues and Tax Revenues and forecasts growth in Tax Increment Revenues and Pledged Tax Revenues through Fiscal Year 2034-35, incorporating the Proposition 13 adjustment of 2% in real property. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be less than the projected rate in the Project Area. Secured personal property and unsecured valuations are assumed to remain constant throughout.

Table 7

Successor Agency to the Indian Wells Redevelopment Agency
Estimated Debt Service Coverage
Fiscal Years 2026-27 through 2033-34

Year	Available Tax Increment Revenues[(1)]	County Admin. Fee	Pass-Through Payments	Pledged Tax Revenues[(2)]	Debt Service on the Series 2020A Bonds	Debt Service on the 2026A Bonds[*]	Debt Service on All Bonds[*]	Excess Tax Increment[*]	Coverage on All Bonds (x)[*]
2027	$59,913,061	$923,120	34,510,138	$24,479,803	$599,170	$ 5,197,199	$ 5,796,369	$18,683,434	4.22
2028	61,177,876	942,608	35,262,355	24,972,913	598,313	5,029,750	5,628,063	19,344,850	4.44
2029	62,467,987	962,485	36,029,618	25,475,884	607,240	5,026,000	5,633,240	19,842,644	4.52
2030	63,783,901	982,760	36,812,225	25,988,916	600,738	5,028,500	5,629,238	20,359,678	4.62
2031	65,126,133	1,003,441	37,610,484	26,512,207	604,128	5,026,500	5,630,628	20,881,579	4.71
2032	66,495,209	1,024,535	38,424,709	27,045,965	597,195	5,029,750	5,626,945	21,419,020	4.81
2033	67,891,667	1,046,051	39,255,218	27,590,398	605,155	5,027,500	5,632,655	21,957,743	4.90
2034	69,316,054	1,067,998	40,102,338	28,145,719	602,685	5,029,500	5,632,185	22,513,534	5.00
Total	$516,171,883	$7,952,998	$298,007,085	$214,442,166	$4,814,624	$40,394,699	$45,209,323		

(1) Indicated amounts reflect the projected Tax Increment Revenues for the indicated years. Assumes 2% annual increase in value.
(2) Indicated amounts are the projected Pledged Tax Revenues for the indicated years.
[*] Preliminary, subject to change.
Source: Urban Analytics and the Municipal Advisor.

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2026A Bonds and the credit quality of the Series 2026A Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2026A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. For a discussion of certain matters that will or could cause reductions in the Pledged Tax Revenues available in future years, see "LIMITATIONS ON TAX REVENUES" of this Official Statement.

Limited Special Obligations

The Series 2026A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds. Neither the City, the County, the State of California (the "State") nor any political subdivision thereof, except the Successor Agency, shall be obligated to pay the principal of the Series 2026A Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2026A Bonds. The issuance of the Series 2026A Bonds shall not directly, indirectly or contingently obligate the City, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Successor Agency has no taxing power.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Successor Agency prepares a single Recognized Obligation Payment Schedule each year, covering payments due in the January to June period (referred to as ROPS "B") and in the July to December period (referred to as ROPS "A"). In order to have sufficient funds in a subsequent period, the Successor Agency may identify on its Recognized Obligation Payment Schedule an amount necessary to be retained in the RPTTF to be applied to obligations shown on a subsequent Recognized Obligation Payment Schedule. The Controller deposits funds into the RPTTF twice each year, once on January 2 and again on June 1. Any amount remaining in the RPTTF after payment of administrative costs, passthrough payments and Recognized Obligation Payment Schedule obligations is immediately distributed to other taxing entities. Pledged Tax Revenues will not be withdrawn from the RPTTF by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to complete an approved Recognized Obligation Payment Schedule, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

Reduction in Taxable Value

Tax Increment Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, appeals to value under Proposition 8 or other assessment appeals, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Earthquake" below), flood or other natural disaster, could cause a reduction in the Pledged Tax Revenues securing the Series 2026A Bonds. Property owners may also appeal to the Assessor for a reduction of their assessed valuations or the Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See APPENDIX A – "FISCAL CONSULTANT REPORT – Assessment Appeals."

Risks Related to Real Estate Generally

The Owners and Beneficial Owners of the Series 2026A Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the respective project areas, the supply of or demand for competitive properties in such project areas, and the market value of competitive properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate for Fiscal Year 2025-26 is 2.00%. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIIIA or will be in an amount less than 2%. The Fiscal Consultant's report assumes 2% growth (see APPENDIX A - "FISCAL CONSULTANT'S REPORT" herein).

Change in Law

In addition to the other limitations on Pledged Tax Revenues, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Pledged Tax Revenues payable to the Successor Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledged Tax Revenues and adversely affect the security of the Series 2026A Bonds.

By way of example of two recent failed tax initiatives, an initiative measure (the "Split Roll Initiative") to amend Article XIIIA qualified for the State's November 2020 ballot but was defeated at the polls. If adopted, the Split Roll Initiative would have based property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Nearly a year later, another initiative proposal, the "Housing Affordability and Tax Cut Act of 2022," would have taxed tax many types of California properties, including commercial properties, residential properties, industrial properties, mixed-use properties and vacant land with a full cash value of more than $4 million. Effectively, it would have dismantled Proposition 13's property tax safeguards. Proponents had until the end of April 2022 to gather the required number of signatures, but failed to do so. The Successor Agency is unable to predict how any similar initiative, if adopted, would affect the relationship of the assessed value between land use types (i.e., residential versus commercial) in the Project Areas or what other impacts such an Initiative might have on the local economy or the Tax Revenues.

Concentration of Property Ownership

Concentration of ownership presents a risk in that, if one or more of the largest property owners in the Project Area were to default on their taxes (and if the County were to change its current practice of distributing Tax Revenues to the Successor Agency regardless of delinquencies) or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Tax Revenues could occur. The top ten taxpayers the Project Area represents 6.8% of the total incremental assessed value of the Project Area.

Availability of Property and Casualty Insurance

On May 26, 2023, State Farm General Insurance Company ("State Farm") announced that it would cease accepting certain new applications, including all business and personal lines property and casualty insurance, effective May 27, 2023. State Farm indicated in its release that the decision was due to historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure, and a challenging

reinsurance market. State Farm indicated it would work constructively with the California Department of Insurance and State policy makers to help build market capacity in California. It was taking this action, however, to improve the company's financial strength and would continue to evaluate its approach based on changing market conditions. State Farm independent contractor agents licensed and authorized in California would continue to serve existing customers for these products and new customers for products not impacted by the decision.

According to the California Department of Insurance, however, insurance companies declined to renew 2.8 million homeowner policies in the State. Insurers have been exiting the State, refusing to write new policies in areas they consider to be at high risk, or in some cases refusing to offer coverage for high-value homes, which insurance companies generally classify as homes with a replacement cost of $750,000 or higher. Such cancellations generally have resulted in increased cost to homeowner's as they obtain replacement coverage. The California FAIR Plan Association provides insurance to homeowners who cannot otherwise find insurance coverage, but policies through the FAIR Plan do not provide as much coverage as traditional homeowner's insurance and tend to bear rates that are higher than traditional homeowner's insurance. Though several legislative and policy revisions are circulating, neither the Authority nor Successor Agency can predict whether homeowner's insurance will continue to be available to home purchasers at affordable rates. An increase in homeowner's insurance rates or a reduction in the availability of new homeowner's insurance policies will increase the overall cost to purchase homes. Any adverse impact of the foregoing on property values in the Project Area and the real estate market in general cannot be predicted.

Bankruptcy of Landowners

The bankruptcy of a major assessee in the Project Area could delay and/or impair the collection of property taxes by the County with respect to properties in the bankruptcy estate. Although the Successor Agency is not aware of any major property owners in the Project Area that are in bankruptcy or threatening to declare bankruptcy, the Successor Agency cannot predict the effects on the collections of Pledged Tax Revenues if such an event were to occur.

Risks Related to Availability of Mortgage Loans

In the past, events in the United States of America and world-wide capital markets have adversely affected the availability of mortgage loans and business loans, and since the beginning of 2022, mortgage interest rates have risen. Potential buyers of homes and commercial properties within the Project Area may be adversely affected by increases in mortgage interest rates, or any such unavailability of mortgage loans. Such events could hinder the ability of the current owners to resell their homes or commercial properties, or the sale of properties in the future.

Earthquake, Natural Disasters and Climate Change

There are no known major faults within City limits; however, there are several faults in the Indian Wells area that potentially could result in damage to buildings, roads, bridges, and property within the City in the event of an earthquake. Past experiences, including the July 1992, Landers 7.5 and Big Bear 6.6 Richter Scale earthquakes, have not resulted in damage to infrastructure or property in the City. One fault that could affect the City is the San Andreas Fault, which is located approximately 8 to 10 miles northeast of the City. Other faults in the vicinity of the City include the San Jacinto Fault located 25 to 30 miles southwest of the City, and the Mission Creek Fault located 10 to 12 miles northeast of the City.

If an earthquake were to substantially damage or destroy taxable property within the City, the assessed valuation of such property could be reduced. Such a reduction of assessed valuations could result

in a reduction of the funds in the General Fund and available to make Base Rental Payments that secure the Bonds.

Although heavy rainfall is rare in the City, even moderate precipitation can cause significant flooding as the desert soil is unable to hold water. Droughts and wildfires are common hazards in the City, particularly during the summer season. Dust devils can cause havoc with wind speeds of 40 to 60 miles per hour.

California continues to be negatively impacted by unsustainable emissions of greenhouse gas emissions which negatively impact residents, natural resources and wildlife. The State is experiencing rising average temperatures, decreasing snowpack, warmer storms, higher sea levels and more extreme natural disasters such as floods, landslides and wildfire. The desert eco-system represents one-third of California's biodiversity, and rising average temperatures threaten the sustainability of plant and wildlife in the region, together with air quality as a result of agri-business and development with the Coachella Valley.

Cybersecurity

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. The City and its departments face cyber threats from time-to-time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems. The City has not experienced a major cyber breach that resulted in a financial loss. The City currently purchases cyber insurance coverage.

The City maintains a Cyber Risk Management program that identifies and prioritizes the digital risks and had developed a complex layered cyber security posture to protect the City's digital assets and networks. In addition, the City is instituting measures to increase cloud security with the use of safety measures that will aid in the governance of the City's cloud solutions and protect City data stored with cloud-based providers.

In an effort to cultivate a cybersecurity culture, the City practices annual mandatory security awareness training and monthly phishing simulations for end-users to assess the City's human risk exposure. The City disseminates notices of common threat vectors and safeguards that staff should follow.

The Successor Agency is informed that the County maintains an Information Security Office (ISO), whose mission is to protect and maintain the confidentiality, integrity, and availability of information and information technology assets within Riverside County. The goal of the ISO is to implement effective security controls and security operations to prevent cyber intrusions into the County's networks including: promoting the awareness of information security to all County employees; preventing and/or minimizing data leakage and disruptions to application and network services; performing incident management and response to cyber security threats; managing the risk of security exposure, compromise, and intellectual property; monitoring systems for anomalies such as asset misuse, loss, or unauthorized disclosure; and ensuring Countywide compliance with State and federal statutes and regulations. Current operations include 24/7 security monitoring, breach detection, incident management, cyber intelligence situational awareness, and security advisory notifications.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Series 2026A Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments on the Series 2026A Bonds. The County currently allocates 100% of the Tax Revenues collected on the secured property tax roll to the Successor Agency, regardless of the actual amount of payments made by taxpayers (see "Property Taxes; Teeter Plan," below). The County currently allocates Tax Revenues collected with respect to unsecured property to the Successor Agency based upon the tax increment actually collected.

Estimated Revenues

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the Series 2026A Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Pledged Tax Revenues available to pay debt service on the Series 2026A Bonds will be less than those projected and such reduced Pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Series 2014 Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2026A Bonds and any Parity Debt.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Future Legislation and Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Successor Agency or the Successor Agency's ability to expend revenues. In addition, there are currently a number of proposed legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Successor Agency or the Successor Agency ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the Assessor. An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Project Area and the refund of taxes which may arise out

of successful appeals by property owners will affect the amount of Pledged Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Increment Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see "THE CONSOLIDATED WHITEWATER PROJECT AREA – Assessment Appeals" and APPENDIX A – FISCAL CONSULTANT REPORT – Assessment Appeals."

Direct and Overlapping Indebtedness

The ability of land owners within the respective project area to pay property tax installments as they come due could be affected by the existence of other taxes and assessments, imposed upon the land. In addition, other public agencies whose boundaries overlap those of the respective project area could, without consent of the Successor Agency, and in certain cases without the consent of the owners of the land within the Project Area, impose additional taxes or assessment liens on the property to finance public improvements.

Economic Risks

The Successor Agency's ability to make payments on the Series 2026A Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the collection of Tax Increment Revenues. In the event of decreased values, Pledged Tax Revenues may decline even if property owners make timely payment of taxes.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX D attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Series 2026A Bonds will be deposited and into which Pledged Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Successor Agency cannot predict the effects on the receipt of Pledged Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See "BOND OWNERS' RISKS – Bankruptcy."

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2026A Bonds, or, if a secondary market exists, that the Series 2026A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

Bankruptcy

The rights of the Owners of the Series 2026A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinion of Bond Counsel as to the enforceability of the obligation to make payments on the Series 2026A Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX E – "FORM OF OPINION OF BOND COUNSEL."

Federal Tax-Exempt Status of the Bonds

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2026A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2026A Bond proceeds, limitations on the investment earnings on Series 2026A Bonds proceeds prior to expenditure, a requirement that certain investment earnings on the Series 2026A Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal Revenue Service (the "IRS"). The Successor Agency has covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Series 2026A Bonds as taxable, retroactively to the date of issuance of such Series 2026A Bonds.

IRS Audit of Tax-Exempt Issues

The IRS has a program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Series 2026A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2026A Bonds might be affected as a result of such an audit of the Series 2026A Bonds (or by an audit of similar obligations).

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIIIA

Article XIIIA of the California Constitution. Section 1(a) of Article XIIIA of the California Constitution limits the maximum *ad valorem* tax on real property to one percent of full cash value, to be collected by the counties and apportioned according to law. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or

"change of ownership" triggering reassessment under Article XIIIA. This amendment will reduce the tax increment of the Successor Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

In the June 1990 election, the voters of the State approved additional amendments to Article XIIIA permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Both the California Supreme Court and the United States Supreme Court have upheld the constitutionality of Article XIIIA.

Article XIIIB of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Appropriations subject to Article XIIIB include generally 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.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the Successor Agency of proceeds of taxes levied by or on behalf of the Successor Agency within the meaning of Article XIIIB or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 218. On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of the public agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of property taxes or to materially affect the collection and pledge of Pledged Tax Revenues.

The interpretation and application of the initiative provisions of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and while it is not possible at this time to predict with certainly the outcome of such determination, the Successor Agency does not believe that Proposition 218 will materially affect its ability to pay principal of and interest on the Series 2026A Bonds.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value is shown at 100% of assessed value and all general tax rates reflect the $1.00 per $100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Successor Agency is not able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Redevelopment Plan Limits

The redevelopment plans for each project area comprising the Project Area originally included separate time and financial limitations applicable to each project area comprising the Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Successor Agency's enforceable obligations such as the Series 2026A Bonds and Parity Debt. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan. Previous descriptions of the source of payment and security for the Series 2014 Bonds and the Series 2015A Bonds included summary descriptions of time and financial limitations applicable to each project area comprising the Project Area, which limits are no longer applicable to the repayment of principal of and interest on such Bonds.

The redevelopment plan includes a limit on the amount of bonded indebtedness that can be outstanding at one time. This limit is $120,000,000 in 1987 dollars and is to be adjusted annually using the local Consumer Price Index. Using the CPI for the Los Angeles-Anaheim area for the years 1987 through 2018 the current limit on bonded indebtedness is estimated by the Fiscal Consultant to be $273,482,776. The Successor Agency reported total outstanding bonded indebtedness of $137 million on its most recent ROPS.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount

from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a *pro rata* basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a *pro rata* share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 was to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

As noted in the Fiscal Consultant's Report, the secured roll accounted for 99% of the total valuation in the Project Area in Fiscal Year 2025-26, with the unsecured roll comprising less than 1%. There was no non-unitary utility roll valuation (the unitary utility roll is based on countywide assessments and is not reported by project area). The Successor Agency receives a negligible amount in unitary revenue annually from the one percent levy and has not included unitary revenue in the projections. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Litigation Regarding Unitary Property

The County is currently involved in a series of lawsuits involving state-calculated assessments of unitary property ("unitary taxes"). These lawsuits have been brought by telecommunication companies, an electric utility company and other utility companies. While each of these lawsuits is separate, they all seek refunds of property taxes that have been paid under California's "pay first, litigate later" rule. Practically, this means that the County may be required to issue significant refunds to these providers. The unitary tax is collected by the County on behalf of special districts, school districts and water districts who utilize unitary tax revenue to pay for debt service. The County acts as the collection agent for all local property taxes, including the unitary taxes as set forth above. If these companies prevail, the County would be responsible for issuing refunds and then collecting or offsetting future amounts of revenue from these special districts. As such, the County has issued notices to said districts pursuant to Revenue and Taxation Code Sections 5146 and 5148 indicating that the County may be required to collect funds from the special districts to pay any refunds ordered by the Court or schedule an offset of future tax revenues.

First, AT&T, T-Mobile, Sprint and several other companies (the "Telecommunication and Utility Companies") have each filed lawsuits against the County seeking a refund of unitary taxes paid for tax years ranging from 2014-2015 to the present. The Telecommunication and Utility Companies also seek a

reduction in the unitary tax rate to reflect a lower rate that they believe is assessed against other business and commercial properties. The Telecommunication and Utility Companies further argue that the unitary tax rate cannot be higher than 1% as capped by Proposition 13.

The Telecommunication and Utility Companies are seeking a refund amount, in total, of approximately $33,000,000 to $43,000,000 in taxes. The earliest cases were initially either tolled or stayed by agreement of the parties due to a parallel lawsuit involving the County of Santa Clara, which lawsuit ended with an appellate decision in favor of the government. A more recent Telecommunication and Utility Companies case against the County, *Pacific Bell Telephone Company* v. *County of Riverside*, is under appeal after a decision upon demurrer at the trial court that was favorable to the County. The other unitary tax cases brought by the Telecommunication and Utility Companies are currently tolled or stayed pending the outcome of the Pacific Bell case. The County does not anticipate resolution of the Pacific Bell case until at least late 2025.

Second, the County is also facing another unitary tax lawsuit entitled *Southern California Edison* v. *Board of Equalization*. This lawsuit was filed by electric utility provider Edison against the State's Board of Equalization and nineteen (19) counties, including the County, seeking a total refund of approximately $5.5 billion. The County received approximately $53,329,392 in Fiscal Year 2020-2021 at the valuation approved by the State, and the County's share is estimated to be $1,281,000. Edison would like that amount to be reduced by approximately 10.32% resulting in an adjusted tax of approximately $42,872,680. As such, Edison seeks a refund from the County in the amount of approximately $10,456,712. Edison has filed identical lawsuits for three additional years as well. In total, the potential total refund to Edison for all four years would be approximately $45,000,000. Of note, the County acts as the collection agent for the unitary taxes, and, if Edison were to prevail, a majority of the refunded amount would be attributable to cities, special districts and school districts that receive the unitary tax revenue. This matter is being heard in Orange County Superior Court. The County does not anticipate a ruling in this matter until at least the middle of 2026.

Third, the County entered into a tolling agreement with Edison on January 29, 2024, to extend the time for Edison to file a separate lawsuit alleging that the unitary tax rate cannot be higher than 1% (the same argument raised by the Telecommunication and Utility Companies, described above). If Edison were to prevail, it will be entitled to a tax refund of approximately $18,000,000 for the 2018-2019 tax year.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 *et seq*. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the Successor Agency is not affected by delinquent tax payments. For the past five years, the delinquency rate for all secured properties in the Project Area has been negligible As of October 2025, the delinquency rate on Fiscal Year 2024-25 secured property taxes in the Project Area was 2.9%.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 2% of the tax increment revenues from a project area. The calculations of Pledged Tax Revenues take such administrative costs into account.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (other than the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989, will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Effective September 22, 2015, the Dissolution Act provides that such debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project that are not pledged to or not needed for debt service on successor agency obligations will be allocated and paid to the entity that levies the override.

Future Initiatives

Article XIIIA, Article XIIIB and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting property tax revenues or the Successor Agency's ability to expend such revenues. In addition, legislative changes to the Dissolution Act which, if adopted, would also affect revenues of the Successor Agency or the Successor Agency's ability to expend revenues. The nature and impact of these measures cannot currently be anticipated.

OTHER INFORMATION

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate, the Successor Agency has covenanted for the benefit of the Owners of the Series 2026A Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), in which it covenants to provide information regarding the Successor Agency on an annual basis as well as information regarding material adverse events, if any such events should occur to the owners of the Bonds and to the Municipal Securities Rulemaking Board ("MSRB") during the term of the Bonds. See APPENDIX F - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

Litigation

At the time of delivery of and payment for the Series 2026A Bonds, the Successor Agency will certify that, except as disclosed herein, to their respective best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their respective offices or seeking to restrain or enjoin the

issuance, sale or delivery of the Series 2026A Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Tax Increment Revenues or the Pledged Tax Revenues to be pledged to pay the principal of and interest on the Series 2026A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2026A Bonds, the Indenture, or any action of the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or which would adversely affect the exclusion of interest paid on the Series 2026A Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Series 2026A Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Best Best & Krieger LLP, Riverside, California, subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants, the interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes, and interest on the Series 2026 Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2026 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is exempt from California personal income tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Utility Authority and City comply with all requirements of the Internal Revenue Code of 1986, as amended (previously defined as the "Tax Code") that must be satisfied subsequent to the issuance of the Series 2026 Bonds. The Utility Authority and City have made certain representations and covenanted to comply with each such requirement. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2026 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2026 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2026 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2026 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each

owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series 2026 Bonds to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Series 2026 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series 2026 Bonds who purchase the Series 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2026 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series 2026 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Series 2026 Bond (said term being the shorter of the bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series 2026 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Series 2026 Bond is amortized each year over the term to maturity of the Series 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Series 2026 Bond premium is not deductible for federal income tax purposes. Owners of premium Series 2026 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series 2026 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code, or court decisions may cause interest with respect to the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code, or court decisions may also affect the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Utility Authority and City or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Utility Authority and City have covenanted, however, to comply with the requirements of the Tax Code.

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

Owners of the Series 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Series 2026 Bonds other than as expressly described above.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel

has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Series 2026 Bonds, or as to the consequences of owning or receiving interest on the Series 2026 Bonds, as of any future date. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Legal Opinion

Best Best & Krieger LLP, Riverside, California, will render is opinion with respect to the validity of the Series 2026A Bonds in substantially the form set forth in Appendix E hereto. Copies of such approving opinion will be available at the time of delivery of the Series 2026A Bonds.

Verification of Mathematical Accuracy

Causey Public Finance, LLC certified public accountants, will verify, from the information provided to them, the mathematical accuracy of the computations contained in schedules to determine that the amounts to be held in the Bond Fund pursuant to the Instructions will be sufficient to pay principal, interest and redemption price due on the Refunded Bonds through and including the redemption date. Causey Public Finance, LLC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of interest on the Series 2026A Bonds.

Ratings

S&P Global Ratings, a Standard & Poor's Financial Services LLC business, a part of McGraw Hill Financial ("Standard & Poor's") has assigned to the Series 2026A Bond its municipal bond rating of "AA-." Such rating reflects only the views of Standard & Poor's, and does not constitute a recommendation to buy, sell or hold any of the Series 2026A Bonds. Explanation of the significance of such rating may be obtained only from Standard and Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that such rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Series 2026A Bonds.

Sale of Series 2026A Bonds

The Series 2026A Bonds were sold to _____ (the "Underwriter") at competitive bid. The Underwriter is offering the Series 2026A Bonds at the initial offering prices set forth on the inside front cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter will purchase the Series 2026A Bonds at a price equal to $_____, which represents the principal amount of the Series 2026A Bonds, [plus/less] a net original issue [premium/discount] of $_____ and less an Underwriter's discount of $__.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Successor Agency with the assistance of the Municipal Advisor who advised the Successor Agency as to the financial structure and certain other financial matters relating to the Series 2026A Bonds. The information set forth herein received from sources other than the Successor Agency has been obtained from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified.

Miscellaneous

All quotations from and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

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This Official Statement is submitted only in connection with the sale of the Series 2026A Bonds by the Successor Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Successor Agency. The information contained herein should not be construed as representing all conditions affecting the Successor Agency or the Series 2026A Bonds.

SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY

By:_____
Finance Director of the City
on behalf of the Successor Agency

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APPENDIX A

FISCAL CONSULTANT REPORT

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FISCAL CONSULTANT REPORT
FOR THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF INDIAN WELLS
CONSOLIDATED WHITEWATER REDEVELOPMENT PROJECT AREA TAX ALLOCATION REFUNDING BONDS
SERIES 2026

SEPTEMBER 2, 2026

Urban
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INTRODUCTION

In preparation for the issuance of the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2026 (the "Bonds"), the Successor Agency to the Redevelopment Agency of the City of Indian Wells (the "Agency") has retained Urban Analytics as fiscal consultant (the "Consultant") to evaluate available tax revenue for the Agency's Consolidated Whitewater Redevelopment Project Area (the "Project Area") and provide a Fiscal Consultant Report.

This Fiscal Consultant Report (the "Report") is based in part on assessed valuation information provided by the County of Riverside (the "County"), on the County's assessment and apportionment practices, on base year assessed valuation for the Project Area as reported by the County, and on information regarding pass-through agreements and redevelopment plan terms provided by Agency staff.

The Report provides a review of various matters affecting the Agency's receipt of tax increment in the Project Area. The Report also presents projections of tax increment available to the Agency over the life of the Project Area, incorporating the Agency's obligations toward other taxing jurisdictions and projecting assessed valuation at a two percent growth rate.

SUMMARY

The Project Area is expected to generate a total of $24,109,455 in property tax increment in FY 2025-26, after deductions for County administration fees and non-subordinated obligations.

THE ALLOCATION OF TAX INCREMENT REVENUE TO THE AGENCY

Under California redevelopment law, the County allocates to the Agency all locally assessed secured and unsecured property tax revenue and state-assessed utility revenue collected within the Project Area above the Project Area's base year assessed valuation. The County also apportions to the Agency a share of state-assessed unitary revenue as well as revenue from supplemental assessments.

Tax revenue deriving from the base year assessed valuation is distributed to all other taxing jurisdictions within the tax rate areas comprising the Project Area. The distribution of the base year tax revenue is accomplished using the same apportionment process used to allocate property tax revenue in non-redevelopment tax rate areas.

As described further under "*Redevelopment Dissolution*", tax revenue derived from assessed valuation in the Project Area in excess of the base year assessed valuation is allocated annually by the Controller to the Redevelopment Property Tax Trust Fund (the "RPTTF"). This allocation of tax increment ("Tax Increment Revenue") is the maximum that the Agency may receive in a fiscal year. The Tax Increment Revenue is applied, in order of priority, to administrative costs of the state's Department of Finance, to the administrative costs of the County Controller, to passthrough payments, to debt service and contractual obligations of the Agency, and to administrative costs of the Agency. To the extent the funds in the RPTTF are insufficient to meet these obligations, the Controller will withhold Agency administrative costs; if an insufficiency remains, subordinated passthrough payments would then be deferred.

Agency annual debt service and contractual obligations are identified on a Recognized Obligation Payment Schedule (ROPS) that is approved by the County Oversight Board and by the state Department of Finance. The Agency prepares a single ROPS each year, covering payments due in the January to June period (referred to as ROPS "B") and in the July to December period (referred to as ROPS "A"). In order to have sufficient funds in a subsequent period, the Agency may identify on its ROPS an amount necessary to be retained in the RPTTF to be applied to obligations shown on a subsequent ROPS. The Controller deposits funds into the RPTTF twice each year, once on January 2 and again on June 1. Any amount remaining in the RPTTF after payment of administrative costs, passthrough payments and ROPS obligations is immediately distributed to other taxing entities.

Roll corrections include adjustments made to the roll after the equalized roll is released in July and before tax bills are generated in October. These corrections include Proposition 8 adjustments to the roll made by the Assessor as well as corrections to assessments including application of exemptions. Assessment appeal refunds are refunds paid to property owners who have had their assessed valuations reduced in the appeals process and are entitled to a refund of the property taxes paid on the amount reduced. As the appeals process can take two years to complete, the tax refunds paid in a given year may include taxes paid several years prior.

The Auditor-Controller's office applies any tax refunds paid to property owners in the Project Area against the Agency's allocation of supplemental assessment revenue. While it is the current practice of the Auditor-Controller not to apply refunds in excess of the supplemental revenue – thereby not affecting the tax increment revenue securing the bonds – it is possible that this practice could change in the future. Should the Auditor-Controller deduct tax refunds in amounts greater than the Agency's supplemental assessment revenue, the Agency's tax increment revenue could be reduced.

Unitary roll revenue is derived from utility properties including pipelines and other properties that are assessed on a countywide basis as a unit. Property taxes on these unitary assessments are distributed to jurisdictions in the county using an allocation formula similar to the regular apportionment mechanism. The Agency receives a negligible amount of unitary revenue annually; consequently, unitary revenue is not included in the tax increment projections prepared for this Report.

The State Board of Equalization separately assesses railroad, pipeline and other utility properties with tax revenue apportioned through the local apportionment process. As no state-assessed utility properties are located in the Project Area the Agency does not receive any revenue from this source.

The County utilizes a mechanism for the distribution of tax increment revenue to redevelopment agencies that has a similar effect on the Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized tax roll to each agency's RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the

Agency is not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it. The overall delinquency rate for the last full fiscal year (2024-25) for all secured properties in the Project Area was 2.9% as of June 2, 2025.

The County charges an administration fee to recover property tax administration costs from the Agency and other jurisdictions under the Revenue and Taxation Code, Section 95.3. The fee is based on County costs that vary from year to year so that the amount charged to each jurisdiction annually is variable. The administration fee amounts to approximately 1.54% of the tax increment revenue from the Project Area.

Tax increment calculations made in this Report use revenue from the secured and unsecured rolls along with revenue from unitary assessments. Supplemental roll revenues are considered when calculating cumulative tax increment caps but are not otherwise included in tax increment calculations used in the Report.

HOUSING SET-ASIDE

Prior to the Redevelopment Dissolution Law, California redevelopment law required agencies to maintain a low- and moderate-income housing fund, depositing into the fund 20% of gross tax increment revenues annually. The Agency has no outstanding debt secured by the low- and moderate-income housing fund and is no longer required to deposit funds into the fund.

THE PROJECT AREA

The Redevelopment Plan

The Project Area was formed by the adoption of redevelopment plans for Project Area 1 and Project Area 2 on July 15, 1982 under Ordinance 195, as shown in Table 1. These two areas were subsequently combined into the Consolidated Whitewater Project Area on August 13, 1987 by Ordinance 235. A second amendment to the original redevelopment plan, on December 21, 1995, brought certain limits of the plan into conformance with AB1290 (Ordinance 368).

On March 19, 1998, the plan was further amended to implement provisions of cooperation agreements between the Agency and both the County and the Coachella Valley Municipal Water District under Ordinances 422 and 423, respectively. The Agency deleted certain parcels from the Project Area on September 23, 1999 by Ordinance 453. On November 6, 2003 the Agency, through Ordinance 551, repealed the provision in the redevelopment plan that established a last date to incur indebtedness as permitted under SB211. A one-year extension of the redevelopment plan termination date (and consequently of the last date to repay indebtedness) was adopted by Ordinance 577 on October 20, 2005, under the provisions of SB1045 relating to the ERAF payment for 2003-04. Also on that date the City Council adopted Ordinance 578 extending the plan limits by an additional two years for the 2004-05 and 2005-06 ERAF payments under SB1096.

Under the provisions of the redevelopment plan and redevelopment law in effect at the time the Project Area was established, the Project Area included a limitation on the total amount of tax increment that may be collected by the Agency over the life of the Project Area, referred to as tax increment cap, and a last date to repay indebtedness. As described under

"Redevelopment Dissolution", below, budget legislation passed in 2015 (SB107) specifies that redevelopment agencies are no longer subject to tax increment caps or temporal limits on the repayment of enforceable obligations. Accordingly, the projections used in this Report disregard the tax increment caps and debt repayment plan limits contained in the original redevelopment plans.

The redevelopment plan includes a limit on the amount of bonded indebtedness that can be outstanding at one time. This limit is $120,000,000 in 1987 dollars and is to be adjusted annually using the local Consumer Price Index. Using the CPI for the Los Angeles-Anaheim area for the years 1987 through 2025 the current limit on bonded indebtedness is estimated to be $352 million. The Agency reports total outstanding bonded indebtedness of $62.0 million on its most recent ROPS.

Table 1
The Redevelopment Plan Limits and Key Plan Amendments,
Consolidated Whitewater Project Area

	Date of Adoption	Ordinance Number	Base Bonded Indebtedness Limit	Acreage
Consolidated Whitewater	7/15/1982	195	$120,000,000	5,433

Note:
The original redevelopment plan adopted 7/15/1982 included two project areas that were subsequently combined in 1987 to form the Consolidated Whitewater Project Area. The Bonded Indebtedness Limit is the base amount included in the redevelopment plan; the plan provides for annual increases in this amount using the Consumer Price Index. Acreage shown is total Project Area acreage of which 3,327 acres generate tax increment. With the passage of SB107 on September 22, 2015, the Agency is no longer subject to either the Last Date to Repay Indebtedness or the Tax Increment Limit for purposes of payment of enforceable obligations; these plan limits are not shown here.
Source: The Agency

Fiscal Agreements

Under redevelopment law existing at the time of the Agency's plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or pass-through, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity's share of the tax increment received by the agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

The Agency reports that it has a set of agreements with seven taxing entities regarding payments under Section 33401. Under these agreements, the County Auditor-Controller passes through to the taxing entities varying percentages of the tax increment that the entities would otherwise receive.

The fiscal agreement with the County, covering both the County General Fund and the County Fire District, requires these entities to receive 100% of the combined County and County Fire District share of tax increment, approximately 36%. The Coachella Valley Water District receives 100% of its 6% share of tax increment.

Three entities – the Desert Sands Unified School District, County Superintendent of Schools and the College of the Desert – each receive 30% of their share of tax increment (respectively and approximately, 38%, 4% and 8%) above a $5 million threshold, calculated annually. The Coachella Valley Recreation and Park District and the Coachella Valley Mosquito Abatement District each receive 100% of their shares (approximately 2% and 1%) of tax increment over a threshold of $6.5 million annually.

Under the Section 33401 fiscal agreements, the taxing entities agreed to rescind any resolutions then in effect also claiming payments under Section 33676. Consequently, there are no resolutions in effect requiring payments under Section 33676.

The Section 33401 fiscal agreements contain no clauses allowing the Agency to subordinate payments to the taxing entities to debt service payments. Therefore, all pass-through payments made under the fiscal agreements are senior to the Bonds.

The adoption of Ordinance 551 on November 6, 2003 eliminating the plan limitation on the issuance of indebtedness also triggered a statutory requirement that the Agency commence making passthrough payments to taxing entities not already subject to fiscal agreements. This requirement of redevelopment law sets the date on which new passthrough payments commence as the date on which the plan limitation eliminated by the ordinance would have gone into effect. As the plan limitation on the issuance of indebtedness had been January 1, 2004, the new passthrough payments for certain taxing entities commenced on that date.

The taxing entities subject to the statutory passthrough payments, and their approximate shares of tax increment, are the County Recreation and Park District (0.5%), the Coachella Valley Cemetery District (0.4%), the Desert Center Hospital District (0.6%) and the Coachella Valley Resource Conservation District (0.03%). These statutory passthrough payments are also senior to the Bonds.

The statutory passthrough payments, established through legislation known as AB1290, provide taxing entities with their share of twenty-five percent of incremental tax revenues above certain thresholds; in this case the initial threshold is the tax increment received from assessed valuation in FY 2003-04. Tax increment above that amount is distributed to the four taxing entities identified above that did not already have Section 33401 fiscal agreements in effect with the Agency. New thresholds are established ten and thirty years beyond the initial threshold date and a portion of tax increment above these new thresholds are also paid to taxing entities.

Projections used in this report incorporate the passthrough payments made under the AB1290 statutory provisions as well as under the Section 33401 fiscal agreements.

Project Area Land Use

As shown in Table 2, the Project Area is predominately residential with 65.3% of its FY 2025-26 valuation in single-family residential use and 18.3% in condominiums. 6.2% of the Project Area valuation is in commercial use, 9.2% is classified as exceptional residential properties, golf courses and other use types. and 1% is classified as vacant

Table 2
Land Use in Consolidated Whitewater Project Area, FY 2025-26

Land Use	Secured AV	% of AV	Number of Parcels	% of Parcels	Acres	% of Acres
Commercial	385,222,107	6.2%	55	0.8%	109	3.3%
Single-Family Residential	4,090,104,011	65.3%	2,348	33.5%	695	20.9%
Condominiums	1,145,043,149	18.3%	1,690	24.1%	139	4.2%
Other Residential	35,914,435	0.6%	41	0.6%	18	0.6%
Vacant	26,584,961	0.4%	34	0.5%	166	5.0%
Other	577,911,666	9.2%	2,833	40.5%	2,199	66.1%
Total	6,260,780,330	100.0%	7,001	100.0%	3,327	100.0%

Notes:
Valuations include homeowner's exemptions, restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency. Timeshares are included in the Commercial Secured AV figure but are excluded from the parcel count and acreage figures.

Source: Riverside County Assessor; Urban Analytics

LEGISLATION AND COURT ACTIONS

Redevelopment Dissolution

The state's redevelopment program was fundamentally changed as part of the 2011-12 budget package. Legislation dissolving redevelopment agencies and replacing them with successor agencies, AB1x26, took effect June 29, 2011, with the dissolution of all redevelopment agencies in the state effective as of February 1, 2012. Additional clarifying legislation, AB1482 and SB107, became effective on June 28, 2012 and September 22, 2015, respectively. AB1x26, AB1482 and SB107 are jointly referred to here as the Redevelopment Dissolution Law.

The legislation created successor agencies to pay off existing debt of the former redevelopment agencies and to wind down the former agency's operations. Successor agencies are governed by seven-member oversight boards representing the taxing entities that share in the property tax revenues of an agency (the city, county, schools, community college districts and special districts) as well as an employee representative of the former redevelopment agency (on July 1, 2018, there will be a single oversight board governing all agencies in Riverside County). Successor agencies are subject to a number of proscriptions intended to limit the scope of their actions, including incurring new debt (as noted below, subsequent legislation added the ability to refund existing debt).

The dissolution bill did not change the constitutional basis for the collection of property tax increment revenue in California contained in Article 16, Section 16. Property tax increment revenue continues to be calculated and allocated to a special fund of the successor agency (now termed the Redevelopment Property Tax Trust Fund, or RPTTF).

The dissolution bill substantially changed the mechanism used to distribute tax increment revenue to the successor agencies. Successor agencies are now required to create a schedule of payments (Recognized Obligation Payment Schedule, or ROPS) that serves as the basis for the distribution of property tax increment revenue to the successor agencies. The obligations appearing on the ROPS are limited to items deemed to be "enforceable" under the legislation.

These include debt service and contractual obligations entered into prior to June 29, 2011; it explicitly excludes contracts and agreements between the former redevelopment agency and its sponsoring city or county except those that were entered into prior to January 1, 2011 for purposes of securing debt obligations and those established in the first two years of an agency's existence.

Commencing February 1, 2016, the ROPS is prepared once each year and covers obligations coming due in the subsequent fiscal year. Also beginning July 1, 2016, agencies that have received a finding of completion may create a Last and Final ROPS listing all enforceable obligations, which, if accepted by DOF, will serve as the basis for all future distributions by the Controller. The Agency does not expect to submit a Last and Final ROPS in the foreseeable future.

The distribution of funds from the RPTTF is limited to the obligations listed on the ROPS for each period. Distributions of RPTTF property tax increment revenue are made twice each year, on January 2 and June 1, with the January distribution applied to obligations due in the January-June period and the June distribution applied to obligations due in the July-December period. The dissolution bill established a hierarchy of payments to be made from the RPTTF in each period, a mechanism informally referred to as "the waterfall".

The first payment from the RPTTF is made to the county controller to recover the cost of administering the Redevelopment Dissolution Law; this payment is not subordinated to the Agency's outstanding bonds. The second tier of payments is passthrough payments to taxing entities. The third payment tier is to the successor agency for the obligations on the ROPS for the payment period. A hierarchy of payments within the ROPS obligations is specified in the law, with debt service on tax allocation bonds first, revenue bonds second, and all other obligations third. The fourth payment is an administrative cost allowance for the successor agency, specified in the legislation as the greater of $250,000 or three percent of the property tax revenue allocated to the successor agency. The fifth and final payment is a distribution of all remaining property tax increment revenue in the RPTTF to the local taxing entities. No funds are retained in the RPTTF.

In the event that there are insufficient funds available in the RPTTF to meet the successor agency's obligations for a given period, the legislation requires the controller to, first, reduce or eliminate the residual payments to taxing entities; second, reduce or eliminate the administrative cost allowance to the successor agency; and third, deduct from any subordinated passthrough payments, whether contractual or statutory, the debt service obligations to which they were made subordinate. If there is still an insufficiency, the legislation permits, but does not require, a loan to be made from the county treasury to the successor agency.

There is a complex system of oversight and approvals in the legislation. County oversight boards are charged with approving ROPS of the successor agency, which are then submitted to the county auditor-controller and state Department of Finance for review. The Department of Finance can reject some or all of the obligations on the ROPS, which then returns to the successor agency and the oversight board for revision. Since the county controller cannot make a payment to the successor agency without an approved ROPS, this approval process is a critical element in the process. Additional oversight is provided by the state Controller, charged with overseeing the actions of the county auditor-controllers.

Prior to the passage of the Redevelopment Dissolution Law, a minimum of twenty percent of the tax increment revenue received by the Agency was required to be set aside and utilized

to increase, improve and preserve the community's supply of very low-, low- and moderate-income housing (the "Low and Moderate Income Housing Fund" or "Housing Fund"). Although the Redevelopment Dissolution Law eliminated this requirement, tax increment revenue deposited into the Housing Fund was pledged to certain outstanding housing bonds of the Agency; these bonds were refunded through the issuance of the Series 2014A-T Bonds eliminating the pledge of tax increment for those outstanding housing bonds.

The County charges an administration fee to recover property tax administration costs from the Agency and other jurisdictions under the Revenue and Taxation Code Section 95.3. The fee is based on County costs that vary from year to year so that the amount charged to each jurisdiction annually is variable. This fee is in addition to the administration fee authorized under the Redevelopment Dissolution Law. The combined property tax and AB1x26 administration fees are estimated to amount to approximately $908,483 in FY 2025-26, or approximately 1.54% of the tax increment revenue from the Project Area.

Tax increment revenue calculations made in this Report use revenue from the secured and unsecured rolls. There are no properties assigned to the utility roll in the Project Area. The unitary roll generates negligible revenue and is not included in the revenue used in this report. Supplemental roll revenues are considered when calculating cumulative tax increment caps but are not included in the projections of tax increment revenues.

Santa Ana Section 33676 Decision

A 2002 court decision in Santa Ana regarding statutory payments made to taxing entities under the pre-1994 Section 33676 of the Health and Safety Code found that school districts and community college districts that had failed to elect to receive payments under that section were entitled to collect them. Because the Agency has Section 33401 fiscal agreements in effect with all school and community college districts in which the districts agree to rescind any 33676 resolutions, the districts are not eligible for separate payments under Section 33676.

Orange County Reassessment Decision

A court case regarding the proper method of reassessing properties once they received a temporary reduction in valuation (a Proposition 8 adjustment) was resolved on appeal in favor of the County of Orange. In that case, the assessor was found to have properly returned a property to its statutory base valuation adjusted for inflation once the Proposition 8 adjustment terminated. The assessment practice that was validated by the court is one used in Riverside and most other counties in the state.

PROPOSITION 13 ADJUSTMENT AND 2025-26 ROLL VALUATIONS

Under Section 51 of the Revenue and Taxation Code the annual increase in assessed valuation for real property is limited to the lesser of two percent or the October-to-October change in the California Consumer Price Index (CCPI) preceding the January 1 lien date. The State Board of Equalization reports the figure annually in late December. Since 1976-77 the CCPI has been above two percent in all but eleven years, with the lowest CCPIs being a negative 0.24% for FY 2010-11 and a positive 0.75% for FY 2011-12. The factor applied to the FY 2017-18 through FY 2025-26 rolls was 2.00% with the exception of FY 2021-22, which was 1.04%. This factor, referred to at times in this Analysis as the Proposition 13 inflation factor, is applied to land and improvements where the property has not been sold or, in the case of improvements, newly constructed. Properties whose valuations have been reduced

under Proposition 8 continue to receive an inflationary adjustment under Proposition 13 on the reduced valuation.

TAX RATES

The tax rate applicable to redevelopment incremental assessed valuation includes the basic one percent levy. In addition, redevelopment agencies receive tax revenue from debt service override levies except those that are imposed to repay indebtedness approved by voters on or after January 1, 1989. For the purposes of calculating the tax increment used in this report, only the one percent levy was used.

The Agency has no power to levy a property tax itself, has no control over the override levy, and may not receive tax revenue from any future levy for voter-approved indebtedness.

ASSESSMENT APPEALS

Appeals of assessments by property owners in the project area can result in reductions in assessed valuations that could potentially affect the Agency. Reductions in prior-year assessed valuations do not currently affect the Agency's allocation of regular tax increment revenue due to the Auditor-Controller's practice of deducting taxpayer refunds from supplemental revenue payments to the Agency and not from the regular tax increment apportionment. However, as described below, the Assessor can reduce annual assessed valuations on specific properties, which can affect the Agency.

The most common type of appeal filed is known as a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's assessment based on the current economic value of the property. The assessor may also unilaterally adjust valuations based on Proposition 8 criteria. Reductions in valuation made under Proposition 8 are temporary, with valuations restored to their full assessments once the economic reason for the reduction no longer applies. Such reductions can affect the Agency's tax increment while they are in effect.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Agency's annual revenue. While Assessors in other counties have, on occasion, used Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions, the Riverside County assessor's office has not done so and is not expected to do so in the Project Area.

As noted, the Auditor-Controller's office debits the Agency for tax refunds due to successful property tax appeals by offsetting the Agency's allocation of supplemental roll revenue. The Auditor-Controller's office has stated that current practice is to offset no more than the Agency's supplemental revenue in any given period. Under this system the Agency's regular tax increment revenue, pledged to the bonds, is not reduced by tax refunds. Should this practice change at some future date it would be possible for the Agency's tax increment revenue to be affected.

Table 3
Assessment Appeals in the Consolidated Whitewater Project Area

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2025-26	Resolved	-	-	-	-	-
2025-26	Pending	24	55,699,504	51,801,000	TBD	TBD
2024-25	Resolved	73	188,300,494	95,757,296	188,300,494	100.0%
2024-25	Pending	12	126,708,773	67,267,603	TBD	TBD
2023-24	Resolved	101	379,070,691	230,480,742	377,483,556	99.6%
2023-24	Pending	42	116,011,837	26,950,452	TBD	TBD
2022-23	Resolved	76	287,614,683	184,749,090	271,041,765	94.2%
2022-23	Pending	75	204,566,091	47,545,160	TBD	TBD
2021-22	Resolved	105	437,576,828	174,031,392	415,030,646	94.8%
2021-22	Pending	34	81,067,623	21,341,147	TBD	TBD
2020-21	Resolved	131	455,129,178	273,515,821	432,160,890	95.0%
2020-21	Pending	6	168,074,453	123,569,171	TBD	TBD
2019-20	Resolved	115	337,199,607	222,297,451	323,245,579	95.9%
2019-20	Pending	-	-	-	-	-
2018-19	Resolved	96	268,238,022	176,430,134	262,406,377	97.8%
2018-19	Pending	-	-	-	-	-
2017-18	Resolved	71	180,959,784	112,400,942	179,428,735	99.2%
2017-18	Pending	-	-	-	-	-
2016-17	Resolved	75	188,363,118	118,589,533	181,180,567	96.2%
2016-17	Pending	-	-	-	-	-
All Years	Resolved	843	2,722,452,405	1,588,252,401	2,630,278,609	96.6%
All Years	Pending	193	752,128,281	338,474,533	TBD	TBD

Source: Riverside County Assessor

Based on information provided by the County Assessor's office on October 25, 2025 there are 193 appeals pending in the Project Area, as shown in Table 3. The amount of assessed valuation in dispute (the original county valuation less the applicant's opinion of value) is $413.7 million for pending appeals. The disputed amounts will be resolved in the appeals process and some portion of those amounts may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, Table 3 provides information on resolved appeals filed in previous years in the Project Area. Overall, the 843 appeals settled in the Project Area during the FY 2016-17 to FY 2025-26 period resulted in reductions in valuation of $92.2 million out of $2.7 billion in enrolled valuation subject to appeals, or 3.4%. The overall retention rate has thus been approximately 96.6% of the original valuation.

An indicator of the potential exposure of Agency tax increment revenue to appeals – were the Auditor-Controller either to change its policy of deducting appeal-related tax refunds solely from supplemental revenue and not from regular tax increment or were the Assessor to continue Proposition 8 reductions on future rolls for properties granted prior-year reductions – may be seen by applying the retention rate to the amount of valuation in dispute in pending appeals.

Applying the 96.6% retention rate for resolved appeals to the $757.1 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of $25.5 million or approximately $255,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be $413.7 million or approximately $4.1 million in tax revenue. As noted below under *"Tax Increment Projection*", no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

A number of appeals have been filed by large property owners in the Project Area, shown on Table 4. Properties owned by BBC Esmerelda, Indian Wells Hotel and Village Shopping Center have appeals pending for the 2024-25 roll year; BBC Esmerelda, Village Shopping Center and IW Golf Club also have appeals pending for prior roll years.

Table 4
Assessment Appeals by Large Owners in the Consolidated Whitewater Project Area

Year	Owner	Resolved / Pending	County Valuation	Applicant Opinion of Value	Valuation After Appeal
2024-25	BBC ESMERALDA	1 Pending	80,508,910	40,254,455	TBD
2024-25	INDIAN WELLS HOTEL OWNER	2 Pending	1,182,934	934,554	TBD
2024-25	VILLAGE SHOPPING CENTER	2 Pending	22,439,886	11,219,944	TBD
2024-25	INDIAN WELLS PROP	1 Resolved	16,533,619	872,000	16,533,619
2024-25	IW GOLF CLUB	32 Resolved	13,623,457	6,788,116	13,623,457
2023-24	BBC ESMERALDA	1 Pending	78,930,305	58,500	TBD
2023-24	IW GOLF CLUB	34 Pending	8,447,314	6,636,173	TBD
2023-24	VILLAGE SHOPPING CENTER	2 Pending	21,999,890	10,999,946	TBD
2023-24	INDIAN WELLS HOTEL OWNER	32 Resolved	138,366,984	110,313,560	138,366,984
2022-23	BBC ESMERALDA	1 Pending	77,382,653	19,345,663	TBD
2022-23	IW GOLF CLUB	36 Pending	7,394,497	7,049,402	TBD
2022-23	VILLAGE SHOPPING CENTER	2 Resolved	21,568,522	10,784,262	20,500,000
2021-22	BBC ESMERALDA	1 Pending	75,865,347	18,966,336	TBD
2021-22	IW GOLF CLUB	29 Pending	4,053,343	2,066,400	TBD
2021-22	IW GOLF CLUB	4 Resolved	4,947,000	4,567,339	3,908,831
2021-22	VILLAGE SHOPPING CENTER	2 Resolved	17,720,000	10,572,807	17,720,000
2020-21	BBC ESMERALDA	1 Pending	75,087,442	49,000,000	TBD
2020-21	VILLAGE SHOPPING CENTER	1 Resolved	14,876,539	7,438,270	12,450,000

Data obtained from the Riverside County Assessor's Assessment Appeals Database as of 10/25/2025
Source: Riverside County Office of the Assessor; Urban Analytics

PROPOSITION 8 ASSESSMENT REDUCTIONS AND RESTORATIONS

The Assessor annually reports on the number of assessments by city subject to Proposition 8 reductions, and the amount of Proposition 8 reductions, shown in Table 5. For FY 2025-26, the Assessor reports 156 properties reduced through Proposition 8 in the City of Indian Wells and $230,388,091 in reduced valuation. This continues a downward trend in Proposition 8 reductions in the City from a high of 4,434 properties and $902,804,427 in reduced valuation in FY 2012-13 and 4,116 properties with $915,179,042 in reduced valuation in FY 2011-12.

Table 5
Historical Proposition 8 Assessment Reductions, City of Indian Wells

Fiscal Year	Assessments Reduced	Assessed Value Reduction
2025-26	156	230,388,091
2024-25	178	205,721,869
2023-24	228	151,099,054
2022-23	297	144,274,519
2021-22	690	351,322,447
2020-21	913	459,137,722
2019-20	1,000	486,754,466
2018-19	1,198	489,503,462
2017-18	1,615	618,341,358
2016-17	1,804	649,581,923
2015-16	2,269	655,741,365
2014-15	2,572	702,465,958
2013-14	4,027	843,678,753
2012-13	4,434	902,804,427
2011-12	4,116	915,179,042

Source: Riverside County Assessor

PROPERTY TAX DELINQUENCIES

As noted previously, the Agency's tax increments are paid under a mechanism similar to the Teeter Plan and are consequently not affected by tax delinquencies. As of June 2, 2025, the delinquency rate on FY 2024-25 secured property taxes in the Project Area was 2.9%.

HISTORICAL AND CURRENT ASSESSED VALUATION

Based on assessment roll data provided by the County Assessor, the total assessed valuation in the Project Area is $6.3 billion in FY 2025-26 after deducting all exemptions (see Table 6). This represents an increase of 5.6% over FY 2024-25 valuation and follows gains of 4.66%, 5.99%, 7.69% and 2.96% in the preceding fiscal years.

The secured roll accounted for 99.7% of the total valuation in the Project Area in FY 2025-26, with the unsecured roll comprising 0.3%. There was no utility roll valuation in the Project Area.

The FY 2025-26 valuation increase of $330.0 million was attributable to a combination of factors. Secured valuation increases from new ownership on 1,519 parcels accounted for $184.5 million of the gain, the Proposition 13 inflation factor contributed $97.2 million while new development on 155 parcels contributed $47.6 million of overall growth. The unsecured roll grew by $3.3 million.

Table 6 includes incremental tax increment revenue based on the one percent debt service levy. The Agency receives additional revenue from supplemental revenue, unitary revenue, prior-year adjustments and interest.

Table 6
Historical Assessed Valuations, Consolidated Whitewater Project Area

Roll	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Secured and Utility					
- Land	$1,579,796,712	$1,639,719,439	$1,699,160,580	$1,774,710,567	$1,893,110,280
- Improvements	3,389,685,424	3,698,433,210	3,954,125,982	4,141,346,626	4,337,946,108
- Personal Property	–	15,209,535	19,105,604	22,381,178	37,701,635
- Exemptions	(8,321,796)	(7,936,252)	(7,771,462)	(7,613,792)	(7,977,693)
Secured Total	4,961,160,340	5,345,425,932	5,664,620,704	5,930,824,579	6,260,780,330
Unsecured					
- Land	–	–	–	–	–
- Improvements	4,890,885	5,208,315	5,704,512	4,540,084	5,190,972
- Personal Property	12,286,537	10,770,548	12,334,131	12,106,886	14,767,752
- Exemptions	–	–	–	–	–
Unsecured Total	17,177,422	15,978,863	18,038,643	16,646,970	19,958,724
Totals:	$4,978,337,762	$5,361,404,795	$5,682,659,347	$5,947,471,549	$6,280,739,054
Percent Change	2.96%	7.69%	5.99%	4.66%	5.60%
Plus: HOPTR AV *	7,036,400	6,697,600	6,444,200	6,227,200	6,003,200
Less: Base AV	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)	(390,429,692)
Incremental AV:	4,594,944,470	4,977,672,703	5,298,673,855	5,563,269,057	5,896,312,562
Incremental Revenue	$45,949,445	$49,776,727	$52,986,739	$55,632,691	$58,963,126

* The Homeowner's Property Tax Relief exemption, reimbursed by the state.
Source: Urban Analytics; County of Riverside, the Agency

REDEVELOPMENT PROPERTY TAX TRUST FUND

The County of Riverside Auditor Controller maintains the Redevelopment Property Tax Trust Fund (RPTTF), depositing into the fund property tax increment, revenue from supplemental assessments and other revenue each January and June before deducting County administration charges, pass-through payments, and Successor Agency enforceable obligations. The residual amount is distributed to taxing entities.

As shown in Table 7, property tax deposits for the current fiscal year are $62.2 million. This amount includes $59.0 million in secured and unsecured property tax increment, $3.0 million in supplemental property tax revenue and $0.2 million in other revenue. The amount of residual revenue is $15.9 million, approximately 1.7 times the amount required for non-administrative enforceable obligations.

Table 7
Historical Residual Redevelopment Property Tax Trust Fund Revenues, Consolidated Whitewater Project Area

Fiscal Year	ROPS Period	Property Tax Deposits (A)	County Administrative Distributions (B)	Passthrough Distribution (C)	Available for Enforceable Obligations (D=A-B-C)	Administrative Obligations (E)	Debt Service and Non Administrative Obligations (F)	Residual RPTTF (G=D-E-F)	Ratio of Residual RPTTF to Debt Service and Non-Administrative Obligations (H=G/F)
2021-22	21-22B & 22-23A	47,049,429	448,019	27,130,048	19,471,361	300,000	8,055,688	11,115,673	1.3799
2022-23	22-23B & 23-24A	52,151,533	408,582	30,188,751	21,554,199	240,000	9,178,295	12,135,904	1.3222
2023-24	23-24B & 24-25A	56,199,059	341,463	32,613,915	23,243,680	240,000	8,914,376	14,089,304	1.5805
2024-25	24-25B & 25-26A	59,202,367	311,262	34,302,807	24,588,298	250,000	9,553,306	14,784,992	1.5476
2025-26	25-26B & 26-27A	62,164,879	493,565	36,056,509	25,614,805	250,000	9,460,548	15,904,257	1.6811

Source: County of Riverside Auditor Controller

TEN LARGEST ASSESSEES

The ten largest assessees in the Project Area are shown in Table 8 for FY 2025-26. The table includes the total valuations for the top twenty and top hundred property owners, and the total valuations for the area as a whole (valuations include deductions for homeowner's exemptions). The percentage of total valuation accounted for by each owner is calculated by dividing the owner's valuation into the total valuation for the Project Area.

Table 8
Top Ten Assessees, FY 2025-26
Consolidated Whitewater Project Area

Property Owner	Secured	Unsecured	Total	Pct of Total	Principal Use
INDIAN WELLS HOTEL	173,751,920	206,412	173,958,332	2.77%	Hotel/Motel
BBC ESMERALDA	82,119,087	0	82,119,087	1.31%	Hotel/Motel
VINTAGE CLUB	31,138,781	887,243	32,026,024	0.51%	Golf Courses
ELDORADO COUNTRY CLUB	28,419,437	345,062	28,764,499	0.46%	Golf Courses
VILLAGE SHOPPING CENTER AT INDIAN WELLS	26,165,434	0	26,165,434	0.42%	Retail
INDIAN WELLS PROP	22,891,044	0	22,891,044	0.36%	Hotel/Motel
COOK LEO W	15,874,745	0	15,874,745	0.25%	Hotel/Motel
IW GOLF CLUB	15,208,364	0	15,208,364	0.24%	Golf Courses
SCHMID INV	15,040,877	0	15,040,877	0.24%	Office
INDIAN WELLS VILLAGE II	14,649,770	0	14,649,770	0.23%	Retail
Total, Top Ten:	425,259,459	1,438,717	426,698,176	6.79%	
Total, Top Twenty:	543,994,006	2,805,037	546,799,043	8.71%	
Total, Top Hundred:	1,093,623,478	2,805,037	1,096,428,515	17.46%	
Total for the Area:	6,260,780,330	19,958,724	6,280,739,054	100.00%	

Source: Riverside County Office of the Assessor; Urban Analytics

The Indian Wells Hotel property is on Indian Wells Lane. The primary resort property is valued at $146.4 million; 37 villas and other hotel parcels comprise the remainder. The assessed valuation of improvements on the primary resort parcel increased by approximately $22.8 million in FY 2025-26. The BBC Esmeralda property is the nearby 20-acre Renaissance Indian Wells Resort and Spa also on Indian Wells Lane.

Vintage Club and El Dorado Country Club are golf course properties, while the Village Shopping Center at Indian Wells is a 104,600 square foot shopping center.

As noted previously under *"Assessment Appeals"*, certain of these owners have pending assessment appeals.

TAX INCREMENT REVENUE ESTIMATES

The tax increment revenue estimate for FY 2025-26 is shown in Table 9 for the Project Area. As noted above, the gross tax increment includes revenue from secured and unsecured assessments after exemptions (other than the homeowner's exemption), and after deduction of the base year valuations.

Table 9
Tax Increment Estimate for FY 2025-26,
Consolidated Whitewater Project Area

Secured AV	$6,260,780,330
Unsecured AV	19,958,724
SBE-Assessed Utility AV	0
Total Assessed Valuation	$6,280,739,054
Plus: Homeowner's Exempt AV	6,003,200
Less: Base Year AV	-390,429,692
Gross Tax Increment	$58,963,126
Less: County Admin. Fee	-908,483
Less Senior Passthroughs	-33,945,187
Net Tax Increment	$24,109,455

Source: Urban Analytics; County of Riverside

Net tax increment is calculated by deducting the County's property tax and redevelopment dissolution administration fees and passthrough payments (all passthrough payments are senior to the Bonds). Revenue from supplemental assessments is not included in this total as it is a highly variable revenue source.

TAX INCREMENT PROJECTION

Tax increment is projected over the duration of the plan in the Project Area, as shown in Table 10. The projection incorporates the Proposition 13 adjustment of 2% in real property. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be less than the projected rate in the Project Area. Secured personal property and unsecured valuations are assumed to remain constant throughout.

Table 10
Tax Increment Projection for the Consolidated Whitewater Project Area

Fiscal Year	Gross Tax Increment	County Administration Fee	Pass-Through Payments	Net Tax Increment
2025/26	58,963,126	908,483	33,945,187	24,109,455
2026/27	59,913,061	923,120	34,510,138	24,479,803
2027/28	61,177,876	942,608	35,262,355	24,972,913
2028/29	62,467,987	962,485	36,029,618	25,475,884
2029/30	63,783,901	982,760	36,812,225	25,988,916
2030/31	65,126,133	1,003,441	37,610,484	26,512,207
2031/32	66,495,209	1,024,535	38,424,709	27,045,965
2032/33	67,891,667	1,046,051	39,255,218	27,590,398
2033/34	69,316,054	1,067,998	40,102,338	28,145,719
2034/35	70,768,929	1,090,383	40,968,382	28,710,164
2035/36	-	-	-	-
Total	645,903,942	9,951,864	372,920,654	263,031,424

LIMITATIONS OF REPORT

The calculation of assessed valuations and tax increment shown in this Report are based on information believed to be complete, current and reliable at the time of this Report. Projections of tax increment are based on reasonable assumptions and may not reflect actual future revenue received by the Agency. Information regarding the practices and methods used by the County in assessing and allocating property tax revenue has been obtained from County staff and analysis of County records, while information concerning the Project Area, its constituent redevelopment plan, amendments and pass-through agreements has been obtained through discussions with Agency staff and through review of the plan documents made available to the Consultant.

While the Consultant has made reasonable efforts to verify the accuracy of the figures and information presented in this Report and presumes that the information relied upon is correct, the Consultant makes no warranty as to its accuracy.

APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF INDIAN WELLS

The following information is presented as general background data. The Series 2026A Bonds are payable solely from Pledged Tax Revenues and other sources as described herein. The taxing power of the City, the County, the State of California or any political subdivision thereof is not pledged to the payment of the Series 2026A Bonds.

The City of Indian Wells (the "City") is located in the Coachella Valley in eastern Riverside County (the "County"), 20 miles southeast of Palm Springs and 120 miles southeast of Los Angeles. The City is traversed by State Highway 111, which connects the Coachella Valley desert communities to Interstate 10. For many years the region has been popular with vacationers and retirees because of the dry desert climate, resort amenities, and close proximity to population centers in Los Angeles, Orange County, and San Diego, all of which are within approximately two hours driving time. The City is seventeen miles from Palm Springs International Airport, providing easy access to air transport.

Most of the City consists of relatively level desert land, with elevation estimated to be 119 feet above sea level. The average temperature in January is approximately 54 degrees F, while the average temperature in July is approximately 92 degrees F. The City experiences approximately 3.3 inches of rain per year.

The City was incorporated as a general law city on July 14, 1967. Subsequently, upon the approval of the voters on November 5, 2002, the City became a charter city. The City's Charter was filed with the California Secretary of State on December 20, 2002. The City has a council-manager form of government. The council members are elected at large to alternating four-year terms at elections held every two years. There is an automatic rotation of Council Members serving as Mayor and Mayor Pro Tempore. The City contracts with Riverside County for fire, police and paramedic services.

The City is home to internationally recognized sporting and cultural events. In 1990, the City was awarded a national Citation for Excellence in Urban Design from the American Institute of Architects. Palm and date trees surround and decorate the community. In 1991, the City's fire and police departments were recognized by the League of California Cities for their public safety program.

The City is one of the most affluent cities in the County, with a per capital personal income of $97,249 according to the City's demographic data.

The employment base of the City is based primarily on the tourist industry. The City offers four major resorts to visitors from around the world: the Hyatt Regency Indian Wells Resort and Spa, the Renaissance Indian Wells Resort and Spa, the Miramonte Resort and Spa, and the Indian Wells Resort Hotel. The city boasts a total of 171 holes of golf, which are divided amongst the city's various private clubs and resorts, as well as forty-plus grass, clay and hard surface tennis courts. The city is host to major sporting events and is home to the Indian Wells Tennis Garden, a facility that seats over 16,000 spectators, making it one of the largest outdoor tennis stadiums in the country.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

There are a large number of second homes in the City resulting in a seasonal population that is well in excess of the City's year-round population. In addition to the permanent residents, the City has seasonal residents that usually reside in the City during the tourist season, October through April. The table below displays population changes and per capita personal income for the City for the past 10 fiscal years.

CITY OF INDIAN WELLS

Fiscal Year	Population[(1)]	Personal Income (in thousands)	Per Capita Personal Income
2014-15	5,228	469,484,673	90,390
2015-16	5,307	447,589,123	82,703
2016-17	5,342	472,424,421	86,683
2017-18	5,389	513,911,206	92,198
2018-19	5,445	529,521,295	97,249
2019-20	5,428	592,602,660	109,175
2020-21	4,762	597,158,324	125,401
2022-23	4,774	698,280,138	146,267
2023-24	4,797	784,977,051	163,639
2024-25	4,862	857,819,677	176,434

(1) Population projections are provided by the California Department of Finance Projections.
Source: City of Indian Wells.

Industry and Employment

The City is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment, as reflected in the following table.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY[1]
(IN THOUSANDS)

	2021	2022	2023	2024	2025[1]
Civilian Labor Force[2]	2,108,400	2,140,500	2,180,300	2,209,100	2,232,200
Civilian Employment	1,951,600	2,049,900	2,078,100	2,093,800	2,099,300
Civilian Unemployment	156,700	90,700	102,300	115,300	132,800
Civilian Unemployment Rate	7.4%	4.2%	4.7%	5.2%	6.0%
Total Farm	13,700	13,800	13,200	13,700	14,100
Total Nonfarm	1,575,100	1,660,200	1,681,000	1,700,400	1,705,400
Total Private	1,333,100	1,410,200	1,420,700	1,430,200	1,422,900
Goods Producing	207,700	216,300	215,300	212,900	206,400
Mining & Logging	1,400	1,500	1,500	1,600	1,500
Construction	110,100	114,700	115,400	116,200	112,400
Manufacturing	96,100	100,000	98,500	95,200	92,500
Service Providing	1,367,400	1,443,900	1,465,700	1,487,500	1,499,000
Trade, Transportation & Utilities	443,200	464,900	457,900	456,400	447,500
Wholesale Trade	67,400	69,500	68,900	68,600	68,700
Retail Trade	177,000	181,000	183,000	182,600	180,500
Transportation, Warehousing & Utilities	198,800	214,400	206,000	205,200	198,300
Information	12,500	13,000	13,300	13,000	12,800
Financial Activities	45,200	46,000	44,900	44,100	42,600
Professional & Business Services	166,600	173,900	164,400	161,800	159,200
Private Educational & Health Services	254,300	267,900	287,800	306,000	320,500
Leisure & Hospitality	160,200	180,900	187,600	185,300	182,600
Other Services	43,600	47,400	49,400	50,700	51,300
Government	242,000	250,000	260,200	270,200	282,500
Total, All Industries[3]	1,588,800	1,674,000	1,694,100	1,714,100	1,719,500

[1] As of June 2025.

[2] Civilian labor force data are by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[3] Industry employment is by place of work; Does not include self-employed individuals, unpaid family workers, household domestic workers and workers on strike. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix B.

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

The following table summarizes the labor force, employment and unemployment figures for the period from 2021 through 2025 for the County, the State and the nation as a whole.

COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2021				
County of Riverside	1,119,000	1,036,100	82,900	7.4
State of California	18,954,600	17,564,900	1,389,700	7.3
United States	162,497,000	156,099,000	6,398,000	3.9
2022				
County of Riverside	1,140,400	1,091,800	48,700	4.3
State of California	19,218,300	18,393,900	824,400	4.3
United States	165,025,000	159,259,000	5,766,000	3.5
2023				
County of Riverside	1,165,500	1,110,100	55,400	4.8
State of California	19,471,000	18,551,800	919,200	4.7
United States	167,439,000	161,124,000	6,315,000	3.8
2024				
County of Riverside	1,181,300	1,118,600	62,700	5.3
State of California	19,644,100	18,600,900	1,043,100	5.3
United States	168,547,000	161,661,000	6,886,000	4.1
2025[4]				
County of Riverside	1,198,100	1,120,800	77,300	5.5
State of California	19,824,400	18,621,700	1,202,800	6.1
United States	170,342,000	163,106,000	7,236,000	4.2

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Through July 2025.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2024 Benchmark.

The following table sets forth the major employers located in the City as of June 30, 2025:

CITY OF INDIAN WELLS
MAJOR EMPLOYERS

Business Name	Number of Employees	Percent of Total Employment (%)
Hyatt Regency Resort & Spa	463	25.72%
Renaissance Esmeralda Resort	443	24.61%
Miramonte Resort and Spa	203	11.28%
Indian Wells Golf Resort (1)	191	10.61%
Toscana Country Club	146	8.11%
El Dorado Country Club [(2)]	115	6.39%
Desert Horizons Country Club (1)	100	5.56%
Southwest Community Church	95	5.28%
Indian Wells Resort Hotel	68	3.78%
Indian Wells Country Club	67	3.72%
Merrill Lynch Wealth Management	43	2.53%
Total Top Employers	1,891	105%
Total City Employment [(2)]	1,800	

(1) Includes Seasonal Employees.
(2) Count is at peak of season.
Source: Avenu Insights & Analytics. Total City Labor Force provided by EDD Labor Force Data.

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 than 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 security insurance and federal retirement payroll deductions. 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 County, the State and the United States for the period 2021 through 2025:

RIVERSIDE COUNTY AND CALIFORNIA
TOTAL EFFECTIVE BUYING INCOME,
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND
PERCENT OF HOUSEHOLDS WITH INCOMES OVER $50,000[1]

	Total Effective Buying Income[2]	Median Household Effective Buying Income	Median County EBI as a percentage of State and Federal EBI	Percent of Households with Income over $50,000
2021				
Riverside County	$60,749,087	$60,203	--	58.41%
California	1,290,894,604	67,510	89.18%	62.86
United States	9,809,944,764	56,790	106.01	--
2022				
Riverside County	$71,160,967	$70,683	--	65.97%
California	1,452,426,152	76,880	91.94%	68.53
United States	11,208,582,540	63,679	111.00	--
2023				
Riverside County	$72,687,953	$71,389	--	66.37%
California	1,461,799,662	76,990	92.73%	68.58
United States	11,454,846,397	64,600	110.51	--
2024				
Riverside County	$76,381,809	$75,248	--	68.70%
California	1,510,708,521	80,609	93.35%	70.31
United States	11,987,185,826	67,310	111.79	--
2025				
Riverside County	$78,899,757	$78,404	--	70.76%
California	1,557,429,767	82,265	95.31%	71.01
United States	12,525,577,707	69,245	113.22	--

(1) Estimated, as of January 1 of each year.
(2) Dollars in thousands.
Source: The Nielsen Company.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also three factory outlet malls (Desert Hills Factory Stores, Cabazon Outlets and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The table below presents taxable sales permits and taxable sales for the years 2020 through 2024 for the County.

TAXABLE SALES
County of Riverside
2020-2024
(Dollars in Thousands)

Year	Permits	Taxable Sales
2020	69,284	$42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,331,274
2024	70,577	60,343,097

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas).

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS[(1)]
(IN MILLIONS)

	2019	2020	2021	2022	2023
Valuation					
Residential	$ 2,275,404	$ 2,519,303	$ 2,262,642	$ 2,921,113	$3,306,086
Non-Residential	$ 1,285,855	$ 1,153,777	$ 1,543,998	$ 1,701,617	$1,676,498
Total	$3,561,261	$3,673,081	$3,806,640	$4,622,731	$4,982,584
Units					
Single Family	6,563	8,443	7,360	8,863	8,984
Multiple Family	1,798	723	1,126	2,861	6,428
Total	8,361	9,166	8,486	11,724	15,322

Note: Totals may not add due to rounding.
Source: Construction Industry Research Board.

The following table sets forth a comparison of annual median housing prices for Los Angeles County, Riverside County and Southern California for the years indicated.

COUNTY OF RIVERSIDE
COMPARISON OF MEDIAN HOUSING PRICES

Year	Los Angeles	Orange	Ventura	San Bernardino	Riverside	San Diego	Santa Barbara
2020	$660,000	$ 950,000	$740,000	$378,500	$488,250	$730,000	$ 970,000
2021	826,500	1,182,500	850,000	460,000	586,000	836,700	937,500
2022	799,670	1,131,760	818,000	464,940	575,000	850,000	1,055,000
2023	853,340	1,300,000	899,000	506,000	607,500	911,500	1,190,000
2024	912,370	1,362,000	895,000	490,950	624,790	975,000	1,275,000

Source: Los Angeles Almanac.

The following table sets forth a comparison of residential foreclosures recorded in Riverside County for the last five years.

COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES

Year	Foreclosures
2020[(1)]	314
2021[(1)]	274
2022	407
2023	395
2024	381

[(1)] Foreclosures were lower in 2020 and 2021 than in prior years due to a moratorium on foreclosure of certain mortgage and court closures related to the COVID-19 pandemic. The statewide moratorium ended on June 30, 2022.

Source: DQNews (2020-2021); County Assessor (2022-2024).

Agriculture

Agriculture remains an important source of income in the County. In 2023, principal agricultural products were nursery stock, dates, eggs, alfalfa, avocados, lemons, bell peppers, milk, table grapes and turf grass.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border. Agricultural production in the County may be impacted by drought conditions and other climate issues.

The following table sets forth the value of agricultural production in the County for the years 2019 through 2023, the last year being the most recent year for which data is currently available.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2019	2020	2021	2022	2023
Citrus Fruits	$121,934,000	$126,567,000	$127,473,000	$132,062,000	$149,171,000
Trees and Vines	268,368,000	282,840,000	280,105,000	270,078,000	298,806,000
Vegetables, Melons, Misc.	354,217,000	334,440,000	324,895,000	328,236,000	378,351,000
Field and Seed Crops	141,652,000	156,114,000	135,033,000	159,419,000	157,174,000
Nursery	204,768,000	247,765,000	267,547,000	318,683,000	358,175,000
Apiculture	6,123,000	5,858,000	5,925,000	5,950,000	6,917,000
Aquaculture	4,776,000	4,596,000	4,873,000	5,749,000	6,735,000
Livestock and Poultry	219,427,000	260,040,000	260,059,000	270,282,000	185,011,000
Grand Total	**$1,321,265,000**	**$1,418,220,000**	**$1,405,910,000**	**$1,490,459,000**	**$1,540,340,000**

Source: Riverside County Agricultural Commissioner.

Utilities

Water and sewer services for the City are provided by the regional Coachella Valley Water District. Electricity is supplied by the Southern California Edison Company and the Imperial Irrigation District and natural gas is supplied by the Southern California Gas Company. General Telephone provides telephone service to the City.

Transportation

State Highway 111 passes through the City. Highway 111 is the principal highway connecting the desert communities of eastern Riverside County. State Highway 74, which links with Highway 111 at Palm Desert, leads to San Diego. Highway 111 intersects Interstate 10, a major transportation artery connecting Los Angeles to Phoenix and parts east. Interstate 10 provides access from the City to the major interchange at Beaumont where the San Bernardino, Pomona and Riverside Freeways all meet.

Approximately 17 miles to the north in Palm Springs is the county's largest airport, Palm Springs Municipal Airport. With a 7,000-foot runway and modern terminal, the airport serves as the flight hub for the Coachella Valley.

A Southern Pacific main line moves 5 miles north of the City. The Sunline System provides bus service between the Coachella Valley communities, while Greyhound and Continental Trailways provide expanded regional bus transportation out of Palm Springs. Overnight delivery service is available to Los Angeles, San Diego, Phoenix and San Francisco. Two direct truck carriers run daily to Los Angeles.

Education

The City is part of the Desert Sands Unified School District. Children in grades K through 2 attend school one mile away at the Gerald Ford Elementary School. Two Palm Desert Schools also serve the City, Grades K through 5 at the Washington School and Grades 3 through 5 at the Lincoln School. Palm Desert Middle School is for grades 6 through 8, and Palm Desert High School is the area's high school (grades 9-12). The Desert Sands Unified School District also operates an adult continuation school.

The College of the Desert is a public community college offering two-year programs and is located midway between the City and Palm Springs. Other community colleges in the area include Mt. San Jacinto College and Riverside City College.

California State University, San Bernardino has established a satellite campus in nearby Palm Desert to serve the residents of the Coachella Valley.

The Riverside Campus of the University of California is located 75 miles west of the City. Other institutions of higher education in the general area include Loma Linda University, California Baptist College, the University of Redlands, California Polytechnic College at Pomona and the Claremont Colleges.

Community Facilities

Resort amenities coupled with a spectacular contrast between the desert and the mountains make the City a popular location for retirees and tourists. In addition to the golf resorts, the City enjoys a close proximity to the San Bernardino National Forest and the San Jacinto Wilderness Area. Camping, hiking, fishing and mountain climbing are all regional attractions.

Nine television stations (via cable) and at least seven radio stations serve the Indian Wells area. In addition to the Los Angeles Times, the City receives local news in the daily Desert Sun. A paper of more regional interest, the Riverside Press Enterprise is also circulated in the City.

Medical Facilities

Although the City has no major hospitals within its incorporation limits, there are two major medical facilities within five miles either east or west of the City. The John F. Kennedy Memorial Hospital in Indio serves the City and has 162 beds. The Eisenhower Medical Center, nationally known for its Betty Ford Center, is in Rancho Mirage and has a 261 bed capacity.

The City, along with the communities of Palm Desert and Rancho Mirage formed the Joint Power Agreement of the Cove Communities Public Services Commission to pool paramedic, firefighting resources and certain recreation services. As a result, the communities have realized greater economies in the provision of these services.

APPENDIX C

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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City of Indian Wells, California

Annual Comprehensive Financial Report

Year Ended June 30, 2025

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CITY OF INDIAN WELLS, CALIFORNIA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025

Prepared by the Finance Department

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INDIAN WELLS
CALIFORNIA

December 23, 2025

Honorable Mayor, Members of the City Council, and
Residents of the City of Indian Wells, California:

It is my privilege to present the Annual Comprehensive Financial Report (ACFR) of the City of Indian Wells for the fiscal year ended June 30, 2025. This report reflects our continuing commitment to sound financial management, long-range strategic planning, and transparency to our community.

Management Responsibility

Management is responsible for the preparation and fair presentation of the City of Indian Wells' Annual Comprehensive Financial Report (ACFR). This responsibility includes the selection and application of appropriate accounting principles; the maintenance of internal controls designed to ensure that financial information is reliable and that assets are safeguarded; and the assurance that the financial statements are free from material misstatement. Management believes that the data presented in this report are accurate in all material respects and that all disclosures necessary to enable readers to gain an understanding of the City's financial activities have been included.

Overview and Fiscal Discipline

The City of Indian Wells remains one of California's most fiscally secure municipalities. Guided by a conservative financial philosophy, the City Council — working closely with the Finance Committee and management staff — has maintained policies that preserve long-term fiscal resilience while supporting high-quality services and community priorities.

During FY 2024/25, tourism-driven revenues significantly exceeded projections. Record transient occupancy and admissions tax receipts underscore Indian Wells' unique status as a premier resort destination, and confirm the strength and resilience of our local economy.

At the same time, fiscal prudence remains at the core of our strategy. We continue to maintain robust reserves, prioritize essential services, and make strategic investments in critical infrastructure — positioning the City to weather economic uncertainty while preserving fiscal flexibility for community needs and opportunities.

Public Safety, Pension Funding & Capital Reserves

Public safety remains our highest priority. We continue dedicating substantial resources to law enforcement and fire protection to ensure the safety and well-being of residents and visitors. In addition:

- We maintain a capital replacement reserve that exceeded $2 million during the fiscal year.
- We are proud that the pension program remains fully funded — a rare and commendable achievement that exemplifies long-term fiscal stewardship.

These actions reflect our commitment to sustainable service delivery and responsible financial planning for current and future generations.

This Transmittal Letter

This transmittal letter provides a high-level overview of the City's financial condition. A more detailed analysis is presented in the accompanying Management's Discussion and Analysis (MD&A). The audited financial statements, prepared in accordance with Generally Accepted Accounting Principles (GAAP), present a complete and accurate picture of the City's financial position as of June 30, 2025. Internal controls are designed to ensure reliability and integrity while balancing cost efficiency.

In accordance with Government Code Section 26909(a), the City engaged Davis Farr, CPAs, to perform the annual independent audit. For FY 2024/25, Davis Farr issued an unmodified (clean) opinion, affirming that the financial statements present fairly the City's financial position in all material respects. Davis Farr also completed agreed-upon procedures reviews for the Golf Resort, Housing Authority properties, the Tennis Stadium, and hotel partners—supporting transparency and accountability across core operations.

Financial Strategy and Long-Term Outlook

The City Council maintains a long-term financial strategy focused on structural balance, disciplined reserve policies, full pension funding, sustainable capital investment, and thoughtful revenue diversification. This strategy ensures that the City continues to meet current service demands while preserving financial capacity for future generations.

Profile of the City of Indian Wells

Founded in 1967 and located in Riverside County's Coachella Valley, Indian Wells is a premier residential and resort community situated approximately 120 miles east of Los Angeles. The City encompasses roughly 15 square miles and is home to approximately 4,862 permanent residents, with an additional 4,000 to 5,000 seasonal residents during the winter months.

Indian Wells operates under a Council–Manager form of government, with a five-member City Council responsible for policy direction and the appointment of the City Manager and City Attorney. The City provides a wide range of municipal services, including public safety, infrastructure maintenance, community development, code enforcement, cultural programming, and recreation. Fiscal operations are

guided by a biennial budget and five-year Capital Improvement Program aligned with GAAP and presented in a program-based format to strengthen accountability and alignment with community priorities.

Community Character & Quality of Life

Indian Wells offers an exceptional quality of life, anchored by luxury resorts, world-class amenities, and a rich calendar of cultural and community events. The City is home to the renowned Indian Wells Golf Resort, and hosts major events such as the BNP Paribas Open, Indian Wells Arts Festival, and cultural engagements like Desert Town Hall. Residents enjoy one of the lowest crime rates in the Coachella Valley, strong emergency-response services, and a variety of recreational and civic programs.

The Indian Wells Resident Benefit Program further distinguishes our community, offering exclusive resident discounts at local resorts and amenities, complimentary or reduced-cost access to major events, and year-round opportunities for civic engagement and enrichment.

Financial Communication

Transparent communication of financial performance remains a cornerstone of City policy. The Council and Finance Department employ multiple channels to ensure residents are well-informed, including:

- Regular Council meetings and study sessions.
- Annual Strategic Planning sessions with financial forecasts.
- Finance Committee meetings.
- Publication of annual audited financial statements.
- The City's website and "Indian Wells Checkbook" transparency portal.
- Direct-to-resident communications, including mailers ("Budget at a Glance," "Capital Improvements Overview," and the "Financial Primer").
- Fiscal updates via e-blasts and the Mayor's letter.
- Coffee with the City Manager.

Together, these efforts underscore Indian Wells' philosophy of fiscal prudence, accountability, and engagement—hallmarks of its enduring financial strength and civic excellence.

Factors Affecting Financial Condition

The national economic outlook is challenged by a high degree of policy uncertainty, particularly regarding federal tariff policies, shifting regulatory priorities, and labor market instability. This uncertainty has caused both businesses and households to postpone investment and major financial decisions. The Federal Reserve remains cautious, balancing inflationary risks associated with tariffs against potential labor contraction in key sectors.

Leading economic indicators—including the yield curve, consumer confidence, and equity markets—suggest elevated recession risk in late 2025 or early 2026. Nonetheless, most economists project continued, albeit slower, national economic growth over the next two years. Inflation is expected to remain above the Federal Reserve's 2 percent target through 2026, limiting the likelihood of material reductions in interest rates.

These conditions are expected to dampen activity in the housing market, as homeowners with low-rate mortgages are unlikely to relocate, constraining supply and limiting turnover.

Economic Outlook for Indian Wells

Indian Wells is one of nine cities in the Coachella Valley, home to approximately 370,000 residents regionwide and roughly 500,000 residents across the broader metropolitan area. While Riverside County is part of the larger Los Angeles–Long Beach Combined Statistical Area, the Coachella Valley operates largely as a self-contained economic region, insulated from volatility in the Inland Empire's logistics sector.

The Coachella Valley remains the region's premier tourism destination, drawing visitors from across the U.S. and abroad, particularly during the winter season. Major events—including the BNP Paribas Open, the Coachella and Stagecoach music festivals, and seasonal tourism—continue to drive strong economic performance.

Indian Wells' formal lodging market consists of 1,587 rooms across five major resorts and hotels. Average annual utilization is in the mid-50 percent range, peaking between February and April. Early 2025 occupancy exceeded historical levels, positioning the year to surpass all performance metrics since 2017. Average daily room rates have increased annually since 2021, contributing to strong nominal revenue growth of 8.3 percent annually since 2017.

Financial Risk Management and Fiscal Discipline

Given the current economic uncertainty, the City has intensified its focus on financial risk management. Key actions include conservative revenue forecasting, strategic use of one-time revenues, active monitoring of market indicators, and continued adherence to the City's 70 percent General Fund reserve requirement. These measures insulate the City from economic volatility and maintain long-term fiscal resilience.

Strategic Goals and Priorities

These principles formed the basis for discussions on the city's fiscal strategy and long-term community investment priorities during the April 17, 2025, City Council Strategic Planning Session. The City Council and Housing Authority adopted the following financial goals.

Fiscal Sustainability

Improve the City's long-term sustainability
Time Frame: Next 12 Months
Responsible Department: Finance

- Maintain annual $2 million allocation for long-term capital replacement
- Advance revenue diversification efforts

- Continue maintaining fully funded pension obligations
- Preserve a 70% General Fund reserve
- Develop strategies to address declining Housing Authority fund balances

Housing Authority

- Continue implementing the 6th Cycle Housing Element
- Begin planning for the 7th Cycle Housing Element
- Develop strategies to extend covenants at Indian Wells and Mountain View Villas
- Monitor and advocate for RHNA-related legislation
- Advance new affordable housing developments at Lissoy and Highway 111 sites

Indian Wells Golf Resort

- Review resident and guest rate structures
- Identify funding for Celebrity Course rehabilitation
- Engage design consultants for capital improvements
- Evaluate the feasibility of hosting a major golf tournament
- Activate the Celebrity Ballroom for expanded use
- Advance public art installations and enhancements
- Plan the November 2025 reopening of the Players Course

Commitment to the Future

Looking ahead, the City will continue to enhance financial transparency, invest strategically in capital assets, strengthen core services, and preserve the exceptional quality of life that defines Indian Wells. Through disciplined governance and collaborative leadership, the City remains well-positioned for long-term success. Collectively, these safeguards reinforce the City's longstanding commitment to fiscal integrity, accountability, and transparent financial management.

City of Indian Wells Key Achievements

A comprehensive set of achievements across finance, housing, economic development, tourism, public safety, and capital improvement projects. These accomplishments reflect disciplined financial management, strategic investment, and collaboration across City operations.

City Finances

- **Strong Budget Performance:** Achieved a $5.0 million surplus in the FY 2024–25 Mid-Cycle Budget Update, following an increase of the FY 2023–24 surplus to over $8.0 million.
- **Robust Cash Reserves:** General Fund cash reserves are projected to reach $20.7 million by June 2024 and $26.4 million by June 2025.
- **Pension Sustainability:** Maintained a fully funded pension system, complemented by a new pre-funding program for future obligations.
- **Public Safety Funding:** Established a Community Facilities District (CFD) to provide a dedicated funding source for future public safety needs.
- **Enhanced Financial Transparency:** Expanded resident communications through:
    - *Financial Primer* — annual direct mailer highlighting financial performance.
    - *Budget at a Glance* — concise overview of Council goals, savings initiatives, public safety, and capital investments.
- **External Funding Success:** Secured more than $13.0 million in grant funding since 2019, with an additional $5.0 million in anticipated federal earmarks in FY 2026–27.
- **Developer Fee Modernization:** Updated developer fees to reflect current infrastructure and service demands.

Housing

- Partnered with Abode to address maintenance needs at Indian Wells Villas and Mountain View Villas.
- Continued progress toward acquisition of the Lissoy Opportunity Parcel to support future housing initiatives.

Economic Development

- Supported the successful entitlement and grand opening of Sprouts Farmers Market (Council Goal).
- Implemented a streamlined electronic plan check and permit system to improve efficiency and customer service (Council Goal).
- Continued efforts to advance the Genton development project.

Housing Element

- Successfully completed the City's Housing Element update in compliance with State requirements.

Tourism

- Appointed a new Director of Tourism.
- Strengthened collaboration among the City, the Indian Wells Golf Resort, and hotel partners.
- Secured the Epson Tour event for October 2024, enhancing regional and national visibility.

Public Safety

- Presented and advanced a new public safety initiative (Council Goal).
- Implemented traffic calming measures, including speed reductions along Fairway Drive and Eldorado Drive.
- Increased enforcement targeting excessive vehicle noise.
- Participated in a regional task force addressing speeding throughout Indian Wells.
- Completed installation of license plate recognition (LPR) technology to enhance public safety capabilities.

Parks and Community Facilities

- Celebrated the ribbon cutting of Fairway Park in April, completed under budget and with positive community impact.

City Council Governance

- Completed a comprehensive update to the City Council Policy Manual, strengthening governance clarity and consistency.

Indian Wells Golf Resort

- Renegotiated the Troon Management Agreement to include performance-based incentives.
- Achieved Golf Resort profitability following capital adjustments, eliminating the need for resident subsidies.
- Initiated the redesign of the Players Course.
- Advanced a new restaurant concept by Chef Richard Blais, including Troon's $1.25 million investment commitment.

Additional Citywide Initiatives

- Advanced a Sister City partnership with Kelowna, Canada.
- Expanded event funding and improved resident communications across multiple platforms.
- Earned Tree City USA designation and the Growth Award for excellence in urban forestry.
- Finalized the Local Hazard Mitigation Plan and updated the Landscape Ordinance.
- Hosted the City's first HOA Community Workshop.
- Completed major citywide capital improvement projects, including Highway 111 pavement improvements, neighborhood repaving, and a new pedestrian path at the Indian Wells Golf Resort traffic circle.
- Supported the Council Ad-Hoc Committee on commissions and expanded resident benefits, including pickleball programming and enhanced community events.

Identification of Appropriated Governmental Funds

In accordance with applicable financial reporting standards, the governmental funds subject to biannual appropriation by the City Council are as follows:

- **General Fund:** This fund serves as the city's principal operating fund, supporting essential services such as public safety, public works, and administrative operations.

- **Special Revenue Funds:** These funds account for resources dedicated to specific purposes, such as public safety funds, state gas tax funds, and landscape and lighting maintenance district funds.

- **Debt Service Funds:** These funds are used to repay principal and interest on general obligation bonds and other long-term debt.

- **Capital Projects Funds:** These funds support the construction, acquisition, or improvement of significant capital assets, including infrastructure projects such as roads and facilities.

- **Housing Funds:** These funds provide financial resources to support affordable housing initiatives, including housing development, rehabilitation programs, and rental assistance.

- **Enterprise Fund:** This fund operates as a self-sustaining entity funded primarily through user fees and charges. It is accounted for separately to ensure the financial integrity of operations.

- **Internal Service Fund:** This fund accounts for services provided internally to other city departments.

The City Council appropriates these funds biannually during the formal budget process to ensure fiscal accountability and compliance with legal and policy guidelines. Midcycle updates are also performed to provide additional transparency and accountability. The appropriation of governmental funds reflects our ongoing commitment to transparency, accountability, and excellence in financial management.

Structure of This Report

This ACFR is presented in accordance with best practices recommended by the Government Finance Officers Association. It is organized into three principal sections:

- Introductory Section — includes this Letter of Transmittal, a list of principal City officials, and an organizational chart.

- Financial Section — comprises the independent auditor's report, the required Management's Discussion & Analysis (MD&A), the basic financial statements (government-wide and fund-based), notes to the financial statements, and combining and individual fund statements and schedules.

- Statistical Section — presents comparative financial and demographic data for multiple years, giving broader context to the City's financial and operational trends.

Document Structure

In addition to the fund-by-fund financial information presented in the City's financial statements, the Government-wide Financial Statements are presented. The Government-wide Financial Statements include a Statement of Net Position providing the City's total net position, including infrastructure, and a Statement of Activities displaying the cost of delivering government services.

These statements are further analyzed in the Management's Discussion and Analysis (MD&A) narrative section. The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and explaining changes, fluctuations, and variances in the economic data. In addition, the MD&A is intended to disclose any known noteworthy events or decisions affecting the City's financial condition.

The Annual Financial Report includes the financial activity for all funds of the City. The City provides various services, including planning, building, public works, engineering, maintenance, and general administrative activities. Contracted services include police and fire protection and landscape maintenance.

The following governmental agencies provide services to the City of Indian Wells citizens. They are excluded from this report because the City does not have financial accountability over these agencies: the State of California and its departments, the County of Riverside and its departments, Cove Communities Services Commission, Coachella Valley Association of Governments, Riverside County Transportation Commission, Riverside County Waste Management District, Desert Sands Unified School District, County Superintendent of Schools, Coachella Valley Unified School District, Desert Community College

District, Coachella Valley Mosquito, and Vector Control District, Coachella Valley Water District, Sunline Transit Agency, Greater Palm Springs Convention and Visitors Bureau, and the Desert Resorts Regional Airport Authority.

Established Financial Controls

The internal controls framework is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Audit

An annual independent audit of the City's Financial Statements was conducted. The accounting firm of Davis Farr was appointed by the City Council and reported to the Finance Committee to perform the annual audit. The auditors' report on the basic financial statements, as well as the combining and individual fund statements and schedules, is included in the financial section of this report.

Annual Internal Control Review

The City is responsible for ensuring an adequate internal control structure. Accordingly, the internal control structure is subject to constant evaluation by the management of the City and annual review by independent auditors. Assessments determine the internal control structure's adequacy and whether the City complied with applicable laws and regulations. The results of the City's annual audit for the fiscal year that ended June 30, 2025, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Accounting Controls

In the public sector, a city government maintains a variety of "funds," which provide the basis for separately recording the financial data related to a specific activity. A fund is an accounting entity with complete self-balancing accounting records. Each fund is established due to some restriction on the use of the resources received by the fund. For example, in the private sector, a corporation may have many subsidiaries that comprise the parent corporation. Likewise, in the public sector, all the funds make up the complete financial resources of the City. This report includes the transactions of all entities over which the City Council has authority (as defined by the Governmental Accounting Standards Board).

The City's accounting system operates on a modified accrual basis of accounting for all governmental and agency-type funds. Under the modified accrual basis of accounting, revenues are recorded when received in cash or accrued when they are both measurable and collectible within the accounting period or soon enough after the end of the period to pay liabilities of the period. Expenditures other than interest or long-term debt are recorded when liabilities are incurred. At year-end, the City prepared the required entries necessary to report the City's financial position and activities on an accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

In addition to maintaining funds to record accounting transactions, internal controls exist within the accounting system to ensure the safety of assets from misappropriation, unauthorized use, or disposition and to maintain the accuracy of financial record keeping. These internal controls must be established consistent with sound management practices based upon the cost/benefit of the controls imposed. The control cost should not be high for its derived use as viewed by City management. The internal controls at

the City of Indian Wells are sufficient to ensure, in all material respects, the safety of the City's assets and the accuracy of the financial record-keeping system.

Certificate of Award for Outstanding Financial Reporting

For FY 2023/24, the City received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. The FY 2024/25 report continues to uphold the high standards required for this recognition.

Acknowledgments

This report reflects the dedicated efforts of the Finance Department, City staff, and the independent auditors at Davis Farr. The support and policy leadership of the City Council and Finance Committee continue to play a foundational role in sustaining the City's long-standing record of financial integrity, transparency, and excellence.

Respectfully submitted,

_____
Dr. Chris Freeland
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Indian Wells
California

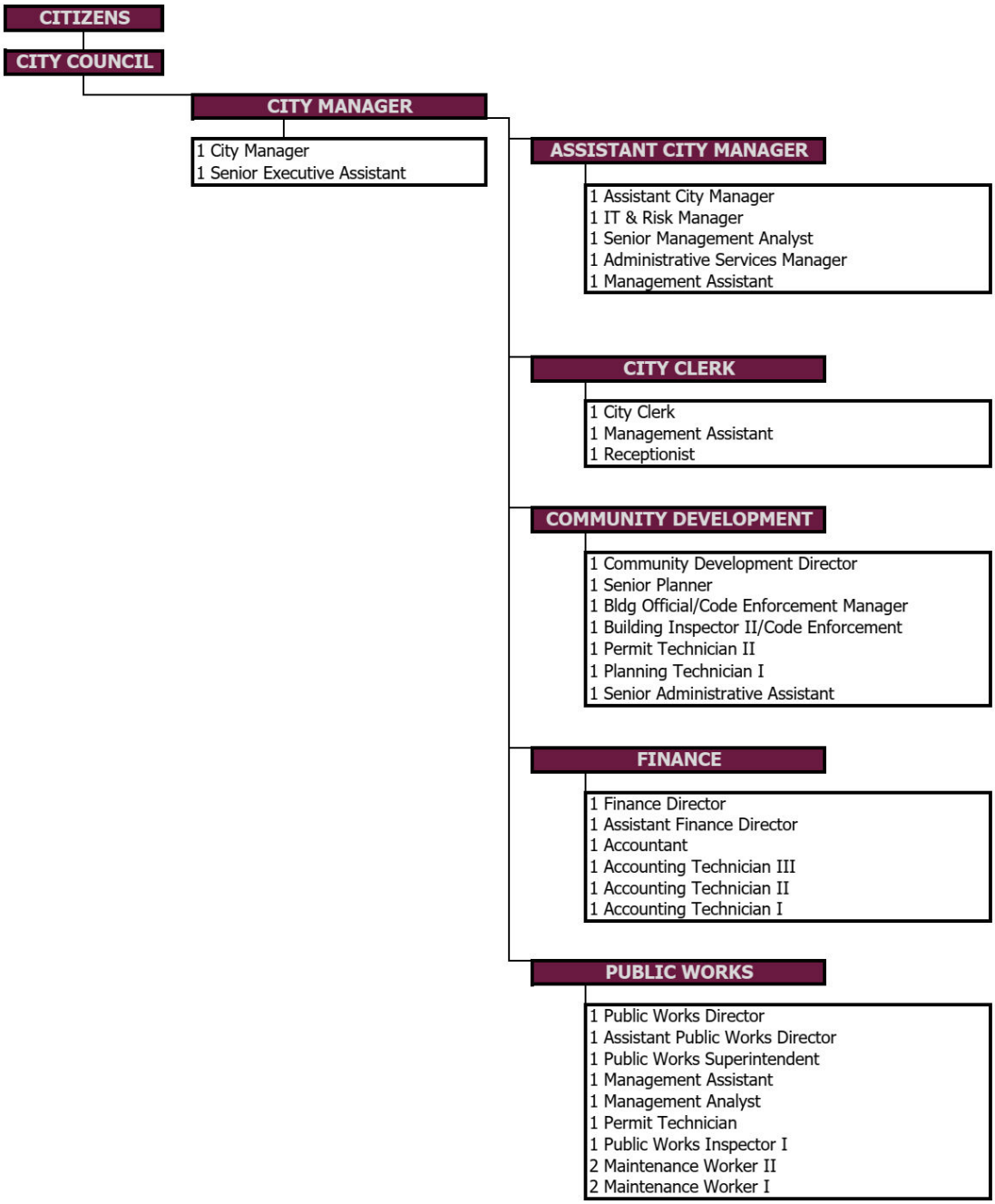
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Indian Wells
ORGANIZATIONAL CHART
2025



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2025

Council – Manager Form of Government

City Council

Bruce Whitman
Mayor

Dana Reed
Mayor Pro Tem

Dr. Toper Taylor Council Member	Brian M. Penna Council Member	Greg Sanders Council Member

City Administration

Dr. Christopher J. Freeland
City Manager

Kevin McCarthy, Finance Director
Ken Seumalo, Public Works Director
Jon Berg, Community Development Director

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DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

The Honorable Mayor and Members of City Council
City of Indian Wells, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Indian Wells (the "City"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Indian Wells, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The financial statements for the year ended June 30, 2025 reflect certain prior period adjustments as described further in note 19 to the financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, and Budgetary Comparison Schedules for the General Fund and each major special revenue fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Plan Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios* and *Schedule of OPEB Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Combining and Individual Nonmajor Fund Financial Statements* and B*udgetary Comparison Schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Combining and Individual Nonmajor Fund Financial Statements* and *Budgetary Comparison Schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *Introductory Section* and S*tatistical Section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
December 23, 2025

Management's Discussion and Analysis

The management of the City of Indian Wells is pleased to present this Management's Discussion and Analysis (MD&A) of the City's financial activities for the fiscal year ended June 30, 2025. This narrative provides an overview of the City's financial performance, position, and key trends, highlighting the results of operations and significant changes in fund balances, capital assets, and long-term obligations.

The MD&A is intended to complement, and should be read in conjunction with, the Letter of Transmittal on page i, the Basic Financial Statements on pages 31-32, and the accompanying notes. It is organized to provide both a high-level summary of financial highlights—including net position, fund balances, revenues, expenditures, and long-term obligations—and a more detailed analysis of Government-Wide and Fund Financial Statements, capital assets, and economic outlook.

The discussion begins with the City's Financial Highlights, offering key measures of fiscal health and operational sustainability. Subsequent sections provide a comprehensive review of Governmental and Business-Type Activities, fund-level performance, budgetary compliance, and long-term strategic considerations, ensuring that readers gain a complete understanding of the City's financial position and stewardship of public resources.

Financial Highlights

- **Overall Financial Position:** At June 30, 2025, the City's assets exceeded liabilities by $309,956,722, reflecting strong fiscal health. Of this total, $195,517,298 represents net investment in capital assets, supporting long-term infrastructure and service delivery; $87,583,495 is unrestricted and available for operational needs or future projects; and $26,855,929 is restricted by external mandates. The City's net position increased by $12,557,730, driven by revenue growth, prudent cost management, and strategic investments in both operational programs and capital infrastructure, as discussed in the Government-Wide Financial Analysis section.

- **Governmental Fund Balances:** The combined ending fund balance for all governmental funds totaled $104,467,935, demonstrating robust short-term liquidity. This total includes:

    - Nonspendable: $9,594,750, primarily prepaids, long-term receivables, and other non-liquid assets
    - Restricted: $27,041,841, constrained by external regulations or legal requirements
    - Committed: $782,232, formally designated by the City Council for capital projects
    - Assigned: $47,926,044, reflecting management's intent for future capital investments and long-term priorities
    - Unassigned: $19,123,068, available for any lawful purpose and serving as a financial cushion.
    - These classifications, detailed further in the Analysis of Governmental Funds and Individual Fund Highlights, provide flexibility for operational needs while ensuring disciplined investment in future capital projects.

- **General Fund Strength:** The General Fund, the City's primary operating fund, reported a fund balance of $30,319,217, including $9,574,948 in nonspendable assets and $20,744,269 in unassigned funds. This unassigned balance represents 110.4% of General Fund expenditures, providing substantial capacity to meet operational needs, respond to unforeseen contingencies, and support the City's reserve policy, as discussed in the General Fund Budgetary Highlights section.

- **Capital Assets:** Net capital assets for Governmental Activities increased by $5,058,294 to $157,347,103, reflecting $9,328,428 in acquisitions, $40,322 in retirements, and $4,270,134 in depreciation. For Business-Type Activities (primarily the Indian Wells Golf Resort), net capital assets totaled $50,328,657, an increase of $7,620,381. These investments, detailed in the Capital Assets section, underscore the City's commitment to maintaining and improving its infrastructure and enterprise operations.

- **Long-Term Liabilities and Retirement Obligations:** The City's compensated absences liability rose to $1,346,146, while lease revenue bonds totaled $12,585,000 with a premium of $1,116,984. The net pension asset of $2,033,276 and net OPEB liability of $4,739,209 demonstrate the City's proactive approach to retirement obligations. Strategic use of Section 115 Trusts, with total assets of $5,818,393, supports long-term fiscal sustainability, as described in the Long-Term Liabilities section.

- **Revenue and Expenditure Highlights:** Governmental Activities revenues increased to $54,862,133, driven by property tax growth, tourism recovery, the BNP Paribas tournament, and higher investment earnings. Governmental Activities expenses decreased to $43,418,341, primarily due to targeted cost containment in General Government. This resulted in net positive contributions to the City's fund balances and net position. Business-Type Activities (Golf Resort) incurred an operating deficit of $4,682,316, offset by nonoperating revenues totaling $5,796,253, resulting in a net profit of $1,113,937 and demonstrating enterprise sustainability.

- **Strategic Financial Positioning:** The City's combination of strong fund balances, disciplined expense management, prudent capital investment, and proactive long-term liability management positions Indian Wells to:

    - Maintain high-quality municipal services
    - Respond to unforeseen economic or operational contingencies
    - Fund both ongoing and future capital projects
    - Ensure compliance with regulatory requirements for restricted and trust-held assets

- **Outlook:** Robust tourism and stable property tax growth provide favorable near-term revenue projections. The City will continue monitoring economic indicators, operational efficiencies, and long-term obligations to preserve financial stability and align with community expectations, as further discussed in the Economic Factors and Next Year's Budgets and Rates section.

Overview of the Financial Statements

The discussion and analysis here will introduce the City of Indian Wells' basic financial statements. The City of Indian Wells' basic financial statements consist of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) the Notes to Financial Statements. This report also includes supplementary information to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements. The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Indian Wells' finances like a private-sector business.

The *statement of net position* presents financial information on all of the City of Indian Wells' assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over

time, increases or decreases in net position may serve as a valuable indicator of whether the City of Indian Wells' financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City of Indian Wells' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a sizable portion of their costs through user fees (business-type activities). The City's governmental activities include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The Government-wide Financial Statements include the City (the primary government) and a legally separate maintenance district for which the City is financially accountable.

The City of Indian Wells Fire Access Maintenance District No. 1, although legally separate, functions as a department of the City and is therefore included as an integral part of the primary government. The Government-Wide Financial Statements are on pages 31-32 of this report.

Fund Financial Statements - A *fund* is a grouping of related accounts that control resources segregated for specific activities or objectives. The *Fund Financial Statements* provide information about the City's most significant funds (major funds) rather than the City as a whole. Some funds are required by State and Federal law or by bond covenants. Other funds are utilized to control and manage resources intended for particular purposes. The City of Indian Wells, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* account for the same functions reported as *governmental activities* in the Government-wide Financial Statements. However, unlike Government-wide Financial Statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* and *balances of spendable resources* available at the end of the fiscal year. Such information may help evaluate a government's near-term financing requirements.

Because the focus of governmental funds is narrower than the Government-wide Financial Statements, it is helpful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenses, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenses, and changes in fund balances for the major funds of the government. The City of Indian Wells maintains individual governmental funds, distinguishing between major and non-major funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. Data collected from governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Indian Wells chooses to report eighteen (18) Landscape and Lighting District funds as the Consolidated LLMD rather than separately reporting each of the funds. The City also combines five (5) Gas Tax funds as the Consolidated Gas Tax Fund for this reporting purpose.

The City adopts a biennial budget. The Biennial Operating Budget and the Capital Improvement Program are prepared and administered in accordance with established procedures set forth by the City Council. These procedures include guidelines, standards, and requirements for the preparation and monitoring of both the Operating and Capital Budgets. The budget is managed to ensure adequate funds are available to cover anticipated expenditures. Public input is considered throughout the process, with scheduled public meetings and study sessions at key City Council decision points. A budgetary comparison schedule is provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds - *Proprietary funds* report the same functions as *business-type activities* in the Government-wide Financial Statements. *Internal service funds a*ccumulate and allocate costs internally among various functions. Proprietary funds provide the same information as the Government-wide Financial Statements, only in more detail.

Fiduciary funds - The City utilizes *Fiduciary funds* to account for assets held by the City in a trustee capacity or as an agent for other governmental entities, private organizations, or individuals. The City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in net fiduciary position. We exclude these activities from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements - The financial statements include the *Notes to the Financial Statements*, which provide essential narrative details about the information in the financial statements. Data in the Notes to the Financial Statements are critical to a reader's understanding of the Government-Wide and Fund Financial Statements.

Required Supplementary Information - Besides the required elements of the Basic Financial Statements, we included *Required Supplementary Information*, which provided budgetary information for the General Fund and major special revenue funds and required schedules for pension and other post-employment benefits.

Combining and individual fund statements and schedules - Provide combining fund information and budgetary schedules following the required supplementary information.

Government-Wide Overall Financial Analysis

This analysis focuses on the Statement of Net Position (Table 1) and the Statement of Net Activities (Table 2) of the City's activities. The changes in net position over time may serve as a valuable indicator of a government's financial position.

Analysis of the Statement of Net Position

The following table lists a condensed Statement of Net Position for the fiscal years ending June 30, 2025, and 2024.

Table 1
Statement of Net Position

	Governmental Activities		Business -Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and restricted assets	$ 120,033,972	$ 127,525,367	$ 4,623,459	$ 1,004,121	$ 124,657,431	$ 128,529,488
Capital assets	157,347,103	151,870,603	50,506,777	42,708,276	207,853,880	194,578,879
Total Assets	277,381,075	279,395,970	55,130,236	43,712,397	332,511,311	323,108,367
Deferred Outflows of Resources	6,119,238	5,901,289	182,108	105,410	6,301,346	6,006,699
Current Liabilities	4,978,871	5,810,115	2,340,374	1,185,231	7,319,245	6,995,346
Non-current Liabilities	19,252,598	22,220,880	759,240	535,380	20,011,838	22,756,260
Total Liabilities	24,231,469	28,030,995	3,099,614	1,720,611	27,331,083	29,751,606
Deferred Inflows of Resources	1,480,784	1,927,049	44,068	37,419	1,524,852	1,964,468
Net Position:						
Net investment in capital assets	145,413,139	142,190,278	50,104,159	42,518,369	195,517,298	184,708,647
Restricted						
Community development	459,123	945,799	-	-	459,123	945,799
Housing	12,646,741	12,034,055	-	-	12,646,741	12,034,055
Public safety	7,652,573	5,863,937	-	-	7,652,573	5,863,937
Public works	3,952,146	2,494,602	-	-	3,952,146	2,494,602
Pension obligations	1,974,514	2,041,991	58,762	31,475	2,033,276	2,073,466
OPEB obligations	112,070	2,833,540	-	-	112,070	2,833,540
Unrestricted	85,577,754	86,935,013	2,005,741	(490,067)	87,583,495	86,444,946
Total Net Position	$ 257,788,060	$ 255,339,215	$ 52,168,662	$ 42,059,777	$ 309,956,722	$ 297,398,992

As of fiscal year-end, the City's total assets exceeded total liabilities by $309,956,722, resulting in a favorable net position. That net position is comprised of three components:

- Net investment in capital assets — $195,517,298 represents the City's investment in capital assets (e.g., land, buildings, infrastructure, equipment), net of accumulated depreciation and any outstanding debt attributable to those assets.

- Restricted net position — $26,855,929 is subject to externally-imposed constraints (by grantors, bondholders, or higher levels of government) and therefore is reserved for the specific purposes mandated by those external parties.

- Unrestricted net position — $87,583,495 remains available to the City for general use to meet ongoing obligations, fund operations, or finance future projects.

The unrestricted net position provides the City with financial flexibility to meet operating needs and respond to unforeseen contingencies. The net investment in capital assets — while a significant portion of total net position — reflects resources that are not available for future spending because they are tied up in long-term capital infrastructure.

Analysis of the Statement of Activities

Table 2 below lists a condensed Statement of Activities for the fiscal years ending June 30, 2025, and 2024.

Table 2
Statement of Activities

	Governmental Activities		Business -Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ 4,670,287	$ 4,782,673	$ 16,976,221	$ 22,331,661	$ 21,646,508	$ 27,114,334
Operating contributions and grants	16,951,546	16,225,266	-	-	16,951,546	16,225,266
Capital contributions and grants	200,791	68,032	1,250,000	-	1,450,791	68,032
General Revenues:						
Taxes						
Property taxes	4,406,703	4,362,305	-	-	4,406,703	4,362,305
Transient occupancy taxes	13,523,137	12,159,497	-	-	13,523,137	12,159,497
Sales taxes	2,148,619	1,824,421	-	-	2,148,619	1,824,421
Franchise taxes	1,388,780	1,398,516	-	-	1,388,780	1,398,516
Business licenses taxes	217,528	225,554	-	-	217,528	225,554
Admission taxes	5,266,503	5,067,845	-	-	5,266,503	5,067,845
Investment income (loss)	5,721,683	4,965,343	186,311	(9,374)	5,907,994	4,955,969
Other	366,556	296,204	210,000	-	576,556	296,204
Total Revenues	54,862,133	51,375,656	18,622,532	22,322,287	73,484,665	73,697,943
Expenses:						
General government	11,604,322	14,392,102	-	-	11,604,322	14,392,102
Public safety	13,355,081	13,334,797	-	-	13,355,081	13,334,797
Community development	5,923,067	5,638,377	-	-	5,923,067	5,638,377
Public works	12,136,865	12,071,338	-	-	12,136,865	12,071,338
Interest	399,006	329,643	-	-	399,006	329,643
Golf resort	-	-	17,508,594	22,307,753	17,508,594	22,307,753
Total Expenses	43,418,341	45,766,257	17,508,594	22,307,753	60,926,935	68,074,010
Increase (decrease) in net position before transfers	11,443,792	5,609,399	1,113,938	14,534	12,557,730	5,623,933
Transfers	(8,994,947)	(102,584)	8,994,947	102,584	-	-
Increase (decrease) in net position	2,448,845	5,506,815	10,108,885	117,118	12,557,730	5,623,933
Net Position, Beginning of Year, as Restated	255,339,215	249,832,400	42,059,777	41,942,659	297,398,992	291,775,059
Net Position, End of Year	$ 257,788,060	$ 255,339,215	$ 52,168,662	$ 42,059,777	$ 309,956,722	$ 297,398,992

Revenues:

Governmental Activities: The City collected $54,862,133 in fiscal year 2024/25, up from $51,375,656 the previous year. This revenue increase was driven by property tax growth, a resurgence in tourism, the BNP Paribas tennis tournament, and higher investment earnings.

Business-Type Activities: The Golf Resort collected $18,622,532 in fiscal year 2024/25, compared to $22,322,287 the prior year. The decline in revenue was due to the closure of the restaurant, the closure of the Player's golf course during remodeling and rehabilitation, and the closure of banquet events at the Pavilion during the remodeling and rehabilitation work.

Expenses:

Governmental Activities: Governmental activities reported total expenses of $43,418,341 for the fiscal year, representing a net decrease of $2,347,916 compared to the prior year. This overall reduction reflects both targeted decreases in certain functional areas and inflationary increases in others.

The most significant year-over-year change occurred within the General Government function, where expenditures decreased by $2,787,780. This decline is primarily attributable to deliberate cost-containment measures implemented during the fiscal year. These measures included the refinement of administrative operating procedures and continued emphasis on organizational efficiencies. As a result, the City realized material savings without compromising core municipal services.

While General Government experienced a notable reduction in operating costs, several other governmental functions recorded moderate increases. These increases were primarily the result of inflationary pressures affecting personnel services, utilities, contracted services, and materials. Rising market prices for commodities and professional services particularly contributed to cost growth in public safety, public works, and community services programs. Although these increases partially offset the savings achieved in General Government, the City's overall governmental expenditures still decreased for the year.

It is important to note that the City's expense profile continues to reflect its service priorities and long-term financial stewardship. The reduction in General Government costs demonstrates the City's proactive approach to managing its administrative cost structure, while the inflation-driven increases in other functional areas highlight the external economic forces that influence service delivery costs. Despite these pressures, the City maintained stable operations and delivered essential services effectively.

Overall, the net decline in total governmental activities expenses underscores the City's commitment to prudent financial management and its ability to adjust its expenditure patterns in response to economic conditions. The City will continue to monitor inflationary trends, evaluate operational efficiencies, and prioritize resource allocation to ensure that governmental activities remain sustainable and aligned with community expectations.

Business-Type Activities: The Golf Resort incurred $17,508,594 in operating costs, including $18,529,777 for operations, $494,777 for general and administrative expenses, $10,228 for interest expenses, a $4,160,170 gain on asset disposition, and $2,633,982 for depreciation.

Financial Analysis of Governmental Funds

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. This information is useful in assessing the City's short-term liquidity and financing requirements — that is, whether the City has sufficient resources available to meet upcoming expenditure needs.

Table 3
Fund Balances by Category
Fiscal Year Ending 6/30/2025

	General Fund	All Other Funds	Total Funds
Nonspendable:			
Prepaid costs	$ 102,331	$ 19,802	$ 122,133
Notes and loans	9,472,617	-	9,472,617
Restricted for:			
Community development	-	13,105,864	13,105,864
Public safety	-	7,652,573	7,652,573
Public works	-	3,952,146	3,952,146
Debt service	-	2,331,258	2,331,258
Committed for:			
Capital projects	-	782,232	782,232
Assigned To:			
Capital projects	-	47,926,044	47,926,044
Unassigned:	20,744,269	(1,621,201)	19,123,068
Total Fund Balances	$ 30,319,217	$ 74,148,718	$ 104,467,935

At the close of the fiscal year, the combined ending fund balance for all governmental funds was $104,467,935. That total is composed of the following fund balance classifications:

- **Nonspendable – $9,594,750**: These are amounts that cannot be spent because they are either not in spendable form (e.g., prepaids, inventories, long-term receivables, or other non-liquid assets) or must be "maintained intact" under legal or contractual constraints.
- **Restricted – $27,041,841**: These resources are constrained by external parties (such as grantors, bondholders or other government agencies) or by laws and regulations. They are reserved for specific purposes and cannot be used for general operations.
- **Committed – $782,232**: These amounts have been formally set aside by the City Council (or other governing authority) for capital projects, per Council action consistent with applicable policy or ordinance. As such, they can be used only for those designated purposes, unless the Council formally rescinds or modifies the commitment.
- **Assigned – $47,926,044**: These amounts reflect the City's intent — as expressed by the Governing Board — to use these funds for long-term capital projects, replacements, or other

long-term purposes. While they are not constrained by external mandate or formal Council commitment, they are not considered available for arbitrary general fund spending.

- **Unassigned – $19,123,068**: This residual portion represents the fund balance in the General Fund that is not restricted, committed, or assigned. These resources are the City's most flexible — available for any lawful purpose, and represent a "financial cushion" for unanticipated needs, contingencies, or near-term obligations.

The total fund balance of $104,467,935 demonstrates the City's robust short-term financial position, with a balanced mix of flexibility (through unassigned and assigned balances) and fiscal discipline (through restricted, committed, and nonspendable classifications). This structure supports prudent cash-flow management, provides a buffer against economic or revenue fluctuations, and ensures resources are available for both general needs and future capital commitments.

Moreover, the significant assigned portion earmarked for long-term capital projects reflects strategic planning and sustainability — an important signal to stakeholders, rating agencies, and the public that the City is actively investing in infrastructure and future service delivery capacity without compromising operational stability.

This fund-balance composition positions the City well to meet near-term obligations while maintaining financial flexibility and fulfilling long-term capital and replacement needs.

Business-type activities The City's business-type activities, shown in Table 4, are designed to recover all or a substantial portion of their costs through user fees and charges. The Indian Wells Golf Resort is the primary activity reported in this category. The City monitors these activities closely to ensure that revenues generally cover operating costs, while maintaining financial sustainability and high-quality service delivery.

During the fiscal year, the Indian Wells Golf Resort generated $16,976,220 in operating revenues, primarily from golf fees, food and beverage sales, and special events. Operating expenses totaled $21,658,536, which includes:

- Operations: $18,529,777
- General and administrative expenses: $494,777
- Depreciation: $2,633,982

This resulted in an operating loss of approximately $4,682,316. The operating deficit reflects a combination of planned depreciation, rising operational costs, and investments in maintaining high-quality facilities and service standards.

Table 4
Business-Type Activities
Fiscal Year Ending 6/30/2025

	Golf Resort Operations	Total
Operating Revenues:		
Charges for services	$ 16,976,220	$ 16,976,220
Total Revenues	16,976,220	16,976,220
Operating Expenses:		
Operations	18,529,777	18,529,777
General and Administration	494,777	494,777
Depreciation	2,633,982	2,633,982
Total Expenditures	21,658,536	21,658,536
Operating Income (loss)	(4,682,316)	(4,682,316)
Non-operating Revenues (Expenses)		
Investment Income (loss)	186,311	186,311
Capital contributions	1,250,000	1,250,000
Interest expense	(10,228)	(10,228)
Loss on disposition of capital assets	4,160,170	4,160,170
Other nonoperating revenue	210,000	210,000
Total nonoperating revenues (expenses)	5,796,253	5,796,253
Income before transfers	1,113,937	1,113,937
Transfers In	10,284,948	10,284,948
Transfers Out	(1,290,000)	(1,290,000)
Total transfers	8,994,948	8,994,948
Changes in Net Position	10,108,885	10,108,885
Net Position, Beginning of the Year	42,059,777	42,059,777
Net Position at End of Year	$ 52,168,662	$ 52,168,662

Nonoperating revenues and expenses totaled $5,796,253, comprised of:

- Investment income: $186,311
- Capital contributions: $1,250,000

- Interest expense: ($10,228)
- Gain on disposition of capital assets: $4,160,170
- Other nonoperating revenue: $210,000

When combined, these nonoperating items offset the operating deficit, resulting in a net profit of $1,113,937 for the Resort.

Analysis of Individual Funds

The General Fund

The General Fund serves as the City's primary operating fund, supporting essential municipal services and daily operations. At the close of the fiscal year, the General Fund reported a fund balance of $30,319,217, composed of:

- Nonspendable assets: $9,574,948, consisting primarily of notes and loans receivable that are not in spendable form.
- Unassigned fund balance: $20,744,269, representing resources available for any lawful purpose.

Assessing fund balance relative to total expenditures provides insight into the City's liquidity and short-term financial flexibility. The unassigned fund balance represents 110.4% of total General Fund expenditures, while the total fund balance represents 161.3%, indicating a strong capacity to meet operational needs and respond to unforeseen contingencies.

Revenue performance remained robust, driven largely by tourism-related activities, which are the City's primary revenue source. Transient occupancy tax and admissions tax revenues reached record levels, contributing to a 4.9% increase in General Fund revenues compared to the prior year. This growth reflects both increased visitation and effective revenue collection strategies.

On the expenditure side, General Fund spending decreased by $1,458,062 (7.2%) compared to the prior year, largely due to the removal of Golf Resort resident golf rate subsidies and targeted cost containment measures. The combination of increased revenues and reduced expenditures contributed to a strong net fund position, further enhancing the City's financial stability and operational flexibility.

Table 5
General Fund Financial Summary

	2025	2024	$ Change	% Change
Revenues:				
Taxes	$ 26,521,861	$ 24,526,087	$ 1,995,774	8.1%
Licenses and permits	514,897	683,169	(168,272)	-24.6%
Intergovernmental	882,078	942,282	(60,204)	-6.4%
Charges for services	502,588	666,372	(163,784)	-24.6%
Interest income (loss)	1,164,549	1,404,591	(240,042)	-17.1%
Fines and forfeitures	73,534	64,546	8,988	13.9%
Other income	36,745	31,117	5,628	18.1%
Total Revenues	29,696,252	28,318,164	1,378,088	4.9%
Expenditures:				
General government	8,268,874	10,405,052	(2,136,178)	-20.5%
Public safety	5,224,479	4,854,763	369,716	7.6%
Community development	2,092,755	2,078,322	14,433	0.7%
Public works	3,208,946	2,914,979	293,967	10.1%
Total Expenditures	18,795,054	20,253,116	(1,458,062)	-7.2%
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,901,198	8,065,048	2,836,150	35.2%
Other Financing Sources (Uses)				
Transfer in	-	-	-	100.0%
Transfer out	(21,870,034)	(3,425,053)	(18,444,981)	100.0%
Total Transfers	(21,870,034)	(3,425,053)	(18,444,981)	100.0%
Net Change in Fund Balance	$ (10,968,836)	$ 4,639,995	$ (15,608,831)	336.4%

Refer to the Fund Financial Statements (pages 34–43) for additional detail on revenue and expenditure trends, as well as a detailed breakdown of fund balances.

The Housing Authority Fund

The Indian Wells Housing Authority was established to support the retention, rehabilitation, and development of affordable housing for households meeting HUD income limits. The Housing Authority Fund manages expenditures for affordable housing operations and provides annual reporting to the State Department of Housing and Community Development on community housing projects and initiatives.

At the close of fiscal year 2024/25, the Housing Authority Fund reported a fund balance of $12,646,741, demonstrating a strong financial position to support ongoing and future housing programs.

Table 6
Housing Authority Financial Summary

	2025	2024	$ Change	% Change
Revenues:				
Intergovernmental	$ 135,812	$ 113,172	$ 22,640	0.0%
Interest income	560,004	434,381	125,623	28.9%
Total Revenues	695,816	547,553	148,263	28.9%
Expenditures:				
General government	1,783,272	3,404,143	(1,620,871)	-47.6%
Community development	250,000	250,000	-	0.0%
Total Expenditures	2,033,272	3,654,143	(1,620,871)	-44.4%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,337,456)	(3,106,590)	1,769,134	-56.9%
Other Financing Sources (Uses)				
Transfer in	2,460,000	517,445	1,942,555	375.4%
Transfer out	(509,858)	(806,269)	296,411	-36.8%
Total Transfers	1,950,142	(288,824)	2,238,966	-775.2%
Net Change in Fund Balance	$ 612,686	$ (3,395,414)	$ 4,008,100	-118.0%

Revenues for the fiscal year totaled $695,816, including $135,812 in intergovernmental fees and $560,004 in interest income. Expenditures totaled $2,033,272, covering staff salaries and benefits, professional services (including audits and legal counsel), liability insurance premiums, contributions to nonprofit organizations addressing homelessness, and capital maintenance projects. This represents a decrease of $1,620,871 compared to the prior year, primarily due to the completion of major housing initiatives in the prior period and tighter cost management during the current fiscal year.

The net reduction in expenditures, coupled with consistent revenue collection, has contributed to a sustainable fund balance that positions the Housing Authority to continue its mission of supporting affordable housing programs. These resources provide flexibility to address both operational needs and future housing development opportunities, while ensuring compliance with state and federal reporting requirements.

Refer to the Fund Financial Statements (pages 34–43) for additional detail on revenues, expenditures, and fund balances.

The Emergency Services Upgrade Fund

The Emergency Services Upgrade Fund is dedicated to supporting fire suppression, prevention, investigation, safety education, emergency management, and paramedic services. These services are provided by the Riverside County Fire Department under a CALFIRE subcontract, ensuring high-quality emergency response throughout the City.

Table 7
Emergency Services Upgrade Financial Summary

	2025	2024	$ Change	% Change
Revenues:				
Taxes	$ 7,075,678	$ 4,206,481	$ 2,869,197	68.2%
Charges for services	745,461	737,398	8,063	1.1%
Interest income (loss)	319,018	207,355	111,663	53.9%
Assessments	629,744	610,241	19,503	3.2%
Other income	20,623	21,171	(548)	-2.6%
Total Revenues	8,790,524	5,782,646	3,007,878	52.0%
Expenditures:				
Public safety	4,940,677	5,350,057	(409,380)	-7.7%
Capital Outlay	183,771	29,297	154,474	527.3%
Total Expenditures	5,124,448	5,379,354	(254,906)	-4.7%
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,666,076	403,292	3,262,784	809.0%
Other Financing Sources (Uses)				
Transfer out	(1,644,983)	(146,616)	(1,498,367)	0.0%
Total Transfers	(1,644,983)	(146,616)	(1,498,367)	0.0%
Net Change in Fund Balance	$ 2,021,093	$ 256,676	$ 1,764,417	687.4%

At the close of fiscal year 2024/25, the Emergency Services Upgrade Fund reported a fund balance of $6,750,305, reflecting a strong fiscal position to support ongoing emergency services and maintain operational readiness.

Revenues for the fiscal year totaled $8,790,524, comprised of:

- $7,075,678 from the fire tax credit collected by Riverside County on behalf of the City
- $745,461 from ambulance billing
- $629,744 from a citywide assessment
- $319,018 in interest income
- $20,623 in other income

Expenditures totaled $5,124,448, covering staff salaries and benefits, professional services, the fire services contract, liability insurance premiums, maintenance projects, and capital outlay. This represents a decrease of $254,906 from the prior year, primarily due to efficient management of the fire services contract and careful monitoring of operational expenses.

The fund balance and revenue structure provide the City with flexibility to ensure continuity of critical emergency services, respond to unforeseen events, and invest in safety and emergency management improvements. The strong fiscal position reflects disciplined financial management while maintaining compliance with funding and contractual requirements.

Refer to the Fund Financial Statements (pages 34–43) for additional detail on revenues, expenditures, and fund balances.

The Capital Improvements Fund

The Capital Improvements Fund supports the City's multi-year Capital Improvement Program (CIP), which outlines planned capital projects over the next five years. Capital projects include the construction, acquisition, expansion, rehabilitation, or non-routine maintenance of facilities, infrastructure, or equipment costing $5,000 or more, resulting in a capital asset. The program identifies required capital maintenance, facility improvements, major equipment purchases, and capital-related studies or master plans.

Table 8
Capital Improvements Financial Summary

	2025	2024	$ Change	% Change
Revenues:				
Intergovernmental	$ 3,048,943	$ 3,911,420	$ (862,477)	-22.1%
Investment income	827,071	566,598	260,473	46.0%
Other income	13,867	1,096	12,771	100.0%
Total Revenues	3,889,881	4,479,114	(589,233)	-13.2%
Expenditures:				
General government	332,740	91,847	240,893	262.3%
Capital outlay	10,936,146	6,411,443	4,524,703	70.6%
Total Expenditures	11,268,886	6,503,290	4,765,596	73.3%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,379,005)	(2,024,176)	(5,354,829)	264.5%
Other Financing Sources (Uses)				
Transfer in	14,945,346	6,093,037	8,852,309	145.3%
Transfer out	(501,493)	-	-	100.0%
Total Transfers	14,443,853	6,093,037	8,852,309	137.1%
Net Change in Fund Balance	$ 7,064,848	$ 4,068,861	$ 3,497,480	73.6%

At the close of fiscal year 2024/25, the Capital Improvements Fund reported a fund balance of $18,988,451, reflecting the City's capacity to finance ongoing and future capital projects while maintaining fiscal flexibility.

Revenues for the fiscal year totaled $3,889,881, including:

- $3,048,943 in intergovernmental revenues
- $827,071 in interest income
- $13,867 in other miscellaneous income

Expenditures totaled $11,268,886, of which $332,740 was for general government costs and $10,936,146 represented new capital investments within the community, including facility improvements, infrastructure upgrades, and equipment acquisition.

The fund balance and revenue collections provide the City with the financial resources necessary to implement the multi-year CIP, enabling the timely completion of capital projects and long-term planning for community infrastructure needs. The strong fiscal position of the Capital Improvements Fund ensures that resources are available to address both planned projects and unforeseen capital requirements while supporting efficient and strategic investment in the City's facilities and public assets.

Refer to the Fund Financial Statements (pages 34–43) for additional detail on revenues, expenditures, and fund balances.

City Streets Capital Reserve

The City Streets Capital Reserve Fund is part of the City's long-term capital asset replacement plan, designated to support future capital improvement projects, including streets, bridges, and City facilities. The capital asset replacement plan outlines annual contributions to ensure resources are available for the ongoing maintenance, rehabilitation, and replacement of municipal infrastructure.

Table 9
City Streets Capital Reserve Financial Summary

	2025	2024	$ Change	% Change
Revenues:				
Investment income	$ 982,602	$ 662,416	$ 320,186	48.3%
Total Revenues	982,602	662,416	320,186	48.3%
Expenditures:				
Capital outlay	-	-	-	0.0%
Total Expenditures	-	-	-	0.0%
Excess (Deficiency) of Revenues Over (Under) Expenditures	982,602	662,416	320,186	48.3%
Other Financing Sources (Uses)				
Transfer in	162,500	162,500	-	100.0%
Total Transfers	162,500	162,500	-	100.0%
Net Change in Fund Balance	$ 1,145,102	$ 824,916	$ 320,186	38.8%

Under the City's Capital Contribution Policy, funds are allocated to the Capital Reserve program to maintain adequate reserves for lifecycle management of key assets. These reserves support prudent municipal asset management by ensuring that funds are available when needed for major infrastructure projects. Appropriations from the reserve are determined by the City Council, providing governance and oversight of long-term capital planning.

The City Streets Capital Reserve is funded primarily through interest income and transfers. When capital funding is required, the City Council authorizes transfers from the reserve to the Capital Improvements Fund, either as part of the annual budget cycle or for specific projects. Prior to any transfer, the City provides detailed financial information regarding the replacement funds, including beginning balances, projected revenues, and anticipated ending balances, ensuring transparency and informed decision-making.

This fund provides a dedicated, strategic resource for preserving and improving the City's infrastructure, enhancing fiscal sustainability, and ensuring that essential capital projects are funded in a timely and financially responsible manner.

Refer to the Fund Financial Statements (pages 34–43) for additional detail on fund balances, revenues, and transfers.

Park Facilities In Lieu

The Park Facilities In Lieu Fund (sometimes referred to as a "Quimby-in-Lieu" or "park-in-lieu fee" fund) is established to collect and manage fees (or land dedications) paid by developers in lieu of providing on-site park or recreational facilities, pursuant to statutory requirements under the Quimby Act. These in-lieu fees support the acquisition, development, expansion, and rehabilitation of parkland, open space, and recreation facilities for the benefit of new and existing residents.

Table 10
Park Facilities In Lieu Financial Summary

	2025	2024	$ Change	% Change
Revenues:				
Intergovernmental	$ 177,952	$ 3,328	$ 174,624	0.0%
Developer fees	6,334	40,341	(34,007)	-84.3%
Total Revenues	184,286	43,669	140,617	322.0%
Expenditures:				
General government	1,878	7,605	(5,727)	-75.3%
Capital Outlay	-	78,571	(78,571)	0.0%
Total Expenditures	1,878	86,176	(84,298)	-97.8%
Excess (Deficiency) of Revenues Over (Under) Expenditures	182,408	(42,507)	224,915	-529.1%
Other Financing Sources (Uses)				
Transfer in	1,434	31,083	(29,649)	100.0%
Total Transfers	1,434	31,083	(29,649)	100.0%
Net Change in Fund Balance	$ 183,842	$ (11,424)	$ 195,266	-1709.3%

At the close of the fiscal year, the City's Park Facilities In Lieu Fund reported a deficit fund balance of ($1,621,201). This deficit reflects expenditures on parkland acquisition, development, and capital improvements that exceeded the current-year collection of in-lieu fees and associated interest. The deficit is planned to be repaid in future years as additional in-lieu fees are collected from new residential development and interest income accrues.

Although currently in a deficit position, the fund remains a strategic resource for addressing the City's park and open space needs, including acquisition of new parkland, construction or expansion of recreational facilities, and rehabilitation of existing parks. The fund's long-term financial plan ensures compliance with state law, supports ongoing recreational planning, and helps maintain an adequate level of park/open space per capita as the community grows.

The City will continue to monitor growth trends, development activity, and park needs to allocate park-in-lieu resources efficiently. The ultimate goal is to translate these future revenues into high-quality, publicly accessible parks and recreation facilities, enhancing community livability and fulfilling the commitments associated with new development, without relying on general fund resources. Refer to the Fund Financial Statements (pages 34–43) for details on fee collections, interest income, expenditures (land purchases, capital improvements), and fund balance changes.

General Fund Budgetary Highlights

Actual General Fund revenues exceeded the final budget by $4,440,762, driven primarily by higher-than-projected receipts in the following categories:

- Property taxes. Collections outpaced projections due to higher assessed valuations and stronger-than-anticipated supplemental assessments.

- Tourism-related revenues. Recovery and growth in the tourism sector produced higher transient occupancy, admissions tax, and sales tax receipts than budgeted.

- Investment income. Rising interest rates and a larger available cash balance generated increased interest earnings.

On the expenditures side, final General Fund spending was $2,605,547 below the adopted (final) budget. The underspending reflects a combination of factors, including:

- Controlled operating expenditures through conservative purchasing.

- The removal of Golf Resort resident golf rate subsidies.

Net effect on fund balance and reserves:

The combined revenue favorable variance and expenditure underrun increased the General Fund ending fund balance by $10,901,198 (before transfers), supporting the City's policy-level reserves. As of year-end, the General Fund unassigned/unrestricted fund balance represents approximately 110.4% of annual expenditures, consistent with the City's reserve policy.

Budget management and amendments:

During the year, the City Council approved budget amendments totaling $781,306 to address mid-year revenue adjustments, grant awards, and capital project carryover; the final budget amounts cited above reflect those amendments. The City continues to monitor revenue trends, with contingency appropriations maintained to manage volatility.

Outlook and key risks:

While the near-term outlook is favorable due to tourism growth and stronger property tax collections, risks remain: slower regional visitation, changes in assessed values, and potential increases in personnel costs (pensions/healthcare). The City will continue to update multi-year projections and adjust expenditure plans to preserve fiscal stability.

Analysis of Governmental Activities

The government-wide financial statements — including the Statement of Activities — present both the gross cost of the City's major programs and the net cost after accounting for program revenues (charges for services, grants, contributions) that are directly associated with those programs.

Table 11
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Government Activities				
General government	$ 11,604,322	$ 14,392,102	$ (7,839,767)	$ (9,814,604)
Public safety	13,355,081	13,334,797	(3,844,167)	(5,251,697)
Community development	5,923,067	5,638,377	(1,970,760)	(1,556,021)
Public works	12,136,865	12,071,338	(7,542,017)	(7,738,321)
Interest	399,006	329,643	(399,006)	(329,643)
Total Governmental Activities	43,418,341	45,766,257	(21,595,717)	(24,690,286)
Business-Type Activities				
Golf resort	17,508,594	22,307,753	717,627	23,908
Total Business-Type Activates	17,508,594	22,307,753	717,627	23,908
Total Primary Government	$ 60,926,935	$ 68,074,010	$ (20,878,090)	$ (24,666,378)

Table 11 highlights the City's five largest governmental programs: General Government, Community Development, Public Safety, Public Works, and Golf Resort (for city-wide features). For each of these programs, the table displays both total cost and net cost (total cost less direct program revenues), which reveals the portion of costs not covered by fees or user charges.

The net cost of services demonstrates that — consistent with the fundamental purpose of governmental activities — the cost of providing public services substantially exceeds the revenues generated directly by those services. Consequently, these net costs must be subsidized by the City's general revenues (taxes, intergovernmental revenues, unrestricted grants, and other general sources).

In practical terms, this means that for core services such as public safety, public works, community development, and general administration, the City relies on its general revenue base — rather than solely on fees or charges — to meet the full cost of service delivery. This financing structure reflects a deliberate public policy choice: essential governmental services are provided for the benefit of all residents and not priced on a user-fee basis alone.

This structure also provides transparency about the burden placed on taxpayers to support governmental operations, and helps taxpayers and decision-makers understand which functions are self-supporting (if any) and which are inherently subsidized by general revenues.

As the City continues to deliver services, this analysis supports informed policy discussions about cost recovery, fee-setting, and the adequacy of general revenues to fund public-serving programs.

Capital Assets

The City's long-term investments in capital assets represent the foundation for providing high-quality services to the community. These assets include land, buildings, infrastructure (such as streets, bridges, sidewalks, storm drains, and traffic signals), vehicles, machinery and equipment, and enterprise systems. All infrastructure assets, except land, are depreciated to reflect their declining service value over time.

Government Activities

Table 12
Summary of Changes in Capital Assets
Governmental Activities

	Balance at July 1, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Capital assets, not being depreciated:					
Land	$ 33,289,388	$ -	$ -	$ -	$ 33,289,388
Construction in progress	8,002,574	292,322	-	(7,382,342)	912,554
Total capital assets not being depreciated	41,291,962	292,322	-	(7,382,342)	34,201,942
Capital assets, being depreciated:					
Intangible	2,500,000	-	-	-	2,500,000
Buildings and improvements	65,683,081	-	-	-	65,683,081
Equipment	1,641,257	317,917	(40,322)	-	1,918,852
Infrastructure	119,738,122	8,718,189	-	7,382,342	135,838,653
Total capital assets being depreciated	189,562,460	9,036,106	(40,322)	7,382,342	205,940,586
Less accumulated depreciation for:					
Intangible	(500,000)	(250,000)	-	-	(750,000)
Buildings and improvements	(34,241,189)	(1,593,088)	-	-	(35,834,277)
Equipment	(1,124,990)	(206,752)	40,322	-	(1,291,420)
Infrastructure	(42,699,434)	(2,220,294)	-	-	(44,919,728)
Total accumulated depreciation	(78,565,613)	(4,270,134)	40,322	-	(82,795,425)
Total capital assets being depreciated, net	110,996,847	4,765,972	-	7,382,342	123,145,161
Total capital assets, net	$ 152,288,809	$ 5,058,294	$ -	$ -	$ 157,347,103

Governmental activities' capital assets, net of accumulated depreciation, increased by $5,058,294, from $152,288,809 to $157,347,103. During the year:

- The City acquired $9,328,428 in new assets, including completed infrastructure, equipment, and buildings.
- Asset retirements totaled $40,322, reflecting the removal of fully depreciated or obsolete items.
- Net depreciation expense amounted to $4,229,812, consistent with the City's capitalization and depreciation policies.

These investments demonstrate the City's ongoing commitment to maintaining and enhancing public infrastructure, while balancing fiscal responsibility.

Business-Type Activities

Table 13
Summary of Changes in Capital Assets
Business-Type Activities

	Balance at July 1, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Capital assets, not being depreciated:					
Land	$ 13,910,956	$ -	$ (139,830)	$ -	$ 13,771,126
Construction in progress	-	8,407,605	-	-	8,407,605
Total capital assets not being depreciated	13,910,956	8,407,605	(139,830)	-	22,178,731
Capital assets, being depreciated:					
Buildings and improvements	84,998,063	1,751,493	(14,755,715)	-	71,993,841
Equipment	5,187,588	115,416	-	-	5,303,004
Infrastructure	433,390	-	-	-	433,390
Right to use asset	555,109	119,679	(235,575)	-	439,213
Total capital assets being depreciated	91,174,150	1,986,588	(14,991,290)	-	78,169,448
Less accumulated depreciation for:					
Buildings and improvements	(58,111,555)	(1,973,554)	14,755,715	-	(45,329,394)
Equipment	(3,756,469)	(565,963)	-	-	(4,322,432)
Infrastructure	(130,016)	(7,224)	-	-	(137,240)
Right to use asset	(378,790)	(87,241)	235,575	-	(230,456)
Total accumulated depreciation	(62,376,830)	(2,633,982)	14,991,290	-	(50,019,522)
Total capital assets being depreciated, net	28,797,320	(647,394)	-	-	28,149,926
Total capital assets, net	$ 42,708,276	$ 7,760,211	$ (139,830)	$ -	$ 50,328,657

Business-type activities, primarily the Indian Wells Golf Resort, reported net capital assets of $50,328,657, an increase of $7,620,381 over the prior year. During the year:

- New asset acquisitions totaled $10,394,193, including facility improvements, equipment upgrades, and other infrastructure.
- Asset retirements totaled $14,991,290, representing the removal or replacement of fully depreciated or obsolete assets.
- Net depreciation expense declined $12,357,308 due to retirements.

These investments support the City's enterprise operations and reflect prudent stewardship of assets that generate revenue and provide community services.

Notes on Capitalization and Depreciation

- Capital assets are recorded at historical cost, or estimated historical cost for older assets, with donated assets recorded at fair value on the acquisition date.
- Normal maintenance and repairs are expensed and not capitalized.
- Depreciation is calculated using the straight-line method over estimated useful lives, varying by asset class.
- Construction in progress is capitalized as projects advance, and upon completion, reclassified to the appropriate asset class and depreciated accordingly.

For more detailed information, including asset classifications, additions, retirements, and depreciation by category, see Note 7 — Capital Assets in the Notes to Basic Financial Statements (pages 66-67).

Long-term Liabilities

At June 30, 2025, the City's governmental activities reported $17,978,561 in long-term liabilities, reflecting obligations for employee benefits, public infrastructure financing, and retiree health. The following sections summarize these obligations and the City's proactive management strategies.

Table 14
Summary of Changes in Long-Term Liabilities

Description	2025	2024	$ Change	% Change
Compensated absences	$ 1,346,146	$ 1,067,620	$ 278,526	26.1%
2022 Lease Revenue Bonds	12,585,000	13,080,000	(495,000)	-3.8%
Premium	1,116,984	1,183,340	(66,356)	-5.6%
Lease Payable	224,498	189,907	34,591	18.2%
Net Pension Liability (asset)	(2,033,276)	(1,089,114)	(944,162)	86.7%
Net OPEB Liability (asset)	4,739,209	7,235,393	(2,496,184)	-34.5%
Total Long Term Debt	$ 17,978,561	$ 21,667,146	$ (3,688,585)	-17.0%

Compensated Absences

The City's compensated absences liability totaled $1,346,146, representing accrued vacation, sick leave, and other employee leave benefits that are earned but not yet used. These obligations are expected to be paid from future resources as employees take leave or retire.

Lease Revenue Bonds

The Indian Wells Financing Authority maintains $12,585,000 in outstanding lease revenue bonds, with a bond premium of $1,116,984. These bonds finance public infrastructure and energy efficiency improvements, supporting the City's long-term capital and sustainability goals.

Net Pension Asset

The City recognized a net pension asset of $2,033,276, reflecting its proportional share of the Miscellaneous Plan's net pension liability. This allocation is based on the City's projected long-term contributions relative to all participating employers, as determined through actuarial analysis. The asset underscores the City's strong funding position and prudent management of retirement obligations.

Net OPEB Liability

The City participates in the Public Employees Medical and Hospital Care Act (PEMHCA), administered by CalPERS, providing health insurance for employees and eligible retirees. As of June 30, 2025, the City reported a net OPEB liability of $4,739,209, representing the remaining unfunded retiree health benefit obligation after accounting for trust assets. This approach demonstrates the City's commitment to fiscal stability and meeting long-term retiree obligations.

Section 115 Trusts

To strategically address pension and OPEB obligations, the City established Section 115 Trusts, administered by U.S. Bank and Public Agency Retirement Services (PARS), to accumulate assets dedicated to reducing long-term liabilities.

As of June 30, 2025:

- PARS – Pension: $1,104,177 in assets, $126,156 in interest income, $6,331 in plan costs
- PARS – OPEB: $4,714,216 in assets, $542,211 in interest income, $27,035 in plan costs
- Total restricted assets: $5,818,393

In accordance with GAAP, these trust assets are classified as restricted City assets rather than plan assets and will only be reclassified if transferred directly to the pension or OPEB plans. This structured approach demonstrates the City's commitment to responsibly managing long-term obligations while ensuring compliance with regulatory standards.

The City's long-term liabilities reflect a balanced approach to funding obligations for employees, retirees, and capital projects. The combination of proactive pre-funding for OPEB, strategic use of Section 115 trusts, and prudent management of bonds and compensated absences underscores the City's commitment to fiscal sustainability.

For additional detail on long-term liabilities, see Note 8 (Long-Term Liabilities), Note 9 (Defined Benefit Pension Plan), Note 12 (Other Post-Employment Benefit Plan), and Note 13 (PARS and Shuster Advisory Group Section 115 Trusts) in the Notes to Basic Financial Statements (pages 45–89).

Economic Factors and Next Year's Budgets and Rates

National and Regional Economic Outlook

The economic forecast for 2025–2026 remains uncertain due to ongoing federal policy changes, including tariff fluctuations and shifts in trade policy. These uncertainties can influence private-sector investment decisions, particularly in residential construction, and affect employment in certain industries.

The Federal Reserve is maintaining a cautious approach to monetary policy, balancing potential inflationary pressures against labor market conditions. Most leading economic indicators — including the yield curve, consumer sentiment, and financial markets — suggest moderate growth nationally over the next two years, with low risk of a full recession. Inflation is expected to remain above the 2 percent target, limiting the Federal Reserve's ability to stimulate the housing market through lower interest rates. Mortgage rates are therefore likely to remain elevated, constraining rapid growth in housing transactions.

Local Economic Conditions – Indian Wells and the Coachella Valley

Indian Wells is part of the nine-city Coachella Valley, with a combined population of just over 370,000. The broader Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) encompasses approximately 4.7 million residents, making it the 12th largest in the U.S. While regional dynamics affect overall economic conditions, Indian Wells' economy is largely insulated from fluctuations in logistics, manufacturing, and other sectors that dominate the Inland Empire. The City primarily attracts employment and visitors from within the Coachella Valley, limiting exposure to external economic shocks.

The Coachella Valley is a premier visitor destination, drawing seasonal residents and tourists from across the U.S. and Canada. Major events such as the BNP Paribas Tennis Tournament, the Coachella Valley Music and Arts Festival, and the Stagecoach Music Festival generate substantial visitor activity.

Tourism and Lodging Market

Indian Wells' hotel and resort inventory consists of 1,587 rooms across properties including:

- Grand Hyatt Indian Wells Resort & Villas
- Sands Hotel & Spa
- Renaissance Esmeralda Resort & Spa
- Tommy Bahama Miramonte Resort & Spa
- Indian Wells Resort Hotel

Occupancy rates average in the mid-50 percent range year-round, peaking from February through April. Early 2025 occupancy was exceptionally strong, suggesting the annualized occupancy rate for the year may exceed all prior years since 2017. Average daily room rates have increased each year since 2021, driving nominal hotel revenues higher. Based on preliminary data, combined revenues for January and February 2025 were up 31 percent over the same period in 2024, and nominal revenues have grown at a compound annual rate of 8.3 percent since 2017.

Despite reports of temporary reductions in Canadian visitors due to national policy disagreements, historical patterns and seasonal behavior suggest that tourism levels will remain resilient.

Budget Implications

The City's economic outlook informs budget planning, particularly for the General Fund and enterprise activities such as the Indian Wells Golf Resort and hotel accommodations. Forecasted revenues are tempered by national uncertainties and persistent inflation, but local tourism and hospitality activity are

expected to support continued revenue growth. The City will continue monitoring regional and national economic indicators to adjust expenditures and rates as necessary, ensuring fiscal stability while maintaining high-quality services and infrastructure.

Request for Information

This financial report provides a general overview of the City of Indian Wells' finances. Questions regarding any information in this report or requests for additional financial details may be addressed to:

Kevin McCarthy, City Finance Director
44-950 Eldorado Drive
Indian Wells, California 92210

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City of Indian Wells, California
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 83,858,050	$ 4,033,141	$ 87,891,191
Restricted cash and investments	8,740,184	-	8,740,184
Receivables			
Accounts	3,201,187	180,133	3,381,320
Accrued interest	429,112	12,460	441,572
Prepaid costs	122,133	42,109	164,242
Deposits	12,140,000	-	12,140,000
Inventories	-	474,974	474,974
Notes receivable	1,068,792	-	1,068,792
Due from Successor Agency	8,500,000	-	8,500,000
Net pension asset	1,974,514	58,762	2,033,276
Capital assets not being depreciated	34,201,942	22,178,731	56,380,673
Capital assets, net of depreciation	123,145,161	28,149,926	151,295,087
Total assets	277,381,075	55,130,236	332,511,311
Deferred Outflows of Resources			
Deferred amounts related to pensions	1,869,495	55,636	1,925,131
Deferred amounts related to OPEB	4,249,743	126,472	4,376,215
Total deferred outflows of resources	6,119,238	182,108	6,301,346
Liabilities			
Current liabilities			
Accounts payable	3,442,026	1,633,160	5,075,186
Accrued liabilities	339,170	376,192	715,362
Deposits payable	1,085,975	331,023	1,416,998
Interest payable	111,700	-	111,700
Noncurrent liabilities			
Due within one year			
Compensated absences	202,336	99,445	301,781
Long-term debt	581,356	92,273	673,629
Due in more than one year			
Compensated absences	746,032	298,334	1,044,366
Net OPEB liability	4,602,246	136,963	4,739,209
Long-term debt	13,120,628	132,225	13,252,853
Total liabilities	24,231,469	3,099,614	27,331,083
Deferred Inflows of Resources			
Deferred amounts related to pensions	1,090,390	32,450	1,122,840
Deferred amounts related to OPEB	390,394	11,618	402,012
Total deferred inflows of resources	1,480,784	44,068	1,524,852
Net Position			
Net investment in capital assets	145,413,139	50,104,159	195,517,298
Restricted for			
Community development projects	459,123	-	459,123
Housing	12,646,741	-	12,646,741
Public safety	7,652,573	-	7,652,573
Public works	3,952,146	-	3,952,146
Pension	1,974,514	58,762	2,033,276
OPEB	112,070	-	112,070
Unrestricted	85,577,754	2,005,741	87,583,495
Total Net Position	$ 257,788,060	$ 52,168,662	$ 309,956,722

See Notes to Financial Statements

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Government Activities							
General government	$ 11,604,322	$ 73,534	$ 3,691,021	$ -	$ (7,839,767)	$ -	$ (7,839,767)
Public safety	13,355,081	745,461	8,765,453	-	(3,844,167)	-	(3,844,167)
Community development	5,923,067	3,815,061	137,246	-	(1,970,760)	-	(1,970,760)
Public works	12,136,865	36,231	4,357,826	200,791	(7,542,017)	-	(7,542,017)
Interest	399,006	-	-	-	(399,006)	-	(399,006)
Total governmental activities	43,418,341	4,670,287	16,951,546	200,791	(21,595,717)	-	(21,595,717)
Business-type Activities							
Golf resort operations	17,508,594	16,976,221	-	1,250,000	-	717,627	717,627
Total business-type activities	17,508,594	16,976,221	-	1,250,000	-	717,627	717,627
Total Primary Government	$ 60,926,935	$ 21,646,508	$ 16,951,546	$ 1,450,791	(21,595,717)	717,627	(20,878,090)
General Revenues							
Taxes							
Property taxes, levied for general purpose					4,406,703	-	4,406,703
Transient occupancy taxes					13,523,137	-	13,523,137
Sales taxes					2,148,619	-	2,148,619
Franchise taxes					1,388,780	-	1,388,780
Business licenses taxes					217,528	-	217,528
Admission taxes					5,266,503	-	5,266,503
Investment income					5,721,683	186,311	5,907,994
Other					366,556	210,000	576,556
Total general revenues					33,039,509	396,311	33,435,820
Transfers					(8,994,947)	8,994,947	-
Change in Net Position					2,448,845	10,108,885	12,557,730
Net Position, Beginning of Year					255,339,215	42,059,777	297,398,992
Net Position, End of Year					$ 257,788,060	$ 52,168,662	$ 309,956,722

See Notes to Financial Statements

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City of Indian Wells, California
Balance Sheet - Governmental Funds
June 30, 2025

	General	Special Revenue Funds: Housing Authority	Special Revenue Funds: Emergency Services Upgrade	Capital Projects: Capital Improvements	Capital Projects: City Streets Capital Reserve	Capital Projects: Park Facilities In Lieu	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and investments	$ 19,898,506	$ 385,430	$ 7,224,433	$ 19,289,727	$ 19,139,489	$ -	$ 15,756,306	$ 81,693,891
Restricted cash and investments	-	-	-	-	-	-	2,921,791	2,921,791
Receivables								
Accounts	2,135,547	-	638,255	10,614	-	-	416,771	3,201,187
Accrued interest	70,493	131,257	25,838	68,975	68,453	-	56,356	421,372
Prepaid costs	102,331	-	11,216	8,586	-	-	-	122,133
Deposits	-	12,140,000	-	-	-	-	-	12,140,000
Due from other funds	1,115,831	-	-	505,370	-	-	-	1,621,201
Notes receivable	972,617	-	-	96,175	-	-	-	1,068,792
Due from Successor Agency	8,500,000	-	-	-	-	-	-	8,500,000
Total assets	$ 32,795,325	$ 12,656,687	$ 7,899,742	$ 19,979,447	$ 19,207,942	$ -	$ 19,151,224	$ 111,690,367
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 1,571,813	$ 5,893	$ 653,042	$ 562,835	$ -	$ -	$ 646,973	$ 3,440,556
Accrued liabilities	315,180	4,053	15,682	-	-	-	4,255	339,170
Deposits payable	509,465	-	-	428,161	-	-	148,349	1,085,975
Due to other funds	-	-	-	-	-	1,621,201	-	1,621,201
Total liabilities	2,396,458	9,946	668,724	990,996	-	1,621,201	799,577	6,486,902
Deferred Inflows of Resources								
Unavailable revenue	79,650	-	480,713	-	-	-	175,167	735,530
Fund Balances								
Nonspendable								
Prepaid costs	102,331	-	11,216	8,586	-	-	-	122,133
Notes and loans	9,472,617	-	-	-	-	-	-	9,472,617
Restricted for								
Community development	-	12,646,741	-	-	-	-	459,123	13,105,864
Public safety	-	-	6,739,089	-	-	-	913,484	7,652,573
Public works	-	-	-	1,250,000	-	-	2,702,146	3,952,146
Debt service	-	-	-	-	-	-	2,331,258	2,331,258
Committed to								
Capital projects	-	-	-	-	-	-	782,232	782,232
Assigned								
Capital projects	-	-	-	17,729,865	19,207,942	-	10,988,237	47,926,044
Unassigned	20,744,269	-	-	-	-	(1,621,201)	-	19,123,068
Total fund balances	30,319,217	12,646,741	6,750,305	18,988,451	19,207,942	(1,621,201)	18,176,480	104,467,935
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 32,795,325	$ 12,656,687	$ 7,899,742	$ 19,979,447	$ 19,207,942	$ -	$ 19,151,224	$ 110,954,837

See Notes to Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds	$	104,467,935
Capital assets net of related accumulated depreciation have not been included as financial resources in governmental fund activity.		157,347,103
Unavailable revenue not collected within the availability period is included in revenue in the government wide financial statements.		735,530
Compensated absences are not considered due and payable and therefore have not been included in the governmental funds.		(948,368)
Long-term debt is not considered due and payable and therefore has not been included in the governmental funds.		(13,701,984)
Interest payable is not considered due and payable and therefore has not been included in the governmental funds.		(111,700)
Deferred outflows related to pensions		1,869,495
Deferred inflows related to pensions		(1,090,390)
Proportionate share of net pension asset is not a financial resource and, therefore, has not been included in governmental fund activity.		1,974,514
Internal service funds are used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities of the statement of net position.		7,245,925
Net Position of Governmental Activities	$	257,788,060

	General	Special Revenue Funds: Housing Authority	Special Revenue Funds: Emergency Services Upgrade	Capital Projects: Capital Improvements	Capital Projects: City Streets Capital Reserve	Capital Projects: Park Facilities In Lieu	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 26,521,861	$ -	$ 7,075,678	$ -	$ -	$ -	$ 434,153	$ 34,031,692
Licenses and permits	514,897	-	-	-	-	-	-	514,897
Intergovernmental	882,078	135,812	-	3,048,943	-	177,952	833,189	5,077,974
Charges for services	502,588	-	745,461	-	-	-	-	1,248,049
Investment income (loss)	1,164,549	560,004	319,018	827,071	982,602	-	1,059,470	4,912,714
Fines and forfeitures	73,534	-	-	-	-	-	36,231	109,765
Rental and lease income	-	-	-	-	-	-	2,797,576	2,797,576
Assessments	-	-	629,744	-	-	-	4,779,661	5,409,405
Developer fees	-	-	-	-	-	6,334	165,401	171,735
Other income	36,745	-	20,623	13,867	-	-	55,321	126,556
Total revenues	29,696,252	695,816	8,790,524	3,889,881	982,602	184,286	10,161,002	54,400,363
Expenditures								
Current								
General government	8,268,874	1,783,272	-	332,740	-	1,878	130,975	10,517,739
Public safety	5,224,479	-	4,940,677	-	-	-	1,777,947	11,943,103
Community development	2,092,755	250,000	-	-	-	-	3,175,797	5,518,552
Public works	3,208,946	-	-	-	-	-	4,098,626	7,307,572
Capital outlay	-	-	183,771	10,936,146	-	-	405,252	11,525,169
Debt service:								
Principal retirement	-	-	-	-	-	-	495,000	495,000
Interest and fiscal charges	-	-	-	-	-	-	471,550	471,550
Total expenditures	18,795,054	2,033,272	5,124,448	11,268,886	-	1,878	10,555,147	47,778,685
Excess (Deficiency) of Revenues over (under) Expenditures	10,901,198	(1,337,456)	3,666,076	(7,379,005)	982,602	182,408	(394,145)	6,621,678
Other Financing Sources (Uses)								
Transfers in	-	2,460,000	-	14,945,346	162,500	1,434	4,371,639	21,940,919
Transfers out	(21,870,034)	(509,858)	(1,644,983)	(501,493)	-	-	(5,651,974)	(30,178,342)
Total other financing sources (uses)	(21,870,034)	1,950,142	(1,644,983)	14,443,853	162,500	1,434	(1,280,335)	(8,237,423)
Net Change in Fund Balances	(10,968,836)	612,686	2,021,093	7,064,848	1,145,102	183,842	(1,674,480)	(1,615,745)
Fund Balances, Beginning of Year, as previously reported	41,288,053	12,034,055	4,729,212	11,923,603	18,062,840	(1,386,737)	19,850,960	106,501,986
Correction of error (Note 19)	-	-	-	-	-	(418,306)	-	(418,306)
Fund Balances, Beginning of Year, as restated	41,288,053	12,034,055	4,729,212	11,923,603	18,062,840	(1,805,043)	19,850,960	106,083,680
Fund Balances, End of Year	$ 30,319,217	$ 12,646,741	$ 6,750,305	$ 18,988,451	$ 19,207,942	$ (1,621,201)	$ 18,176,480	$ 104,467,935

See Notes to Financial Statements

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ (1,615,745)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital outlay	9,288,006	
Depreciation	(4,229,812)	5,058,194
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(226,221)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.		(631,443)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments		495,000
Amortization of premium		66,356
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		6,188
Revenues previously reported as unavailable revenue in the governmental funds are recognized as revenues in the current year, and recognized as revenues in the statement of activities in the prior year		(347,199)
Internal service funds are used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.		(356,285)
Change in net position of governmental activities		$ 2,448,845

See Notes to Financial Statements

	Business-Type Activities	Governmental Activities
	Golf Resort Operations	Internal Service Funds
Current Assets		
Cash and investments	$ 4,033,141	$ 2,164,159
Restricted cash and investments - OPEB	-	4,714,316
Restricted cash and investments - pension	-	1,104,077
Receivables		
Accounts	180,133	-
Accrued interest	12,460	7,740
Prepaid costs	42,109	-
Inventories	474,974	-
Total current assets	4,742,817	7,990,292
Noncurrent Assets		
Net pension asset	58,762	-
Capital assets, not being depreciated	22,178,731	-
Capital assets, net of depreciation	28,149,926	-
Total noncurrent assets	50,387,419	-
Total assets	55,130,236	7,990,292
Deferred Outflows of Resources		
Deferred amounts related to pension	55,636	-
Deferred amounts related to OPEB	126,472	4,249,743
Total deferred outflows of resources	182,108	4,249,743
Liabilities		
Current Liabilities		
Accounts payable	1,633,160	1,470
Accrued liabilities	376,192	-
Deposits payable	331,023	-
Compensated absences	99,445	-
Leases payable	92,273	-
Total current liabilities	2,532,093	1,470
Noncurrent Liabilities		
Compensated absences, net of current	298,334	-
Lease payable, net of current	132,225	-
Net OPEB liability	136,963	4,602,246
Total noncurrent liabilities	567,522	4,602,246
Total liabilities	3,099,614	4,603,716
Deferred Inflows of Resources		
Deferred amounts related to pension	32,450	-
Deferred amounts related to OPEB	11,618	390,394
Total deferred inflows of resources	44,068	390,394
Net Position		
Net investment in capital assets	50,104,159	-
Restricted for Pension	58,762	1,104,077
Restricted for OPEB	-	112,070
Unrestricted	2,005,741	6,029,778
Total Net Position	$ 52,168,662	$ 7,245,925

See Notes to Financial Statements

City of Indian Wells, California

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Golf Resort Operations	Internal Service Funds
Operating Revenues		
Charges for services	$ 16,976,220	$ -
Interdepartmental charges	-	1,261,146
Total operating revenues	16,976,220	1,261,146
Operating Expenses		
Operations	18,529,777	-
General and administration	494,777	1,668,876
Depreciation	2,633,982	-
Total operating expenses	21,658,536	1,668,876
Operating Income (Loss)	(4,682,316)	(407,730)
Nonoperating Revenues (Expenses)		
Investment income	186,311	808,969
Capital contributions	1,250,000	-
Interest expense	(10,228)	-
Gain (loss) on disposition of capital assets	4,160,170	-
Other nonoperating revenue	210,000	-
Total nonoperating revenues (expenses)	5,796,253	808,969
Income before transfers	1,113,937	401,239
Transfers In	10,284,948	-
Transfers Out	(1,290,000)	(757,524)
Total transfers	8,994,948	(757,524)
Changes in Net Position	10,108,885	(356,285)
Net Position, Beginning of Year	42,059,777	7,602,210
Net Position, End of Year	$ 52,168,662	$ 7,245,925

See Notes to Financial Statements

	Business-Type Activities	Governmental Activities
	Golf Resort Operations	Internal Service Funds
Operating Activities		
Cash received from customers	$ 17,113,041	$ -
Cash received from interfund service provided	-	1,261,146
Cash received from others	210,000	-
Cash payments to suppliers for goods and services	(17,246,718)	(6,513,085)
Cash payments to employees for services	(455,150)	-
Net Cash from (used for) Operating Activities	(378,827)	(5,251,939)
Non-Capital Financing Activities		
Cash received from other funds	9,498,752	-
Cash paid to other funds	(1,094,446)	(757,524)
Net Cash from (used for) Noncapital Financing Activities	8,404,306	(757,524)
Capital and Related Financing Activities		
Purchase of capital assets	(10,274,514)	-
Proceeds from the sale of capital assets	4,300,000	-
Cash received from capital contributions	1,250,000	
Repayment of leases payable	(85,088)	-
Net Cash from (used for) Capital and Related Financing Activities	(4,809,602)	-
Investing Activities		
Investment income received	164,056	809,479
Net Change in Cash and Cash Equivalents	3,379,933	(5,199,984)
Cash and Cash Equivalents, Beginning of Year	653,208	13,182,536
Cash and Cash Equivalents, End of Year	$ 4,033,141	$ 7,982,552

See Notes to Financial Statements

	Business-Type Activities	Governmental Activities
	Golf Resort Operations	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (4,682,316)	$ (407,730)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	2,633,982	-
Changes in		
Accounts receivable	136,821	-
Prepaid costs	4,008	-
Inventory	71,602	-
Net OPEB liability	136,963	(2,633,147)
Deferred outflows related to OPEB	(126,472)	(1,917,614)
Deferred inflows related to OPEB	11,618	(294,918)
Net pension asset and related balances	17,518	-
Accounts payable	784,553	1,470
Accrued liabilities	375,045	-
Compensated absences	52,305	-
Deposits payable	(4,454)	-
Net Cash from (used for) operating activities	$ (378,827)	$ (5,251,939)
Noncash financing, capital and investing activities for the year ended June 30, 2025:		
Right-of-use asset acquired through lease	$ 119,679	$ -

See Notes to Financial Statements

	Private-Purpose Trust Fund
	Successor Agency of the Former RDA
Assets	
Cash and investments	$ 8,919,029
Restricted cash and investments	5,496
Receivables	
Accrued interest	32,502
Prepaid costs	79,495
Total assets	9,036,522
Deferred Outflows of Resources	
Deferred loss on refunding	100,518
Liabilities	
Interest payable	675,136
Due to City	8,500,000
Long-term liabilities	
Due in one year	4,416,716
Due in more than one year	46,772,913
Total liabilities	60,364,765
Net Position (Deficit)	
Held in trust for other purposes	$ (51,227,725)

See Notes to Financial Statements

	Private-Purpose Trust Fund
	Successor Agency of the Former RDA
Additions	
Taxes	$ 9,803,306
Investment income	103,388
Total additions	9,906,694
Deductions	
Administrative expenses	240,000
Interest and fiscal charges	1,471,557
Total deductions	1,711,557
Changes in Net Position	8,195,137
Net Position (Deficit), Beginning of the Year	(59,422,862)
Net Position (Deficit), End of the Year	$ (51,227,725)

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Note 1 - Significant Accounting Policies

Reporting Entity

The City of Indian Wells (City) was incorporated during July 1967, under the General Laws of the State of California. Indian Wells became a Charter City in 2003. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sanitation, public improvements, planning and zoning, parks and recreation, and general administrative services.

Per GASB Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, the City (the primary government) has included within its reporting entity, for financial reporting purposes, all component units which meet the requirement described in these statements. GASB Statements No. 14 and No. 61 define financial accountability as follows: The primary government is accountable if the primary government appoints a voting majority of that organization and can impose its will or if there is a potential for the organization to provide specific financial burdens to or impose specific financial obligations on the primary government. A primary government may also be financially accountable for government organizations that are fiscally dependent on the primary government. For example, an organization is fiscally dependent if it cannot adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City. In some instances, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Although legally separate entities, blended component units are, in substance, part of the City's operations, so data from these units are reported with the primary government. A brief description of each component unit follows:

The City of Indian Wells Fire Access Maintenance District No. 1 (FAMD No. 1) was established in April 1973 to provide for the maintenance of access roads for fire and safety vehicles within the special district referred to as FAMD No. 1. Even though the FAMD No. 1 is a legally separate entity, it is reported as if it were part of the City because the City Council serves as the governing board. The primary government and the component unit have a financial benefit or burden relationship. Therefore, separate financial statements are not prepared for FAMD No. 1.

The Housing Authority (Housing Authority) of the City of Indian Wells was established in February 2012 to assume the housing activities from the former Redevelopment Agency. The activity of the Housing Authority is reported in the Special Revenue Funds. Even though the Housing Authority is a legally separate entity, it is reported as if it were part of the City because the City Council, along with two appointed tenant commissioners, serves as the governing board of the Housing Authority. The primary government and the component unit also have a financial benefit or burden relationship. Therefore, separate financial statements are not prepared for the Housing Authority.

The City of Indian Wells Financing Authority (the "Authority") is a component unit of the City if Indian Wells, established to assist in financing public capital improvements and other projects for the benefit of the City. The Authority is governed by the City Council, which serves as its governing board. Although legally separate, the Authority is financially accountable to the City and its financial activities are blended into the City's financial statements.

Note 1 - Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). All fiduciary activities are reported only in the fund financial statements.

Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the City's various functions.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from the exchange and exchange-like transactions are recognized when the exchange occurs.

Program revenues include charges for services, special assessments, and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Internally dedicated resources, taxes, and other items not adequately included in program revenues are reported as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as expenditures. Long-term debt proceeds are recorded as a liability in the government-wide financial statements rather than as another financing source. Amounts paid to reduce the long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as expenditure.

Note 1 - Significant Accounting Policies (continued)

Fund Financial Statements:

The underlying accounting system of the City is organized and operated based on separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows (inflows), liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available. Measurable means that the amounts can be estimated or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenditures, gains, losses, assets, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33.

The fund financial statements present governmental funds using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current resources) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets despite their spending measurement focus. However, special reporting treatments indicate that they should not be considered "available spendable resources" since they do not represent current resources.

Note 1 - Significant Accounting Policies (continued)

Due to their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Therefore, since they do not affect current resources, long-term amounts are not recognized as governmental fund-type expenditures or liabilities.

Amounts to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. Long-term debt proceeds are recorded as other financing sources rather than a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds

The City's enterprise funds, and internal service funds are proprietary funds. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The main operating revenues of the enterprise funds and the government's internal service funds are charged to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative fees, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The private purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, the fiduciary fund is excluded from the government-wide financial statements.

Fund Classifications

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. The General Fund accounts for revenue and expenditures traditionally associated with the government but is not legally required or by sound financial management to be accounted for in another fund. The revenues and expenditures are often referred to as discretionary, meaning they can be allocated as directed by the City Council. The fund's primary revenues are transit occupancy, property, and sales tax. Most of the City's administrative and operating costs, such as salaries, benefits, professional consultants, supplies, and charitable contributions, are paid out of the General Fund.

The *Housing Authority Fund* is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low- and moderate-income housing in Indian Wells. The Indian Wells Housing Authority was created to promote and encourage affordable housing units' retention, rehabilitation, and development. The fund's revenue sources include investment income. Revenues are restricted by government code for funding housing units to benefit low- and moderate-income households.

Note 1 - Significant Accounting Policies (continued)

The *Emergency Services Upgrade Fund* is used to accumulate the resources from a special fire tax levied and restricted to enhance fire protection, suppression, fire prevention, fire investigation, fire safety education, and paramedic services.

The *Capital Improvement Fund* is used to account for the transfer of monies from the General Fund for the acquisition and construction of general governmental capital projects.

The *City Streets Capital Reserve Fund* establishes reserve funding for streets throughout the City. Funding allows for various maintenance projects to extend the city roadways' life. In addition, the City follows the Pavement Management Program (PMP) to identify street projects in slurry seal, overlay, and reconstruction.

The *Park Facilities in Lieu Fund* is used to account for collection of fees to fund the construction of parks.

The City reports the following major enterprise fund:

The *Golf Resort Operations Fund* accounts for the Indian Wells Golf Resort operations. Customer purchases received by the course will be used to support the day-to-day activities of the golf course.

The City's fund structure also includes the following fund types:

The *Debt Service Fund – Debt Service Fund* is used to account for the accumulation of resources and the payment of principal and interest on long-term debt obligations of the City, including those issued through the City of Indian Wells Financing Authority.

The *Proprietary Fund - Internal Service Funds* account for employee benefits activities and services performed for other departments within the City on a cost reimbursement basis.

The *Fiduciary Fund - Private Purpose Trust Fund* is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for specific certificates of deposit and investment contracts registered at cost. These investments are not transferable, and they have terms that are not affected by changes in market interest rates. Therefore, investment income includes interest earnings and the net increase (decrease) in the fair value of investments.

The City categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Note 1 - Significant Accounting Policies (continued)

The City pools cash and investments of all funds, except for amounts held within the Section 115 trust, amounts held by fiscal agents, and amounts held by management companies for the Indian Wells Golf Resort, Indian Wells Villas, and Mountain View Villas. Each fund's share in this pool is displayed as pooled cash and investments in the accompanying financial statements. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

Cash and Cash Equivalents

For the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City.

Restricted Section 115 Trust Cash and Investments

All assets in the Section 115 Trust are irrevocably dedicated to funding obligations of the City's pension beneficiaries, other post-employment beneficiaries or costs of administering the Trust. The funds are not considered plan assets of either the pension plan or OPEB plan and are therefore considered restricted assets of the City.

Capital Assets

Capital assets, including property, plant, equipment, infrastructure, and intangible assets, are reported in the government-wide financial statements applicable governmental or business-type activities columns. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life of over three years. The City has made one exception to this basic rule. All computer and computer-related equipment purchases will not be capitalized. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for constructing or acquiring infrastructure assets are capitalized and reported in the government-wide financial statements.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes routine maintenance and repairs, which are actual amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the acquisition value of the item at the date of its donation.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Note 1 - Significant Accounting Policies (continued)

Building and Improvements	10-50 years
Equipment	3-15 years
Infrastructure	5-60 years
Intangible Assets	Depreciated over contractual life
Right to Use Assets	The estimated life of the lease asset or the contract term whichever is shorter

Intangible assets are amortized over their contractual useful lives using the straight-line method in government-wide financial statements. Amortization is charged as an expense against operations and accumulated amortization is reported on the respective balance sheet.

Deferred Outflows/Inflows of Resources

The City reports deferred outflows and inflows of resources. A deferred outflow of resources is the consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period.

The City reports deferred outflows and inflows of resources related to pensions and other post-employment benefits on the government-wide statement of net position and the proprietary fund's statement of the net position under the full accrual basis of accounting. Refer to Notes 9 and 12 for items identified as deferred inflows and outflows related to pension and other post-employment benefits, respectively, as of June 30.

Property Taxes

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied on July 1, payable in two equal installments due November 1 and February 1, respectively, and delinquent if not paid by December 10 and April 10, respectively. The County of Riverside bills and collects the property taxes and remits them to the City in installments during the year. All material amounts associated with the reporting period are collected soon enough to be considered "available" to finance the expenditures of the reporting period.

The County of Riverside is permitted by State law (Proposition 13) to levy taxes at one percent of total market value (at time of purchase). It can increase the assessed values by no more than two percent annually. The City receives a share of this basic levy proportionate to what was received from 1976 to 1978.

The City of Indian Wells is one of thirty-nine cities in the State of California categorized as a No/Low property tax city because the City did not have an established property tax rate before Proposition 13. Cities without an established tax rate received the minimum tax rate formula. The rate has increased over time from 1% of the 1% of the assessed valuation to the maximum of 7% of the 1% of the assessed valuation.

Note 1 - Significant Accounting Policies (continued)

After applying the formula, the City receives approximately 4.6% (net) of the property tax. This means that for every $100 of property tax collected by the County, the City receives $4.60. Therefore, as a No/Low city, Indian Wells receives only about half the property tax as other cities receive.

Inventory

Inventory in the Golf Resort Operations Enterprise Fund is carried at cost using the consumption method on a first-in, first-out basis.

Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method to record prepaid costs.

Compensated Absences

Governmental and Business-Type funds recognize the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year. Accrued vacation and compensatory time relating to governmental and business-type funds is included as a liability in the long-term liabilities as those amounts are payable from future resources.

The liability for compensated absences is reported in the government-wide financial statements and represents the amount that is due to employees for unused vacation and sick leave that has vested. The liability is calculated using current pay rates and includes employer-paid fringe benefits.

Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications:

- **Nonspendable** include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- **Committed** include amounts that can only be used for specific purposes according to constraints imposed by formal action of the City's highest authority, the city council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by resolution.
- **Assigned** include amounts constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Manager and Finance Director are authorized to assign amounts to a particular purpose, established by the governing body in Resolution No. 2011-30.

Note 1 - Significant Accounting Policies (continued)

- **Unassigned** classification is to be used when negative residual resources are in excess of what can be appropriately classified as nonspendable, restricted, committed, or assigned in funds outside the General Fund. Within the General Fund, the unassigned classification represents the residual amounts that have not been restricted, committed, or assigned to specific purposes.

A guiding principle of the City is to maintain an unassigned fund balance in the General Fund at fiscal year-end of not less than 25 percent of the operating budget. In addition, the City Council intends to limit the use of fund balances in the General Fund to address unanticipated one-time needs.

The City maintains a contingency reserve of $2,250,000 in the unassigned General Fund balance. The purpose of this reserve is to meet unexpected circumstances, such as a General Fund revenue shortfall.

Net Position and Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The City's policy considers the restricted – net position to have been depleted before the unrestricted – net position is used.

Sometimes the City will fund outlays for a particular purpose from restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The City's policy is to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by the assigned fund balance. The unassigned fund balance is applied last.

Use of Estimates

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Leases

At the commencement of the lease, the City initially measures the lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments made.

Note 1 - Significant Accounting Policies (continued)

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease payments to present value.

- The City used the incremental borrowing rate for leases.
- The lease term includes the noncancellable period of the lease.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease pay certain if changes occur that are expected to significantly affect the amount of the lease payable.

Pension

In government-wide financial statements, the retirement plan (pension) is required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as the City's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred as pension expense or as deferred inflows of resources or deferred outflows of resources, depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan. They are recorded as a component of pension expenses beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expenses, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as CalPERS reports them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the benefit. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Historically, the government has liquidated pensions (such as employer contributions and benefit payments) through the General Fund. It is expected that the General Fund will continue to be used for this purpose in future periods.

Note 1 - Significant Accounting Policies (continued)

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results pertain to liability and asset information with specific timeframes. Accordingly, for this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Historically, the government has liquidated OPEB-related obligations (such as employer contributions and benefit payments) through the General Fund. It is expected that the General Fund will continue to be used for this purpose in future periods.

New Accounting Pronouncements

Effective in Current Year

- GASB Statement 102 – "Certain Risk Disclosures", effective for reporting periods beginning after June 15, 2024.

Effective in Future Years

The City is evaluating the potential impact of the following issued, but not yet effective, accounting standards.

- GASB Statement 103 – "Financial Reporting Model Improvements", effective for reporting periods beginning after June 15, 2025.
- GASB Statement 104 – "Disclosure of Certain Capital Assets", effective for fiscal years beginning after June 15, 2025.

Note 2 - Cash and Investments

Cash and investments at June 30, 2025, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Activities	Total
Cash and investments	$ 83,858,050	$ 4,033,141	$ 8,919,029	$ 96,810,220
Restricted assets				
Restricted cash and investments	8,740,184	-	5,496	8,745,680
	$ 92,598,234	$ 4,033,141	$ 8,924,525	$ 105,555,900

Cash and investments at June 30, 2025, consisted of the following:

Petty cash	$ 2,000
Demand accounts	5,122,700
Investments	100,431,200
Total cash and investments	$ 105,555,900

Investments Authorized by the California Government Code and the City's Investment Policy

The table on the next page identifies the investment types authorized for the City by the California Government Code or the City's investment policy. The table also identifies certain provisions of the California Government Code or the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not manage investments of debt proceeds held by bond trustee that is governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Note 2 - Cash and Investments (continued)

Investment Types	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	5 Years*	70%	N/A
Federal Agency Securities	5 Years*	70%	N/A
Local Agency Bonds	5 Years*	30%	$ 5,000,000
State of California Obligations	5 Years*	30%	$ 5,000,000
California Local Agency Obligations	5 Years*	30%	$ 5,000,000
Money Market Funds	N/A	20%	10% per Single Issue
Certificate of Deposit and Negotiable Certificates of Deposit	5 Years	30%	$ 250,000 Per Issuer
Repurchase Agreements	30 Days	10%	$ 2,000,000
Medium-Term Corporate notes	5 Years	30%	$ 3,000,000
Local Agency Investment Fund (LAIF)	N/A	70%	$ 30,000,000 per Entity

* Per the City's Investment Policy, the portfolio shall equal the amount of two years current General Fund operating reserves maturing at no more than five years from the date of the purchase. Once this requirement is met, a maximum of 30% of the total portfolio may be invested in maturities greater than five years, but not exceeding 10 years consisting of those investments listed in Government Code Section 53601 where there is no limitation specified therein regarding the term or remaining maturity of the instrument. Investments greater than five years from the date of purchase shall be brought to the City Council for review and approval prior to purchase.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements and the general provisions of the California Government Code, rather than the City's investment policy. Investments authorized for funds held by fiscal agents include U.S. Treasury Obligations, U.S. Government Sponsored Entities Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Money Market Mutual Funds, Investment Contracts, and Repurchase Agreements. There are no limitations on the maximum amount that can be invested in one issuer, the maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to one year.

Investments Authorized by the City Section 115 Trust

Trust investments are governed by the City of Indian Wells Section 115 Trust Agreement rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held in the Section 115 Trust include Equity and Fixed Income Mutual Funds. The strategic range allowed for Equity and Fixed Income Mutual Funds is 50-70% and 30-50%, respectively. There are no limitations on the maximum amount that can be invested in one issuer or the maximum maturity of an investment.

Note 2 - Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer an investment's maturity, the greater its fair value sensitivity to changes in market interest rates. Accordingly, one of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agents) to market interest rate fluctuations is provided in the following table that shows the distribution of the City's investments by maturity:

	Remaining Maturity (in Months)			
Type of Investment	12 Months or Less	13 - 36 Months	37 - 60 Months	Total
Federal Agency Securities	$ 5,861,110	$ 5,891,200	$ 4,006,860	$ 15,759,170
Negotiable Certificates of Deposit	734,710	1,711,988	3,255,696	5,702,394
Local Agency Investment Fund	4,156,111	-	-	4,156,111
Medium Term Corporate Notes	3,887,890	1,983,490	1,008,020	6,879,400
Local Agency Bonds	299,238	-	-	299,238
U.S. Treasury Obligations	-	10,091,400	15,610,570	25,701,970
Reverse Repurchase Agreements	256,538	-	-	256,538
Section 115 Trust				
PARS Balanced Index Investment Pool	5,818,393	-	-	5,818,393
Held by Fiscal Agent				
Money Market Mutual Funds	35,857,986	-	-	35,857,986
Total	$ 56,871,976	$ 19,678,078	$ 23,881,146	$ 100,431,200

Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using the market approach using quoted market prices of similar assets.

Note 2 - Cash and Investments (continued)

Investments' fair value measurements are as follows as of June 30, 2025:

Investment	Level 1	Level 2	Level 3	Fair Value
Federal Agency Securities	$ -	$ 15,759,170	$ -	$ 15,759,170
Medium Term Corporate Notes	-	6,879,400	-	6,879,400
Negotiable Certificates of Deposit	-	5,702,394	-	5,702,394
U.S. Treasury Obligations	-	25,701,970	-	25,701,970
Reverse Repurchase Agreements	-	256,538	-	256,538
Local Agency Bonds	-	299,238	-	299,238
	$ -	$ 54,598,710	$ -	54,598,710
Local Agency Investment Fund				4,156,111
Section 115 Trust				
PARS Balanced Index Investment Pool				5,818,393
Held by Fiscal Agent				
Money Market Mutual Funds				35,857,986
Total Investment Portfolio				$ 100,431,200

Investments in LAIF are uncategorized as deposits, and withdrawals are made on the basis of $1, and not fair value. Money market mutual funds are valued at a net asset value of $1 dollar per share (amortized cost) and are uncategorized in the fair value hierarchy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. The assignment of a rating measures this by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standards and Poor's credit rating as of year-end for each investment type:

Note 2 - Cash and Investments (continued)

Investment Type	Minimum Legal Rating	Total as of June 30, 2025	Not Rated	AA	A
Federal Agency Securities	N/A	$ 15,759,170	$ -	$ 15,759,170	$ -
Negotiable Certificates of Deposit	N/A	5,702,394	5,702,394	-	-
Local Agency Investment Fund	N/A	4,156,111	4,156,111	-	-
Medium Term Corporate Notes	A	6,879,400	-	1,946,180	4,933,220
U.S. Treasury Obligations *		25,701,970			
Reverse Repurchase Agreements	N/A	256,538	256,538	-	-
Local Agency Bonds	A	299,238	-	299,238	-
Section 115 Trust					
PARS Balanced Index Investment Pool	N/A	5,818,393	5,818,393	-	-
Held by Fiscal Agent					
Money Market Mutual Funds	A	35,857,986	-	-	35,857,986
Total		$ 100,431,200	$ 15,933,436	$ 18,004,588	$ 40,791,206

N/A - Not applicable
** - U.S. Treasury Obligations are Exempt from rating*

Concentration of Credit Risk

Investments in any one issuer that represent five percent or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Federal Home Loan Bank	Federal Agency Securities	$ 15,759,170	14%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Note 2 - Cash and Investments (continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated.

Note 3 - Accounts Receivable

Receivables at June 30, 2025, are composed of the following:

	Other Receivable	Taxes Receivable	Interest	Total
Governmental Activities:				
General Fund	$ 2,392,313	$ -	$ 70,493	$ 2,462,806
Housing Authority Fund	-	-	131,257	131,257
Emergency Services Upgrade Fund	619,960	18,295	25,838	664,093
Capital Improvements Fund	10,614	-	68,975	79,589
City Streets Capital Reserve Fund	-	-	68,453	68,453
Nonmajor Governmental Funds	67,498	92,507	56,356	216,361
Internal Service Funds	-	-	7,740	7,740
Total Governmental Funds	$ 3,090,385	$ 110,802	$ 429,112	$ 3,630,299
Business-type Activities				
Golf Course Operations	$ 180,133	$ -	$ 12,460	$ 192,593

Note 4 - Notes Receivable

	Outstanding at June 30, 2025
Governmental Activities	
Indian Wells Village Utility Undergrounding	$ 96,175
Club Drive Property Sale	972,617
	$ 1,068,792

Note 4 - Notes Receivable (continued)

The notes issued relating to the Indian Wells Village Utility Undergrounding relate to the costs the City covered for the tenants of the Indian Wells Village to run electricity from the streets up to the individual properties. The tenants are responsible for repaying the City. The notes are due and payable in full on the earlier of (i) the date of any transfer not authorized by the Lender; (ii) the date of any default; or (iii) twenty years from the effective date of the Loan Agreement. The outstanding principal balance bears simple interest at the rate of one percent per annum, and if a default occurs, interest on the principal balance shall accrue at the lesser of ten percent compounded annually or the maximum amount permitted by law from the date of default to the date of repayment in full of the disbursed principal amount of the loan and any interest due thereon. The notes are secured by a Deed of Trust against the Property.

The note issued relating to the Club Drive Property sale at 45200 Club Drive to Indian Wells Medical Offices, LLC is amortized over 20 years commencing on May 1, 2018. During the fiscal year 2020-21, the City granted Indian Wells Medical Offices, LLC a three-month payment deferral due to economic hardship during the coronavirus pandemic. The final payment of the note is due and payable on July 1, 2038. Payments are due monthly in the amount of $8,703. Prepayment in full of the principal sum plus a $50,000 premium is allowed within the five years following the date of this note. No penalty or premium is due for prepayment following the initial five years of the note. The note is secured by a deed of Trust against the property.

Note 5 - Due to and Due from Other Funds

Interfund receivables and payable balances at June 30, 2025, are as follows:

Due to Other Funds	Due From Other Funds	Amount
Park Facilities in Lieu Fund	General Fund	$ 1,115,831
Park Facilities in Lieu Fund	Capital Improvements Fund	505,370
		$ 1,621,201

The General Fund Receivable from the Park Facilities in Lieu Fund of $1,115,831 represents monies advanced to the Park Facilities in Lieu Fund for certain construction at the Golf Resort. As Park-in-Lieu fees are collected, the advance will be paid down. The advance is estimated to be paid off in 18 years based on the development of certain commercial projects along the Highway 111 corridor.

The Capital Improvements Fund Receivable from the Park Facilities in Lieu Fund of $505,370 represents monies advanced to the Park Facilities in Lieu Fund for parkland acquisition. As Park-in-Lieu fees are collected, the advance will be paid down. The advance is estimated to be paid off in 18 years.

Note 5 - Due to and Due from Other Funds (continued)

The amount due to the City reported in the accompanying financial statements consisted of the following:

Due to	Due from	Amount
General Fund	Successor Agency	$ 8,500,000

In a letter dated November 22, 2013, from the California Department of Finance, the loan between the Successor Agency and the City of Indian Wells for $16,400,000 was determined to be for legitimate redevelopment purposes and therefore, approved as an enforceable obligation.

Note 6 - Interfund Transfers

Transfers in and out for the year ended June 30, 2025, are as follows:

Transfer Out of Fund	Transfer In to Fund	Amount
General Fund	Housing Authority Fund	$ 620,000
General Fund	Golf Resort Operations Fund	8,894,049
Capital Improvements Fund	Golf Resort Operations Fund	501,493
Internal Service Fund	Golf Resort Operations Fund	757,524
Non-major Governmental Funds	Housing Authority Fund	550,000
Golf Resort Operations Fund	Housing Authority Fund	1,290,000
Housing Authority	Non-major Governmental Funds	1,229,937
Emergency Services Upgrade Fund	Capital Improvements Fund	1,500,000
Emergency Services Upgrade Fund	Non-major Governmental Funds	144,984
Non-major Governmental Funds	Golf Resort Operations Fund	131,881
Non-major Governmental Funds	Non-major Governmental Funds	53,233
General Fund	Capital Improvements Fund	9,250,000
General Fund	City Streets Capital Reserve	162,500
Non-major Governmental Funds	Capital Improvements Fund	4,195,347
General Fund	Non-major Governmental Funds	2,943,484
Non-major Governmental Funds	Park Facilities in Lieu Fund	1,434
		$ 32,225,866

Note 6 - Interfund Transfers (continued)

The General Fund transferred $620,000 to the Housing Authority Fund for the 20% set aside portion of the Redevelopment Property Tax Trust Fund (RPTTF) Loan repayments for the year consistent with Housing Law.

The Housing Authority Fund transferred $422,868 to the Housing Authority's affordable housing communities, Indian Wells Villas and Mountain View Villas, respectively.

The Emergency Services Upgrade Fund transferred $144,984 to the Non-major Governmental Funds for the annual debt service contribution.

The Transportation Facilities Fund and the Recreation Facilities Fund transferred $14,498 to the Non-major Governmental Funds for the annual debt service contribution.

The General Fund transferred $162,500 to the Capital Improvements Fund for the annual contribution for future city streets projects.

The Financing Authority Fund transferred $4,195,347 in bond proceeds to the Capital Improvements Fund to reimburse energy efficiency, infrastructure, and roadway capital projects.

The Park Facilities Fund transferred $1,434 to the Park Facilities in Lieu Fund for the Fairway park expansion project.

The General Fund transferred $9,250,000 to the City's Capital Improvement Fund for ongoing capital projects.

The General Fund transferred $8,894,049 to the Golf Resort Operations Fund to fund operations and the Golf Resort remodel in fiscal year 2024-25.

The Golf Resort Operations Fund transferred $1,290,000 to the Housing Authority Fund for its 30% share of the sale of Hole 17 land.

The Housing Authority Fund transferred $807,069 for the annual debt service contribution.

Non-major Governmental Funds transferred $550,000 to the Housing Authority Fund to fully fund operations for fiscal year 2024-25.

The Emergency Services Fund transferred $1,500,000 to the Capital Improvements Fund for cost of the Golf Redesign fire access road.

The Art in Public Places Fund transferred $131,881 to the Golf Resort Operations Fund for artwork purchases.

The General Fund transferred $2,943,484 to the Non-major Governmental Funds for the annual contribution for disaster recovery, capital replacements, public improvements and the LLMDs for fiscal year 2024-25.

Note 6 - Interfund Transfers (continued)

The Compensated Absences Fund transferred $757,524 to the Golf Resort Operations Fund to close out the Compensated Absences Fund.

The Highway 111 Circulation Improvement Fund transferred $38,735 to the Transportation Facilities Fees Fund to close out activities.

The Capital Improvements Fund transferred $501,493 to the Golf Resort Operations Fund to fund a portion of the Kestrel Restaurant Remodel project.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance at July 1, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 33,289,388	$ -	$ -	$ -	$ 33,289,388
Construction in progress *	8,002,574	292,322	-	(7,382,342)	912,554
Total capital assets, not being depreciated	41,291,962	292,322	-	(7,382,342)	34,201,942
Capital assets, being depreciated					
Intangible	2,500,000	-	-	-	2,500,000
Buildings and improvements	65,683,081	-	-	-	65,683,081
Equipment	1,641,257	317,917	(40,322)	-	1,918,852
Infrastructure	119,738,122	8,718,189	-	7,382,342	135,838,653
Total capital assets, not being depreciated	189,562,460	9,036,106	(40,322)	7,382,342	205,940,586
Less accumulated depreciation					
Intangible	(500,000)	(250,000)	-	-	(750,000)
Buildings and improvements	(34,241,189)	(1,593,088)	-	-	(35,834,277)
Equipment	(1,124,990)	(206,752)	40,322	-	(1,291,420)
Infrastructure	(42,699,434)	(2,220,294)	-	-	(44,919,728)
Total accumulated depreciation	(78,565,613)	(4,270,134)	40,322	-	(82,795,425)
Total capital assets being depreciated, net	110,996,847	4,765,972	-	7,382,342	123,145,161
Governmental activities capital assets, net	$ 152,288,809	$ 5,058,294	$ -	$ -	$ 157,347,103

** Construction in progress beginning balance was restated.*

Note 7 - Capital Assets (continued)

	Balance at July 1, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Business-type Activities					
Capital assets, not being depreciated					
Land	$ 13,910,956	$ -	$ (139,830)	$ -	$ 13,771,126
Construction in progress	-	8,407,605	-	-	8,407,605
Total capital assets, not being depreciated	13,910,956	8,407,605	(139,830)	-	22,178,731
Capital assets, being depreciated					
Buildings and improvements	84,998,063	1,751,493	(14,755,715)	-	71,993,841
Equipment	5,187,588	115,416	-	-	5,303,004
Infrastructure	433,390	-	-	-	433,390
Right to use asset	555,109	119,679	(235,575)	-	439,213
Total capital assets, not being depreciated	91,174,150	1,986,588	(14,991,290)	-	78,169,448
Less accumulated depreciation					
Buildings and improvements	(58,111,555)	(1,973,554)	14,755,715	-	(45,329,394)
Equipment	(3,756,469)	(565,963)	-	-	(4,322,432)
Infrastructure	(130,016)	(7,224)	-	-	(137,240)
Right to use asset	(378,790)	(87,241)	235,575	-	(230,456)
Total accumulated depreciation	(62,376,830)	(2,633,982)	14,991,290	-	(50,019,522)
Total capital assets being depreciated, net	28,797,320	(647,394)	-	-	28,149,926
Business-type activities capital assets, net	$ 42,708,276	$ 7,760,211	$ (139,830)	$ -	$ 50,328,657

Depreciation Expense

Depreciation expense was charged to the following functions in the statement of activities:

Governmental Activities	
General government	$ 322,366
Community development	1,380,117
Public safety	191,293
Public works	2,376,358
Total governmental activities	$ 4,270,134
Business-type Activities	
Golf resort operations	$ 2,633,982

Note 8 - Long-Term Liabilities

The changes in long-term liabilities for the year ended June 30, 2025, were as follows:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
Governmental activities:					
Compensated absences	$ 722,147	$ 632,358	$ (406,137)	$ 948,368	$ 202,336
2022 Lease revenue bonds	13,080,000	-	(495,000)	12,585,000	515,000
Premium	1,183,340	-	(66,356)	1,116,984	66,356
	$ 14,985,487	$ 632,358	$ (967,493)	$ 14,650,352	$ 783,692

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
Business-type activities:					
Compensated absences	$ 345,473	$ 274,757	$ (222,452)	$ 397,778	$ 99,445
Lease payable	189,907	119,679	(85,088)	224,498	92,273
	$ 535,380	$ 394,436	$ (307,540)	$ 622,276	$ 191,718

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The City reserves the outstanding compensated absences liability in the Compensated Absences Fund. The long-term strategy of the Compensated Absences Reserve Fund is to set aside cash reserves in case of changes in staff. On June 30, 2025, the net position of the Compensated Absences Reserve Fund was $0.

Several distinct types of paid leave accrue to full-time employees. These include vacation, holiday, administrative leave, sick leave, and compensatory time accruals. Employee leave accruals are governed by the Memorandum of Understandings (MOUs), personnel contracts, and the Personnel Rules and Regulations.

City Issued Debt

2022 Lease Revenue Refunding Bonds

In February 2022, the Indian Wells Financing Authority issued lease revenue bonds in the amount of $13,930,000 to provide funds to finance public improvements and energy efficiency improvements in the City. The bonds dated February 10, 2022, were issued at a premium of $1,338,171 are payable semiannually on April 1 and October 1 of each year, commencing October 1, 2022, and mature in 2042. The bonds are payable from base rental payments to be made by the City for the right to the use of certain real property and improvements of the City pursuant to a Lease Agreement dated February 1, 2022. The balance at June 30, 2025, including the unamortized bond premium of $1,116,984 amounted to $13,701,984. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2025, including interest, are as follows:

Note 8 - Long-Term Liabilities (continued)

Year Ending June 30,	Principal	Interest	Total
2026	$ 515,000	$ 446,800	$ 961,800
2027	545,000	421,050	966,050
2028	570,000	393,800	963,800
2029	600,000	365,300	965,300
2030	630,000	335,300	965,300
2031-2035	3,605,000	1,216,000	4,821,000
2036-2040	4,260,000	557,375	4,817,375
2041-2043	1,860,000	70,000	1,930,000
	12,585,000	3,805,625	16,390,625
Bond Premium	1,116,984	-	1,116,984
	$ 13,701,984	$ 3,805,625	$ 17,507,609

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City or may retain the Lease Agreement and hold the City liable for all base rental payments thereunder on an annual basis.

Lease Payable

The Golf Fund has maintenance equipment, office equipment, and GPS Units as a lease payable with lease terms ranging from 36 months to 60 months. The City is required to make monthly payments ranging from $5,124 to $6,160 with discount rates ranging from 5.49% to 7.00%. As of June 30, 2025, the value of the lease payable is $224,498. Future lease payable requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 92,273	$ 10,555	$ 102,828
2027	71,284	5,978	77,262
2028	28,611	4,063	32,674
2029	28,260	3,052	31,312
2030	4,070	1,611	5,681
	$ 224,498	$ 25,259	$ 249,757

Note 9 - Defined Benefit Pension Plan

Miscellaneous Plan

Description of Plan

All qualified permanent and probationary employees are eligible to participate in the City of Indian Well's Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Employees hired before January 1, 2013, and those who have CalPERS credited service prior to that date who are hired by the City less than six months after separation from that CalPERS contracting employer are "Classic" members with a classic formula benefit. Employees hired on or after January 1, 2013, or who separated from a CalPERS contracting employer more than six months prior to their date of hire with the City are "New" or "PEPRA" members with a PEPRA formula benefit. The CalPERS Plan consists of separate miscellaneous pools for Classic and PEPRA members, and separate safety pools for both Classic and PEPRA members (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The City does not participate in the CalPERS safety plans. The risk pools are included within the Public Employees' Retirement Fund C (PERF C). Benefit provisions under the Plan are established by State statute under the Public Employees' Retirement Law (PERL), where optional provisions may be adopted by amendment of the City's CalPERS contract if not added at contract inception. CalPERS issues publicly available reports that include a complete description of the pension plans regarding benefit provision, assumption, and membership information. Copies of the reports can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement, disability, and pre-retirement death benefits, credited service for unused sick leave, and the annual cost of living adjustments for plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service, where 1,720 compensated hours in a fiscal year equates to one year of credited service. After achieving five years of total credited service, classic members are eligible to retire at age 50, and PEPRA members are eligible to retire at age 52, both with statutorily reduced benefits. All members are eligible for non-duty disability benefits after ten years of service. The pre-retirement death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025 are summarized below:

	Miscellaneous Plan	
	Classic Members	PEPRA Members
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1% to 2.5%
Required employee contribution rates	8.00%	8.25%
Required employer contribution rates*	16.94%	8.18%

Note 9 - Defined Benefit Pension Plan (continued)

**The percentage reflects the normal cost rate only. The portion of the required employer contribution that is attributed to amortization of the unfunded actuarial liability (UAL) for the miscellaneous plans is reflected as a fixed dollar value.*

For the classic plan, for illustrative purposes only, the combined normal cost rate and the UAL payment reflected as a percentage of payroll equals as total of 16.94%.

For the PEPRA plan, for illustrative purposes only, the combined normal cost rate and the UAL payment reflected as a percentage of payroll equals as total of 8.18%.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contributes rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarial determination rate is the estimated amount necessary to finance costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Pension Liabilities (Assets), Pension Expenses and Deferred Outflows/Inflows of Resources

The City reported a net pension liability (asset) for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2025, in the amount of $(2,033,276).

The City's net pension liability (asset) for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City's net pension liability (asset) of the Plan is measured as of June 30, 2024, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024 using standard updated procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers in those plans, actuarially determined. The City's proportionate share of the net pension liability (asset) for the Miscellaneous Plans as of June 30, 2024 and 2025 was as follows:

Proportion - June 30, 2024	(0.02178%)
Proportion - June 30, 2025	(0.04204%)
Change - Increase/(Decrease)	(0.02026%)

Note 9 - Defined Benefit Pension Plan (continued)

For the year ended June 30, 2025, the City recognized pension expense of $1,268,403 for the Miscellaneous Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 662,213	$ -
Changes of Assumptions	-	52,259
Changes in proportion and difference between City's contributions and proportionate share of contributions	1,256,059	161,232
Net difference between projected and actual earnings on pension plan investments	-	117,053
Difference between expected and actual experience	6,859	175,795
Difference between employer's contributions and proportionate share of contributions	-	616,501
	$ 1,925,131	$ 1,122,840

The amount of $662,213 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. In addition, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 518,808
2027	(400,351)
2028	(18,493)
2029	40,114
	$ 140,078

Note 9 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS Membership Data for All Funds
Post Retirement Benefit Increase	The lessor of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

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

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of the 2023 CalPERS Experience Study and Review of Actuarial Assumptions, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Discount Rate

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

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

Note 9 - Defined Benefit Pension Plan (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are summarized in the table below:

Asset Class [1]	Assumed Asset Allocation	Real Return [1,2]
Global Equity - Cap weighted	30%	4.54%
Global Equity - Non-Cap weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

[1] An expected inflation of 2.30% used for this period
[2] Figures are based on the 2021 Asset Liability Management study.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset), calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent), or 1-percentage point higher (7.90 percent), than the current rate:

	1% Decrease in Discount Rate (5.90%)	Discount Rate (6.90%)	1% Increase in Discount Rate (7.90%)
City's Proportionate Share of the Plan's Net Pension Liability/(Asset)	$ 3,382,939	$ (2,033,276)	$ (6,491,618)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in a separately issued CalPERS financial report.

Note 10 - Defined Contribution Plan

The City contributes to the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, a defined contribution plan 401(a). The reportable payroll for the employees covered by the plan is $4,117,998 compared with a total payroll of $4,776,462 for the fiscal year ended June 30, 2025. The plan provisions are established and may be amended by the City Council.

All full-time employees are eligible to participate in the plan and benefits vest immediately. The required period of service is six months. Eligible employees at age 50 or more may begin to collect defined contribution benefits immediately upon retirement. The employer contribution is 2.5 percent of compensation, as that term is defined under the plan. No employee contributions are permitted. The total contribution made by the City was $121,212. Contributions are established and amended by State Law and City Resolution.

Note 11 - Defined Compensation Payable

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457(b) for its eligible employees wherein they may execute an individual agreement with the City for amounts earned by them to be paid at a future date when certain circumstances are met. These circumstances include death, disability, retirement, or an unforeseeable emergency. Employees may contribute to the deferred compensation plan up to $23,500 in 2025. Employees aged fifty or older may contribute up to an additional $7,500 in 2025 for a total of $31,000. These amounts are adjusted annually by the Internal Revenue Service (IRS) for cost-of-living increases. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

On January 1, 1997, the City formally established a trust in accordance with IRC 457(g) for its deferred compensation plan for the exclusive benefit of plan participants and their beneficiaries. Accordingly, the deferred compensation assets placed in the Trust were not reported in the financial statements.

Note 12 - Other Post Employment Benefit Plan (OPEB)

The City participates in the Public Employees' Medical and Hospital Care Act ("PEMHCA") which is administered by CalPERS in order to make health insurance coverage available to its employees. Pursuant to its contract with CalPERS for participation in PEMHCA, the City is obligated to provide retiree health coverage to eligible retirees. The City's retiree health liability is pre-funded through another post-employment benefit account ("OPEB Account") with the California Employers' Retiree Benefit Fund (CERBT) trust, which is also administered by CalPERS. The CERBT trust is an agent multiple employer Section 115 governmental trust.

A summary of the OPEB amounts for the City's plan is shown below:

Net OPEB Liability	$	4,739,209
Deferred Outflows related to OPEB		4,376,215
Deferred Inflows related to OPEB		(402,012)
OPEB Expense		1,564,564

Note 12 - Other Post Employment Benefit Plan (OPEB) (continued)

Plan Description

The City provides retiree health benefits to all employees of the City that have retired, or will retire, from service with the City and meet the eligibility requirements set forth in Government Code Section 22760(c) to be considered an annuitant ("Annuitant"). The amount of the retiree health benefit allowance ("Allowance") available to an Annuitant is based on the date of hire as summarized below.

The Allowance is provided in two forms. The first is a direct payment to CalPERS equal to the minimum employer contribution required pursuant to Government Code Section 22893(b) ("PEMHCA Minimum"). The PEMHCA Minimum for 2025 is $158 per month. If an Annuitant is eligible for a more significant retiree health benefit, the Annuitant will receive a reimbursement from a health reimbursement arrangement sponsored by the City for the health insurance premiums actually paid by the Annuitant in an amount not to exceed the difference between the applicable Allowance and the PEMHCA Minimum.

The amount of the Allowance depends on the tier for which the Annuitant is eligible as described below:

- Tier A Allowance:
  - The allowance for Annuitants hired before February 1, 2009 ("Tier A") is equal to up to 100% of the premium of any CalPERS health insurance plan in which the Tier A Annuitant, and eligible family members, enroll.
- Tier B Allowance:
  - The allowance for Annuitants hired on or after February 1, 2009 but before July 1, 2020 who retire from the City with at least 10 years of CalPERS service credit, including five years of service credit with the City ("Tier B") is equal to a percentage of the Government Code Section 22893 premium for the applicable coverage level based on years of CalPERS service credit. The percentage is equal to 50% for the first 10 years of CalPERS service credit, including five years of service credit with the City, plus an additional 5% for each additional year of service with any CalPERS employer after satisfying the 10 year minimum.
- Tier C Allowance:
  - The allowance for Annuitants hired on or after July 1, 2020, and employees hired by the City on or after February 1, 2009 but before July 1, 2020 that do not qualify for Tier B, is equal to the PEMHCA Minimum.

The amount of the Allowance is established through contracts between the City and the employee associations and may be amended by agreements between the City and the employee association.

The amount of the Allowance is established through contracts between the City and the employee associations and may be amended by agreements between the City and the employee association.

Note 12 - Other Post Employment Benefit Plan (OPEB) (continued)

Employees Covered by Benefit Terms

At June 30, 2025, the most recent measurement date, the following current and former employees were covered by the benefit terms of the plan:

Active employees	33
Inactive employees or beneficiaries currently receiving benefits	35
	68

Contributions

The annual contribution to the City's OPEB Account is based on the actuarially determined contribution. Employees do not make contributions to the OPEB Account but are responsible for the share of retiree health coverage that exceeds the value of the allowance. Contributions are typically paid by the Employee Benefits Fund.

The municipal administration employs a prioritized funding mechanism to finance the Employee Benefits Fund. The foremost priority pertains to the accrued interest income within the fund, with the secondary priority being contingent on the allocation of payroll resources. The allocated payroll encompasses contributions from the Solid Waste Fund, the Emergency Services Fund, the Housing Authority, the Golf Resort, Recycling, and the General Fund. It is noteworthy that the General Fund assumes a prominent role as the primary source of funding for the Employee Benefits Fund due to its utilization of administrative services.

As described further in footnote 13, the City also contributes to the PARS Section 115 Trusts with total assets at June 30, 2025 of $4,714,216 irrevocably restricted for the payment of OPEB benefits.

Net OPEB Liability

The City's net OPEB liability for the retiree health benefits was measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability was calculated as of June 30, 2025, using an annual actuarial valuation as of June 30, 2023. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Note 12 - Other Post Employment Benefit Plan (OPEB) (continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
Investment Rate of Return	5.75%
Mortality	CalPERS 2000-2019 experience study
Healthcare Trend Rate	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years

Mortality rates were based on the CalPERS 2000-2019 Experience Study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale MP-2021. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

The actuarial assumptions used in the June 30, 2023, valuation was based on the results of an actuarial experience study for the period.

Changes in Actuarial Assumptions

Certain key assumptions were changed as part of the actuary's updated study. Those changes are summarized below.

- During fiscal year 2024/2025, the CERBT trust was liquidated and transferred to the Shuster Trust. The Fiduciary Net Position as of June 30, 2024 reflects the Shuster Trust asset value.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the fiduciary net position for the City's retiree health benefits was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Account investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 12 - Other Post Employment Benefit Plan (OPEB) (continued)

The long-term expected rate of return on the OPEB investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	34.00%	4.56%
Fixed Income	41.00%	1.56%
TIPS	5.00%	(0.08%)
Commodities	3.00%	1.22%
REITs	17.00%	4.06%
	100.00%	

Changes in Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024	$ 10,207,721	$ 2,972,328	$ 7,235,393
Changes in the year:			
Service cost	296,713	-	296,713
Interest on the total OPEB liability	590,051	-	590,051
Contributions - employer	-	488,925	(488,925)
Net investment income	-	335,581	(335,581)
Benefit payments	(485,373)	(485,373)	-
Administrative expenses	-	(5,142)	5,142
Transfer of fiduciary assets	-	2,563,584	(2,563,584)
Net changes	401,391	2,897,575	(2,496,184)
Balance at June 30, 2025	$ 10,609,112	$ 5,869,903	$ 4,739,209

Note 12 - Other Post Employment Benefit Plan (OPEB) (continued)

Changes in the Discount Rate

The following presents the net OPEB asset of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current discount rate:

	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net OPEB Liability (Asset)	$ 6,155,046	$ 4,739,209	$ 3,572,975

Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability (Asset)	$ 3,372,336	$ 4,739,209	$ 6,429,515

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized OPEB expense of $1,564,564. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to measurement date	$ 3,051,917	$ -
Changes in assumptions	559,818	124,103
Net difference between projected and actual earnings on plan investments	656,010	-
Difference between expected and actual experience	108,470	277,909
	$ 4,376,215	$ 402,012

Note 12 - Other Post Employment Benefit Plan (OPEB) (continued)

The $3,051,917 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 181,090
2027	514,587
2028	161,284
2029	65,325
2030	-
	$ 922,286

Note 13 - PARS Section 115 Trusts

In June 2018, the City Council approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the City's pension and OPEB obligations. Contributions to the Section 115 Trust are irrevocable, the assets provide benefits to plan members, and the assets are protected from creditors of the City.

The Section 115 Trusts were created to address the City's pension and OPEB obligations by accumulating assets to reduce the net pension and OPEB liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trusts are not considered to have present service capacity as plan assets and are therefore regarded as restricted assets of the City rather than pension and OPEB plan assets. Accordingly, the Section 115 Trusts' assets are recorded as restricted for pension and OPEB benefits in the City's Employee Benefits Internal Service Fund rather than assets of the pension and OPEB plan during the measurement of the net pension and OPEB liability. The assets held in Trust will be considered pension and OPEB plan assets at the time they are transferred out of the Trust into the pension or OPEB plan.

The balance in the PARS Trust's pension assets for the fiscal year ended June 30, 2025, was $1,104,177. During the fiscal year, the Trust earned $126,156 in interest income, and plan costs totaled $6,331.

The balance in the PARS Trust's OPEB assets for the fiscal year ended June 30, 2025, was $4,714,216. During the fiscal year, the Trust earned $542,211 in interest income, and plan costs totaled $27,025.

Note 13 - PARS Section 115 Trusts (continued)

The restricted trust assets are as follows at June 30, 2025:

PARS – Pension	$1,104,177
PARS – OPEB	4,714,216
Total restricted assets	$5,818,393

Note 14 - Risk Management

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Indian Wells is a California Joint Powers Insurance Authority (Authority) member. The Authority comprises over 120 California public entities and is organized under a joint powers' agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, purchase excess insurance or reinsurance, and arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

The overall coverage limit for each member, including all layers of coverage, is $50 million per occurrence. Subsidence losses also have a $50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: https://cjpia.org/coverage/risk-sharing-pools/.

Note 14 - Risk Management (continued)

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes costs incurred up to $100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes costs incurred from $100,000 to $500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $500,000 to $50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2024-25, the Authority's pooled retention is $1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to $1 million. Coverage from $1 million to $5 million is purchased through reinsurance policies, and Employer's Liability losses from $5 million to $10 million are pooled among members.

Purchased Insurance

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of $131,582,726. There is a $10,000 deductible per occurrence except for non-emergency vehicle insurance which has a $2,500 deductible.

Earthquake and Flood Insurance

The City of Indian Wells purchases earthquake and flood insurance on a portion of its property. Earthquake insurance is part of the property protection insurance program of the Authority. City of Indian Wells property currently has earthquake protection in the amount of $126,786,202. There is a deductible of 5% per unit of value with a minimum deductible of $100,000.

Crime Insurance

The City purchases crime insurance coverage in the amount of $1,000,000 with a $2,500 deductible. The fidelity coverage is provided through the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

Note 15 - Other Required Disclosures

Deficit Fund Balance and Net Position

The following funds reported a deficit fund balance at June 30, 2025:

Park Facilities in Lieu Capital Projects Fund	$ 1,621,201
Successor Agency of the Former Redevelopment Agency Private Purpose Trust Fund	51,227,725

The deficit in the Park Facilities in Lieu Capital Projects Fund will be eliminated through Quimby Act Park fees to be collected from developers. This deficit balance is temporary although it will take several years to expunge.

The deficit in the Successor Agency of the former RDA Private-Purpose Trust Fund was caused by the dissolution of the Redevelopment Agency. See Note 17 and 18 for additional information.

Note 16 - Contingencies

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB X1 26 and 27 (California Redevelopment Association v. Matosantos). AB X1 26 dissolves redevelopment agencies effective October 1, 2011. AB X1 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts.

On August 17, 2011, the Supreme Court issued a stay of the implementation of AB X1 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB X1 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011, and on December 29, 2011, announced its decision in California Redevelopment Association v. Matosantos. The court upheld AB X1 26 which dissolves redevelopment agencies but invalidated in its entirety AB X1 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB X1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB X1 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: http://www.leginfo.ca.gov/bilinfo.html.

Note 17 - California Redevelopment Agency Dissolution

On February 1, 2012, the Redevelopment Agency was dissolved, and the City of Indian Wells elected to become the Successor Agency. AB X1 26 provides that a successor agency is to be designated as the successor entity to the former Redevelopment Agency, vested with all authority, rights, powers, duties, and obligations previously vested with the former Agency under the Community Redevelopment Law (Health & Safety Code, § 33000 et seq.), with certain exceptions. The Successor Agency is responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

The California Supreme Court decision impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-03.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. Payments for these enforceable obligations are secured from incremental tax revenues generated within the redevelopment project areas. It is essential to differentiate the Successor Agency from the City of Indian Wells, in that, the City itself has no outstanding debt or any obligation to fund Successor Agency debt.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	$ 8,919,029
Cash and investments with fiscal agent	5,496
	$ 8,924,525

Note 18 - Successor Agency Trust for Assets of the Former Redevelopment Agency

Due to City

The amount due to the City reported in the accompanying financial statements consisted of the following:

In a letter dated November 22, 2013, from the California Department of Finance, the loan between the Successor Agency and the City of Indian Wells for $16,400,000 was determined to be for legitimate redevelopment purposes and therefore, approved as an enforceable obligation.	$ 8,500,000

Long-Term Debt

The following debt is recorded in the Successor Agency:

Project Area 1	Balance at July 1, 2024	Additions	Repayments	Balance at June 30, 2025	Due Within One Year
2015 Refunding Tax Allocation Bonds	$ 9,065,000	$ -	$ 2,105,000	$ 6,960,000	$ 2,205,000
2016 A Tax Allocation Bonds	35,475,000	-	1,010,000	34,465,000	1,055,000
2020 A Tax Allocation Bonds	5,850,000	-	480,000	5,370,000	490,000
	$ 50,390,000	$ -	$ 3,595,000	$ 46,795,000	$ 3,750,000
Adjustments:					
Unamortized net original issue (discount) or Premium				4,394,629	666,716
Net Long-term Debt				$ 51,189,629	$ 4,416,716

A description of long-term debt outstanding of the Successor Agency as of June 30, 2025, follows:

2015 A Tax Allocation Refunding Bonds

On September 1, 2015, the Successor Agency issued $20,575,000 of Refunding Tax Allocation Bonds to provide funds to refund the 2005 Refunding Tax Allocation Bonds and a portion of the 2006 A Tax Allocation Bonds.

The Series 2015A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds.

The bonds are payable in annual installments ranging from $865,000 to $2,435,000 until maturity on September 1, 2027. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 2.00 to 5.00 percent per annum. Bonds outstanding at June 30, 2025 were $6,960,000.

Note 18 - Successor Agency Trust for Assets of the Former Redevelopment Agency (continued)

Long-Term Debt (continued)

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 2,205,000	$ 292,875	$ 2,497,875
2027	2,320,000	179,750	2,499,750
2028	2,435,000	60,875	2,495,875
	6,960,000	533,500	7,493,500
Bond Premium	531,435	-	531,435
	$ 7,491,435	$ 533,500	$ 8,024,935

2016 A Tax Allocation Refunding Bonds

On September 1, 2016, the Successor Agency issued $37,470,000 in Series 2016A Tax Allocation Refunding Bonds to provide funds to refund the 2006 A Tax Allocation Bonds.

The Series 2016A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds.

The bonds are payable in annual installments ranging from $515,000 to $5,050,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 4.00 to 5.00 percent per annum. Bonds outstanding at June 30, 2025 were $34,465,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,055,000	$ 1,563,475	$ 2,618,475
2027	1,110,000	1,509,350	2,619,350
2028	1,165,000	1,452,475	2,617,475
2029	3,880,000	1,326,350	5,206,350
2030	4,065,000	1,127,725	5,192,725
2031-2034	23,190,000	2,790,650	25,980,650
	34,465,000	9,770,025	44,235,025
Bond Premium	3,863,194	-	3,863,194
	$ 38,328,194	$ 9,770,025	$ 48,098,219

Note 18 - Successor Agency Trust for Assets of the Former Redevelopment Agency (continued)

2020 A Tax Allocation Refunding Bonds

On June 12, 2020, the Successor Agency issued $7,220,000 in Series 2020A Tax Allocation Refunding Bonds to refund the 2010 A Tax Allocation Bonds.

The Series 2020A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds.

The bonds are payable in annual installments ranging from $450,000 to 590,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 4.00 to 5.00 percent per annum. Bonds outstanding at June 30, 2025 were $5,370,000.

These bonds resulted in a full defeasance of the 2010A Tax Allocation Bonds, and the related liability has been removed from the financial statements of the City. The refunding resulted in a deferred loss of $28,936, which represents the difference between the defeased bonds, and the amount placed in escrow. The advanced refunding also resulted in future cash flow savings of approximately $2,974,000 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $2,000,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 490,000	$ 110,188	$ 600,188
2027	500,000	99,545	599,545
2028	505,000	88,741	593,741
2029	515,000	77,776	592,776
2030	535,000	66,489	601,489
2031-2034	2,825,000	154,535	2,979,535
	$ 5,370,000	$ 597,274	$ 5,967,274

Insurance

The Successor Agency of the former redevelopment agency is covered under the insurance policy of the City of Indian Wells at June 30, 2025.

Commitments and Contingencies

The Successor Agency is subject to litigation arising in the normal course of business. In the opinion of the legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Successor Agency.

Note 19 - Restatement

The accompanying financial statements for the year ended June 30, 2025, have been restated to correct an error in the recording of capital outlay expenditures of $418,206 in the Park Facilities in Lieu Fund. This restatement increased construction in progress and accounts payable in governmental activities but had no impact on net position.

	Park Facilities in Lieu Fund
Beginning net position, as previously reported	$ (1,386,737)
Correction of an error	(418,306)
Beginning net position, as restated	$ (1,805,043)

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Required Supplementary Information

The Schedule of Proportionate Share of Net Position Liability in accordance with GASB 68. The Schedule of Plan Contributions in accordance with GASB 68. The Schedule of Changes in the Net OPEB Liability in accordance with GASB 75. The Schedule of OPEB Contributions in accordance with GASB 75.

General Fund

This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound fiscal management to be accounted for in another fund.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds and budget-actual comparisons for these funds have been presented in the accompanying financial statements as required supplementary information.

Housing Authority - This fund is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low- and moderate-income housing in Indian Wells. The Housing Authority was created to promote and encourage the retention, rehabilitation, and development of affordable housing units.

Emergency Services Upgrade – This fund is used to accumulate the resources accruing from a special fire tax levied to provide enhancement levels of fire protection, suppression, and emergency paramedic services.

City of Indian Wells, California
Schedule of the City's Proportionate Share of the Net Pension Liability - Miscellaneous Plan
Last 10 Fiscal Years

Measurement period	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Plan's proportion of the net pension liability	0.0017%	0.0017%	0.0017%	0.0017%	-0.0072%	-0.0119%	0.0008%	0.0154%	0.0480%	0.0695%
Plan's proportionate share of the net pension liability (asset)	$ (2,033,276)	$ (1,089,114)	$ (700,736)	$ (6,449,180)	$ (781,863)	$ (1,218,808)	$ 73,946	$ 1,526,915	$ 4,152,019	$ 4,769,476
Plan's covered payroll	$ 3,694,552	$ 3,529,517	$ 3,241,802	$ 3,207,039	$ 3,038,144	$ 2,889,192	$ 2,943,396	$ 2,812,372	$ 2,902,571	$ 2,814,500
Plan's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-55.03%	-30.86%	-21.62%	-201.09%	-25.73%	-42.19%	2.51%	54.29%	143.05%	169.46%
Plan's fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.19%	90.49%	77.71%	75.30%	75.30%	73.31%	74.06%	78.40%

Notes to Schedule:

Benefit changes

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2022 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in assumptions

There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flow. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Actuarially determined contributions	$ 554,909	$ 502,145	$ 452,975	$ 408,794	$ 455,250	$ 475,302	$ 430,310	$ 974,198	$ 544,107	$ 566,489
Contributions in relation to the actuarially determined contributions	(662,213)	(1,124,057)	(1,390,856)	(1,300,007)	(428,319)	(428,319)	(358,582)	(1,334,875)	(3,731,723)	(2,566,489)
Contribution deficiency (excess)	$ (107,304)	$ (621,912)	$ (937,881)	$ (891,213)	$ 26,931	$ 46,983	$ 71,728	$ (360,677)	$ (3,187,616)	$ (2,000,000)
Covered payroll	$ 3,916,114	$ 3,694,552	$ 3,529,517	$ 3,241,802	$ 3,207,039	$ 3,038,144	$ 2,889,192	$ 2,943,396	$ 2,812,372	$ 2,902,571
Contributions as a percentage of covered payroll	16.91%	30.42%	39.41%	40.10%	13.36%	14.10%	12.41%	45.35%	132.69%	88.42%

Notes to Schedule

Fiscal Year: June 30, 2025
Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset valuation method	Market Value of Assets
Inflation	2.30%
Projected salary increases	Varies by category, entry age and duration of service.
Discount rate	6.90% (net of investment and administrative expenses)

City of Indian Wells, California
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Measurement Period	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Total OPEB liability								
Service cost	$ 296,713	$ 275,595	$ 282,966	$ 259,910	$ 252,340	$ 323,517	$ 314,094	$ 305,000
Interest on the total OPEB liability	590,051	523,241	498,483	576,779	554,551	513,612	485,756	459,000
Changes of benefit terms	-	-	-	(15,495)	-	-	-	-
Differences between expected and actual experience	-	170,452	-	(1,204,273)	-	239,406	-	-
Changes of assumptions	-	641,067	(279,230)	658,095	-	71,328	-	-
Benefit payments, including refunds of member contributions	(485,373)	(453,761)	(462,932)	(463,466)	(454,170)	(389,144)	(338,000)	(331,000)
Net change in total OPEB liability	401,391	1,156,594	39,287	(188,450)	352,721	758,719	461,850	433,000
Total OPEB liability - beginning	10,207,721	9,051,127	9,011,840	9,200,290	8,847,569	8,088,850	7,627,000	7,194,000
Total OPEB liability - ending (a)	$ 10,609,112	$ 10,207,721	$ 9,051,127	$ 9,011,840	$ 9,200,290	$ 8,847,569	$ 8,088,850	$ 7,627,000
OPEB fiduciary net position								
Contributions - employer	$ 488,925	$ 459,025	$ 466,353	$ 677,553	$ 1,190,919	$ 389,962	$ 607,000	$ 614,000
Net investment income	335,581	348,850	(1,409,406)	1,830,412	448,019	524,434	423,619	459,000
Benefit payments, including refunds of member contributions	(485,373)	(453,761)	(462,932)	(463,466)	(454,170)	(389,144)	(338,000)	(331,000)
Administrative expense	(5,142)	(8,071)	(6,254)	(5,590)	(5,115)	(2,424)	(13,582)	(4,000)
Section 115 trust adjustment	(4,606,319)	-	-	-	-	-	-	-
Distribution of fiduciary assets[1]	7,169,903	(7,169,903)	-	-	-	-	-	-
Net change in plan fiduciary net position	2,897,575	(6,823,860)	(1,412,239)	2,038,909	1,179,653	522,828	679,037	738,000
Plan fiduciary net position - beginning	2,972,328	9,796,188	11,208,427	9,169,518	7,989,865	7,467,037	6,788,000	6,050,000
Plan fiduciary net position - ending (b)	5,869,903	2,972,328	9,796,188	11,208,427	9,169,518	7,989,865	7,467,037	6,788,000
Plan net OPEB liability (asset) - ending (a) - (b)	$ 4,739,209	$ 7,235,393	$ (745,061)	$ (2,196,587)	$ 30,772	$ 857,704	$ 621,813	$ 839,000
Plan fiduciary net position as a percentage of the total OPEB Liability	55.33%	29.12%	108.23%	124.37%	99.67%	90.31%	92.31%	89.00%
Covered-employee payroll	$ 4,310,233	$ 4,176,150	$ 3,707,177	$ 3,666,820	$ 3,451,419	$ 3,263,961	$ 3,407,217	$ 3,237,969
Plan net OPEB liability (asset) as a percentage of covered-employee payroll	109.95%	173.26%	-20.10%	-59.90%	0.89%	26.28%	18.25%	25.91%

* Fiscal Year 2017-18 was the first year of implementation; therefore, only eight years of information are shown.
[1] Fiduciary assets were transferred to the PARS and Shuster Section 115 trusts that are irrevocably restricted for payment of OPEB benefits

City of Indian Wells, California
Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution (ADC)	$ -	$ -	$ -	$ 422,001	$ 411,874	$ 354,000	$ 607,000	$ 614,000
Contributions in relation to the ADC	(550,750)	(488,925)	(459,025)	(386,181)	(677,553)	(1,190,919)	(389,962)	(573,377)
Contribution deficiency (excess)	$ (550,750)	$ (488,925)	$ (459,025)	$ 35,820	$ (265,679)	$ (836,919)	$ 217,038	$ 40,623
Covered employee payroll**	$ 4,540,554	$ 4,310,233	$ 4,176,150	$ 3,707,177	$ 3,666,820	$ 3,451,419	$ 3,263,961	$ 3,407,217
Contributions as a percentage of covered employee payroll	12.13%	11.34%	10.99%	10.42%	18.48%	34.51%	11.95%	16.83%

Notes to Schedule

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2023 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.5% annually
Healthcare cost trend rates	Non-Medicare - 8.5% for 2025, decreasing to an ultimate 3.45% in 2076 and later years
Investment rate of return	5.75%
Retirement age	55
Mortality	CalPERS 2000-2019 experience study

* Fiscal Year 2017-18 was the first year of implementation; therefore, only eight years of information are shown.
** Contributions are made on an ad hoc basis.

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 21,827,560	$ 21,827,560	$ 26,521,861	$ 4,694,301
Licenses and permits	938,510	938,510	514,897	(423,613)
Intergovernmental	830,360	830,360	882,078	51,718
Charges for services	694,550	694,550	502,588	(191,962)
Investment income (loss)	710,000	710,000	1,164,549	454,549
Fines and forfeitures	49,390	49,390	73,534	24,144
Other income	205,120	205,120	36,745	(168,375)
Total revenues	25,255,490	25,255,490	29,696,252	4,440,762
Expenditures				
Current				
General government	8,130,928	9,113,940	8,268,874	845,066
Public safety	6,425,187	6,188,337	5,224,479	963,858
Community development	2,489,594	2,458,976	2,092,755	366,221
Public works	3,573,586	3,639,348	3,208,946	430,402
Total expenditures	20,619,295	21,400,601	18,795,054	2,605,547
Other financing sources (uses)				
Transfers out	(4,359,225)	(4,363,883)	(21,870,034)	(17,506,151)
Total other financing sources (uses)	(4,359,225)	(4,363,883)	(21,870,034)	(17,506,151)
Net change in fund balance	276,970	(508,994)	(10,968,836)	(10,459,842)
Fund balance, beginning	41,288,053	41,288,053	41,288,053	-
Fund balance, ending	$ 41,565,023	$ 40,779,059	$ 30,319,217	$ (10,459,842)

See Notes to Required Supplementary Information

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ -	$ -	$ 135,812	$ 135,812
Investment income (loss)	135,000	135,000	560,004	425,004
Total revenues	6,135,000	6,135,000	695,816	(5,439,184)
Expenditures				
Current				
General government	6,725,392	11,567,112	1,783,272	9,783,840
Community development	250,000	250,000	250,000	-
Total expenditures	6,975,392	11,817,112	2,033,272	9,783,840
Other financing sources (uses)				
Transfers in	550,000	550,000	2,460,000	1,910,000
Transfers out	(86,990)	(86,990)	(509,858)	(422,868)
Total other financing sources (uses)	463,010	463,010	1,950,142	1,487,132
Net change in fund balance	(377,382)	(5,219,102)	612,686	5,831,788
Fund balance, beginning	12,034,055	12,034,055	12,034,055	-
Fund balance, ending	$ 11,656,673	$ 6,814,953	$ 12,646,741	$ 5,831,788

See Notes to Required Supplementary Information

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 4,608,800	$ 4,608,800	$ 7,075,678	$ 2,466,878
Charges for services	672,750	672,750	745,461	72,711
Investment income (loss)	119,030	119,030	319,018	199,988
Assessments	671,840	671,840	629,744	(42,096)
Other income	9,320	9,320	20,623	11,303
Total revenues	6,081,740	6,081,740	8,790,524	2,708,784
Expenditures				
Current				
Public safety	5,049,458	5,056,050	4,940,677	115,373
Capital outlay	1,575,000	1,583,500	183,771	1,399,729
Total expenditures	6,624,458	6,639,550	5,124,448	1,515,102
Other financing sources (uses)				
Transfers out	(144,983)	(144,983)	(1,644,983)	(1,500,000)
Total other financing sources (uses)	(144,983)	(144,983)	(1,644,983)	(1,500,000)
Net change in fund balance	(687,701)	(702,793)	2,021,093	4,223,886
Fund balance, beginning	4,729,212	4,729,212	4,729,212	-
Fund balance, ending	$ 4,041,511	$ 4,026,419	$ 6,750,305	$ 4,223,886

See Notes to Required Supplementary Information

Note 1 - Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. In June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at public workshops and City Council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by Council action.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America, using the modified-accrual basis of accounting.

The Finance Director is authorized by City Council to transfer any amounts within a fund between administrative control accounts, as well as budget adjustments between departments and programs within a fund. The transfer of appropriations between funds or between capital projects in the capital budget must be approved by City Council. Any subsequent appropriations of additional amounts of moneys for the fiscal year ended June 30, 2025, shall be approved by the City Council in advance of any authorization to purchase services or goods; with the exception that the City Manager may appropriate funds under the emergency provision of State Law to effect repairs or make acquisitions to protect life and property of the City.

All appropriations for prior fiscal year shall lapse at the end of the fiscal year and any remaining amounts shall be credited to their respective fund balances, with the exception of any unexpected amounts deemed necessary by the Finance Director for specific orders or encumbrances outstanding at the end of the year, and any unexpected appropriations for uncompleted capital projects in the capital budget at the end of the year. These amounts shall be charged against the incumbent fiscal year operating budget, as directed by the Finance Director.

Note 1 - Budgets and Budgetary Accounting (continued)

The following funds had expenditures in excess of appropriations for the year ended June 30, 2025:

	Final Budget	Actual	Excess Over Appropriation
Traffic Safety	$ 18,000	45,019	(27,019)
Public Safety 1/2% Tax	$ 37,500	43,999	(6,499)
Measure "A" Transportation Fund	$ 305,000	327,378	(22,378)
Citizens Option for Public Safety Program Fund	$ 186,550	195,131	(8,581)
Gas Tax Fund	$ 116,400	130,975	(14,575)
Solid Waste Fund	$ 1,269,969	1,873,434	(603,465)

Special Revenue Funds

The following Special Revenue funds have been classified as other governmental funds in the accompanying financial statements.

Traffic Safety – This fund is used to account for the revenue from traffic fines and forfeitures and used to pay the costs of issuing tickets.

Public Safety ½% Tax – This fund is used to account for the half-cent sales tax collected by the State of California and allocated to the City for public safety.

Measure "A" Transportation – This fund is used to account for the City's allocation of the sales tax increase, one-half cent, authorized by the Riverside County residents within November 1988. The funds collected are divided into four categories: Regional Transportation board (40%) administered by the Coachella Valley Association of Governments (CVAG), Sunline Transit (10%), State Highways (15%), and local agencies (35%). The local share is based 50% on population and 50% on point-of-sale. The local monies are legally restricted for the acquisition, construction and improvements of the public streets.

Fire Access Maintenance District No. 1 – This fund is used to account for the accumulation of special assessments, ad valorem taxes and other revenues accruing to the benefit and for expenses of the special district referred to as the Fire Access Maintenance District No. 1.

South Coast Air Quality Management District Vehicle Registration – This fund is used to account for the City's share of vehicle registration fees that the State of California has allocated to address air quality concerns in California. These monies are to be used in air quality maintenance programs locally.

Citizens Option for Public Safety Program – This fund is used for front line municipal police services including anti-gang and community crime prevention programs.

Gas Tax – This fund is used to account for the City's share of motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2105, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement, and maintenance of public streets.

AB 939 Recycling – This fund is used to account for the revenues and expenditures incurred in recycling.

Solid Waste – This fund is used to account for city-wide assessment revenues and related expenditures incurred in providing residential garbage and refuse collection to the various benefiting assessment districts.

Consolidated LLMD – This fund is used to account for the revenues and expenditures incurred in providing lighting and landscaping maintenance services to the various benefiting assessment districts.

Street Lighting District 2001-1 – This fund is used to account for the revenues and expenditures incurred in providing lighting maintenance services within the City.

Affordable Housing Operations – This fund is used to account for revenues and expenditures associated with the retention and development of affordable housing units.

Debt Service Funds

The following Debt Service Funds have been classified as other governmental funds in the accompanying financial statements:

Indian Wells Financing Authority Fund – This fund was created in 2022 to account for the issuance and debt service payments for the 2022 Solar and Infrastructure Lease Revenue Bonds.

Capital Projects Funds

The following Capital Projects Funds have been classified as other governmental funds in the accompanying financial statements:

Hwy 111 Circulation Improvement – This fund accounts for fees collected from projects, which will create adverse impacts on the existing public facilities. It will finance future projects to mitigate the traffic impact.

Park Facilities Fees – This fund accounts for the accumulated fees collected to fund the park facilities needed to serve new development. It is a fee-in-lieu of land dedication charged under the Quimby Act to new residential development occurring in a subdivision.

Transportation Facilities Fees – This fund accounts for the accumulation of fees collected to fund transportation facilities needed to serve new development to fund capacity-expanding transportation projects. This fee replaces the Highway 111 Circulation Improvement Fee.

Recreation Facilities Fees – This fee accounts for the accumulation of fees collected to fund recreation facilities needed to serve new development. As new development occurs, the City will need to make additional, capacity-expanding improvements to the golf course as demand for use of the facility increases.

Citywide Public Improvement – This fund is used to account for the accumulation of resources from the citywide public improvement fee for the acquisition and construction of general government capital projects.

Art in Public Places – This fund is used to account for fees collected through the building permit process to support art in public places with the community. The program supports arts and culture throughout the City.

Bridges Capital Reserve – This fund establishes reserve funding for bridges in the City.

Building Capital Reserve – This fund establishes reserve funding for the City's assets in and around the City's Civic Center complex. These assets include City Hall, the Fire Station, Emergency Operations Command, and surrounding Public Works facilities.

Medians & Parkways Capital Reserve – This fund establishes reserve funding for medians and parkways throughout the City.

Storm Drains Capital Reserve – This fund establishes reserve funding for storm drains throughout the City. Funding is for construction and preventative maintenance of storm drains to extend roadway infrastructure.

Traffic Signals Capital Reserve – This fund establishes reserve funding for traffic signals throughout the City.

Technology Capital Reserve – This fund establishes reserve funding for citywide information technology.

City Vehicles Capital Reserve – This fund establishes reserve funding for the purchase and replacement of City vehicles and fleet. Vehicles and fleet are to be replaced as needed to reduce the cost of ongoing maintenance costs.

Disaster Recovery Reserve – This reserve sets aside funds for the initial stages of disaster recovery prior to the inclusion of County, State, and Federal funding. Reserve funds allow for immediate response and recovery under a range of domestic emergencies like floods or earthquakes. The funds are earmarked, remain unspent if not used for disaster recovery, and cannot be used for any other purpose.

	Debt Service Funds	Special Revenue Funds								
	Indian Wells Financing Authority	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration	Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste
Assets										
Cash and investments	$ 15,834	$ -	$ -	$ -	$ 987,199	$ 21,579	$ -	$ -	$ 237,195	$ 57,170
Restricted cash and investments	2,315,367	-	-	-	-	-	-	-	-	-
Receivables										
Accounts	-	10,951	2,841	56,683	49,688	1,670	101,537	22,857	6,862	78,142
Accrued interest	57	-	-	-	3,531	77	-	-	-	1,053
Total assets	$ 2,331,258	$ 10,951	$ 2,841	$ 56,683	$ 1,040,418	$ 23,326	$ 101,537	$ 22,857	$ 244,057	$ 136,365
Liabilities and Fund Balances										
Liabilities										
Accounts payable	$ -	$ -	$ -	$ -	$ 101,143	$ 3,572	$ -	$ -	$ 553	$ 77,084
Accrued liabilities	-	-	-	-	-	-	-	-	2,122	2,133
Deposits payable	-	-	-	-	11,221	-	-	-	-	-
Total liabilities	-	-	-	-	112,364	3,572	-	-	2,675	79,217
Deferred Inflow of Resources										
Unavailable revenue	-	4,542	-	-	17,411	1,670	101,537	-	594	30,931
Fund Balances										
Restricted for										
Community development	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	2,841	-	910,643	-	-	-	-	-
Public works	-	6,409	-	56,683	-	18,084	-	22,857	240,788	26,217
Debt service	2,331,258	-	-	-	-	-	-	-	-	-
Committed to										
Capital projects	-	-	-	-	-	-	-	-	-	-
Assigned										
Capital projects	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	2,331,258	6,409	2,841	56,683	910,643	18,084	-	22,857	240,788	26,217
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,331,258	$ 10,951	$ 2,841	$ 56,683	$ 1,040,418	$ 23,326	$ 101,537	$ 22,857	$ 244,057	$ 136,365

City of Indian Wells, California
Combining Balance Sheet - Nonmajor Governmental Funds
.June 30, 2025

	Special Revenue Funds			Capital Projects Funds					
	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations	Hwy 111 Circulation Improvement	Park Facilities Fees	Transportation Facilities Fees	Recreation Facilities Fees	Citywide Public Improvement	Art in Public Places
Assets									
Cash and investments	$ 2,292,671	$ 22,645	$ 393,494	$ -	$ -	$ 1,999	$ 4,004	$ 669	$ 779,443
Restricted cash and investments	-	-	606,424	-	-	-	-	-	-
Receivables									
Accounts	85,501	39	-	-	-	-	-	-	-
Accrued interest	8,201	81	1,406	-	-	7	15	2	2,789
Total assets	$ 2,386,373	$ 22,765	$ 1,001,324	$ -	$ -	$ 2,006	$ 4,019	$ 671	$ 782,232
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ 59,548	$ -	$ 405,073	$ -	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-
Deposits payable	-	-	137,128	-	-	-	-	-	-
Total liabilities	59,548	-	542,201	-	-	-	-	-	-
Deferred Inflow of Resources									
Unavailable revenue	18,482	-	-	-	-	-	-	-	-
Fund Balances									
Restricted for									
Community development	-	-	459,123	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	2,308,343	22,765	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Committed to									
Capital projects	-	-	-	-	-	-	-	-	782,232
Assigned									
Capital projects	-	-	-	-	-	2,006	4,019	671	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	2,308,343	22,765	459,123	-	-	2,006	4,019	671	782,232
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,386,373	$ 22,765	$ 1,001,324	$ -	$ -	$ 2,006	$ 4,019	$ 671	$ 782,232

	Capital Projects Funds								
	Bridges Capital Reserve	Buildings Capital Reserve	Medians & Parkways Capital Reserve	Storm Drains Capital Reserve	Traffic Signals Capital Reserve	Technology Capital Reserve	City Vehicles Capital Reserve	Disaster Recovery Reserve	Total Nonmajor Governmental Funds
Assets									
Cash and investments	$ 2,308,021	$ 2,527,545	$ 1,908,458	$ 1,136,783	$ 995,801	$ 939,676	$ 484,461	$ 641,659	$ 15,756,306
Restricted cash and investments	-	-	-	-	-	-	-	-	2,921,791
Receivables									
Accounts	-	-	-	-	-	-	-	-	416,771
Accrued interest	8,255	9,040	6,826	4,066	3,561	3,361	1,733	2,295	56,356
Total assets	$ 2,316,276	$ 2,536,585	$ 1,915,284	$ 1,140,849	$ 999,362	$ 943,037	$ 486,194	$ 643,954	$ 19,151,224
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 646,973
Accrued liabilities	-	-	-	-	-	-	-	-	4,255
Deposits payable	-	-	-	-	-	-	-	-	148,349
Total liabilities	-	-	-	-	-	-	-	-	799,577
Deferred Inflow of Resources									
Unavailable revenue	-	-	-	-	-	-	-	-	175,167
Fund Balances									
Restricted for									
Community development	-	-	-	-	-	-	-	-	459,123
Public safety	-	-	-	-	-	-	-	-	913,484
Public works	-	-	-	-	-	-	-	-	2,702,146
Debt service	-	-	-	-	-	-	-	-	2,331,258
Committed to									
Capital projects	-	-	-	-	-	-	-	-	782,232
Assigned									
Capital projects	2,316,276	2,536,585	1,915,284	1,140,849	999,362	943,037	486,194	643,954	10,988,237
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	2,316,276	2,536,585	1,915,284	1,140,849	999,362	943,037	486,194	643,954	18,176,480
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,316,276	$ 2,536,585	$ 1,915,284	$ 1,140,849	$ 999,362	$ 943,037	$ 486,194	$ 643,954	$ 19,151,224

	Debt Service Funds	Special Revenue Funds								
	Indian Wells Financing Authority	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration	Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste
Revenues										
Taxes	$ -	$ -	$ -	$ -	$ 434,153	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	36,858	325,086	1,460	4,724	194,663	270,398	-	-
Investment income (loss)	250,674	219	118	75	44,330	1,039	468	193	-	20,417
Fines and forfeitures	-	36,231	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	1,195,107	-	-	-	153,628	1,784,931
Developer fees	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	54,264	-	-	-	-	1,057
Total revenues	250,674	36,450	36,976	325,161	1,729,314	5,763	195,131	270,591	153,628	1,806,405
Expenditures										
Current										
General government	-	-	-	-	-	-	-	130,975	-	-
Public safety	-	-	43,999	-	1,538,817	-	195,131	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Public works	-	45,019	-	327,378	-	5,999	-	139,891	169,224	1,873,434
Capital outlay	-	-	-	-	405,252	-	-	-	-	-
Principal retirement	495,000	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	471,550	-	-	-	-	-	-	-	-	-
Total expenditures	966,550	45,019	43,999	327,378	1,944,069	5,999	195,131	270,866	169,224	1,873,434
Excess (Deficiency) of Revenues over (under) Expenditures	(715,876)	(8,569)	(7,023)	(2,217)	(214,755)	(236)	-	(275)	(15,596)	(67,029)
Other Financing Sources (Uses)										
Transfers in	966,551	-	-	-	-	-	-	-	-	-
Transfers out	(4,195,346)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,228,795)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(3,944,671)	(8,569)	(7,023)	(2,217)	(214,755)	(236)	-	(275)	(15,596)	(67,029)
Fund Balances, Beginning of Year	6,275,929	14,978	9,864	58,900	1,125,398	18,320	-	23,132	256,384	93,246
Fund Balances, End of Year	$ 2,331,258	$ 6,409	$ 2,841	$ 56,683	$ 910,643	$ 18,084	$ -	$ 22,857	$ 240,788	$ 26,217

	Special Revenue Funds			Capital Projects Funds					
	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations	Hwy 111 Circulation Improvement	Park Facilities Fees	Transportation Facilities Fees	Recreation Facilities Fees	Citywide Public Improvement	Art in Public Places
Revenues									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Investment income (loss)	116,863	1,123	18,677	18	-	48	96	15	38,693
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Rental income	-	-	2,797,576	-	-	-	-	-	-
Assessments	1,643,770	2,225	-	-	-	-	-	-	-
Developer fees	-	-	-	-	1,434	41,783	31,861	16,505	73,818
Other income	-	-	-	-	-	-	-	-	-
Total revenues	1,760,633	3,348	2,816,253	18	1,434	41,831	31,957	16,520	112,511
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Community development	-	-	3,175,797	-	-	-	-	-	-
Public works	1,537,489	192	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	1,537,489	192	3,175,797	-	-	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	223,144	3,156	(359,544)	18	1,434	41,831	31,957	16,520	112,511
Other Financing Sources (Uses)									
Transfers in	113,883	-	422,868	-	-	261,867	999,492	319,478	-
Transfers out	-	-	(550,000)	(38,735)	(1,434)	(150,000)	(434,578)	(150,000)	(131,881)
Total other financing sources (uses)	113,883	-	(127,132)	(38,735)	(1,434)	111,867	564,914	169,478	(131,881)
Net Change in Fund Balances	337,027	3,156	(486,676)	(38,717)	-	153,698	596,871	185,998	(19,370)
Fund Balances, Beginning of Year	1,971,316	19,609	945,799	38,717	-	(151,692)	(592,852)	(185,327)	801,602
Fund Balances, End of Year	$ 2,308,343	$ 22,765	$ 459,123	$ -	$ -	$ 2,006	$ 4,019	$ 671	$ 782,232

	Capital Projects Funds								
	Storm Drains Capital Reserve	Bridges Capital Reserve	Buildings Capital Reserve	Medians & Parkways Capital Reserve	Traffic Signals Capital Reserve	Technology Capital Reserve	City Vehicles Capital Reserve	Disaster Recovery Reserve	Total Nonmajor Governmental Funds
Revenues									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 434,153
Intergovernmental	-	-	-	-	-	-	-	-	833,189
Investment income (loss)	58,956	119,046	130,309	98,547	52,204	48,840	25,001	33,501	1,059,470
Fines and forfeitures	-	-	-	-	-	-	-	-	36,231
Rental income	-	-	-	-	-	-	-	-	2,797,576
Assessments	-	-	-	-	-	-	-	-	4,779,661
Developer fees	-	-	-	-	-	-	-	-	165,401
Other income	-	-	-	-	-	-	-	-	55,321
Total revenues	58,956	119,046	130,309	98,547	52,204	48,840	25,001	33,501	10,161,002
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	130,975
Public safety	-	-	-	-	-	-	-	-	1,777,947
Community development	-	-	-	-	-	-	-	-	3,175,797
Public works	-	-	-	-	-	-	-	-	4,098,626
Capital outlay	-	-	-	-	-	-	-	-	405,252
Debt service									
Principal retirement	-	-	-	-	-	-	-	-	495,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	471,550
Total expenditures	-	-	-	-	-	-	-	-	10,555,147
Excess (Deficiency) of Revenues over (under) Expenditures	58,956	119,046	130,309	98,547	52,204	48,840	25,001	33,501	(394,145)
Other Financing Sources (Uses)									
Transfers in	162,500	162,500	162,500	162,500	162,500	162,500	162,500	150,000	4,371,639
Transfers out	-	-	-	-	-	-	-	-	(5,651,974)
Total other financing sources (uses)	162,500	162,500	162,500	162,500	162,500	162,500	162,500	150,000	(1,280,335)
Net Change in Fund Balances	221,456	281,546	292,809	261,047	214,704	211,340	187,501	183,501	(1,674,480)
Fund Balances, Beginning of Year	919,393	2,034,730	2,243,776	1,654,237	784,658	731,697	298,693	460,453	19,850,960
Fund Balances, End of Year	$ 1,140,849	$ 2,316,276	$ 2,536,585	$ 1,915,284	$ 999,362	$ 943,037	$ 486,194	$ 643,954	$ 18,176,480

City of Indian Wells, California
Budgetary Comparison Schedule - IWFA Debt Service Fund
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income	$ 25,000	$ 250,674	$ 225,674
Total revenues	25,000	250,674	225,674
Expenditures			
Debt service			
Principal retirement	-	495,000	(495,000)
Interest and fiscal charges	477,050	471,550	5,500
Total expenditures	477,050	966,550	(489,500)
Other financing sources (uses)			
Transfers in	966,550	966,551	1
Transfers out	-	(4,195,346)	(4,195,346)
Total other financing sources (uses)	966,550	(3,228,795)	(4,195,345)
Net change in fund balance	514,500	(3,944,671)	(4,459,171)
Fund balance, beginning	6,275,929	6,275,929	-
Fund balance, ending	$ 6,790,429	$ 2,331,258	$ (4,459,171)

City of Indian Wells, California
Budgetary Comparison Schedule - Traffic Safety
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 10	$ 219	$ 209
Fines and forfeitures	18,000	36,231	18,231
Total revenues	18,010	36,450	18,440
Expenditures			
Current			
Public works	18,000	45,019	(27,019)
Total expenditures	18,000	45,019	(27,019)
Net change in fund balance	10	(8,569)	(8,579)
Fund balance, beginning	14,978	14,978	-
Fund balance, ending	$ 14,988	$ 6,409	$ (8,579)

City of Indian Wells, California
Budgetary Comparison Schedule - Public Safety 1/2% Tax
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 36,500	$ 36,858	$ 358
Investment income (loss)	500	118	(382)
Total revenues	37,000	36,976	(24)
Expenditures			
Current			
Public safety	37,500	43,999	(6,499)
Total expenditures	37,500	43,999	(6,499)
Net change in fund balance	(500)	(7,023)	(6,523)
Fund balance, beginning	9,864	9,864	-
Fund balance, ending	$ 9,364	$ 2,841	$ (6,523)

City of Indian Wells, California
Budgetary Comparison Schedule - Measure "A" Transportation
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 300,000	$ 325,086	$ 25,086
Investment income	560	75	(485)
Total revenues	300,560	325,161	24,601
Expenditures			
Current			
Public works	305,000	327,378	(22,378)
Total expenditures	305,000	327,378	(22,378)
Net change in fund balance	(4,440)	(2,217)	2,223
Fund balance, beginning	58,900	58,900	-
Fund balance, ending	$ 54,460	$ 56,683	$ 2,223

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Taxes	$ 345,500	$ 434,153	$ 88,653
Licenses and permits	1,110	-	(1,110)
Intergovernmental	1,880	1,460	(420)
Investment income (loss)	49,200	44,330	(4,870)
Assessments	1,195,000	1,195,107	107
Other income	3,540	54,264	50,724
Total revenues	1,596,230	1,729,314	133,084
Expenditures			
Current			
Public safety	1,744,816	1,538,817	205,999
Capital outlay	406,770	405,252	1,518
Total expenditures	2,151,586	1,944,069	207,517
Net change in fund balance	(555,356)	(214,755)	340,601
Fund balance, beginning	1,125,398	1,125,398	-
Fund balance, ending	$ 570,042	$ 910,643	$ 340,601

City of Indian Wells, California
Budgetary Comparison Schedule - South Coast AQMD Vehicle Registration
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 6,970	$ 4,724	$ (2,246)
Investment income (loss)	170	1,039	869
Total revenues	7,140	5,763	(1,377)
Expenditures			
Current			
Public works	7,500	5,999	1,501
Total expenditures	7,500	5,999	1,501
Net change in fund balance	(360)	(236)	124
Fund balance, beginning	18,320	18,320	-
Fund balance, ending	$ 17,960	$ 18,084	$ 124

City of Indian Wells, California

Budgetary Comparison Schedule - Citizens Option for Public Safety Program

Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 184,500	$ 194,663	$ 10,163
Investment income (loss)	2,050	468	(1,582)
Total revenues	186,550	195,131	8,581
Expenditures			
Current			
Public safety	186,550	195,131	(8,581)
Total expenditures	186,550	195,131	(8,581)
Net change in fund balance	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	$ -	$ -	$ -

City of Indian Wells, California
Budgetary Comparison Schedule - Gas Tax
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 261,180	$ 270,398	$ 9,218
Investment income	1,725	193	(1,532)
Total revenues	262,905	270,591	7,686
Expenditures			
Current			
General government	116,400	130,975	(14,575)
Public works	146,710	139,891	6,819
Total expenditures	263,110	270,866	(7,756)
Net change in fund balance	(205)	(275)	(70)
Fund balance, beginning	23,132	23,132	-
Fund balance, ending	$ 22,927	$ 22,857	$ (70)

City of Indian Wells, California
Budgetary Comparison Schedule - AB 939 Recycling
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Assessments	$ 125,000	$ 153,628	$ 28,628
Total revenues	125,000	153,628	28,628
Expenditures			
Current			
Public works	251,772	169,224	82,548
Total expenditures	251,772	169,224	82,548
Net change in fund balance	(126,772)	(15,596)	111,176
Fund balance, beginning	256,384	256,384	-
Fund balance, ending	$ 129,612	$ 240,788	$ 111,176

City of Indian Wells, California
Budgetary Comparison Schedule - Solid Waste
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 20,000	$ 20,417	$ 417
Assessments	1,205,000	1,784,931	579,931
Other income	2,500	1,057	(1,443)
Total revenues	1,227,500	1,806,405	578,905
Expenditures			
Current			
Public works	1,269,969	1,873,434	(603,465)
Total expenditures	1,269,969	1,873,434	(603,465)
Net change in fund balance	(42,469)	(67,029)	(24,560)
Fund balance, beginning	93,246	93,246	-
Fund balance, ending	$ 50,777	$ 26,217	$ (24,560)

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 31,195	$ 116,863	$ 85,668
Assessments	1,586,800	1,643,770	56,970
Total revenues	1,617,995	1,760,633	142,638
Expenditures			
Current			
Public works	1,908,661	1,537,489	371,172
Total expenditures	1,908,661	1,537,489	371,172
Other financing sources (uses)			
Transfers in	113,883	113,883	-
Total other financing sources (uses)	113,883	113,883	-
Net change in fund balance	(176,783)	337,027	513,810
Fund balance, beginning	1,971,316	1,971,316	-
Fund balance, ending	$ 1,794,533	$ 2,308,343	$ 513,810

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 350	$ 1,123	$ 773
Assessments	1,370	2,225	855
Total revenues	1,720	3,348	1,628
Expenditures			
Current			
Public works	1,480	192	1,288
Total expenditures	1,480	192	1,288
Net change in fund balance	240	3,156	2,916
Fund balance, beginning	19,609	19,609	-
Fund balance, ending	$ 19,849	$ 22,765	$ 2,916

City of Indian Wells, California
Budgetary Comparison Schedule - Affordable Housing Operations
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 130,000	$ 18,677	$ (111,323)
Rental income	2,636,400	2,797,576	161,176
Total revenues	2,766,400	2,816,253	49,853
Expenditures			
Current			
Community development	2,770,000	3,175,797	(405,797)
Total expenditures	2,770,000	3,175,797	(405,797)
Other financing sources (uses):			
Transfers in	-	422,868	422,868
Transfers out	-	(550,000)	(550,000)
Total other financing sources (uses)	-	(127,132)	(127,132)
Net change in fund balance	(3,600)	(486,676)	(483,076)
Fund balance, beginning	945,799	945,799	-
Fund balance, ending	$ 942,199	$ 459,123	$ (483,076)

City of Indian Wells, California
Budgetary Comparison Schedule - Capital Improvements
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ 500,000	$ 3,048,943	$ 2,548,943
Investment income (loss)	195,000	827,071	632,071
Rental income	-	-	-
Other income	1,000	13,867	12,867
Total revenues	696,000	3,889,881	3,193,881
Expenditures			
Current			
General government	350,683	332,740	17,943
Capital outlay	24,976,258	10,936,146	14,040,112
Total expenditures	25,326,941	11,268,886	14,058,055
Other financing sources (uses)			
Transfers in	3,500,000	14,945,346	11,445,346
Total other financing sources (uses)	3,500,000	14,945,346	11,445,346
Net change in fund balance	(21,130,941)	7,566,341	28,697,282
Fund balance, beginning	11,923,603	11,923,603	-
Fund balance, ending	$ (9,207,338)	$ 19,489,944	$ 28,697,282

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 579,130	$ 982,602	$ 403,472
Total revenues	579,130	982,602	403,472
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	741,630	1,145,102	403,472
Fund balance, beginning	18,062,840	18,062,840	-
Fund balance, ending	$ 18,804,470	$ 19,207,942	$ 403,472

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 2,000	$ 18	$ (1,982)
Developer fees	50,000	-	(50,000)
Total revenues	52,000	18	(51,982)
Other financing sources (uses):			
Transfers out	-	(38,735)	(38,735)
Total other financing sources (uses)	-	(38,735)	(38,735)
Net change in fund balance	52,000	(38,717)	(90,717)
Fund balance, beginning	38,717	38,717	-
Fund balance, ending	$ 90,717	$ -	$ (90,717)

City of Indian Wells, California
Budgetary Comparison Schedule - Park Facilities Fees
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Developer fees	$ -	$ 1,434	$ 1,434
Total revenues	-	1,434	1,434
Other financing sources (uses):			
Transfers out	-	(1,434)	(1,434)
Total other financing sources (uses)	-	(1,434)	(1,434)
Net change in fund balance	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	$ -	$ -	$ -

City of Indian Wells, California
Budgetary Comparison Schedule - Park Facilities in Lieu Capital Projects Fund
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Intergovernmental	$ -	$ 177,952	$ 177,952
Developer fees	174,250	6,334	(167,916)
Total revenues	174,250	184,286	10,036
Expenditures			
Current			
General government	-	1,878	(1,878)
Capital outlay	383,155	-	383,155
Total expenditures	383,155	1,878	381,277
Other financing sources (uses):			
Transfers in	-	1,434	1,434
Total other financing sources (uses)	-	1,434	1,434
Net change in fund balance	(208,905)	183,842	392,747
Fund balance, beginning, as previously reported	(1,386,737)	(1,386,737)	-
Correction of error	(418,206)	(418,206)	-
Fund balance, beginning, as restated	(1,804,943)	(1,804,943)	-
Fund balance, ending	$ (2,013,848)	$ (1,621,101)	$ 392,747

City of Indian Wells, California
Budgetary Comparison Schedule - Transportation Facilities Fees
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 1,610	$ 48	$ (1,562)
Developer fees	150,000	41,783	(108,217)
Total revenues	151,610	41,831	(109,779)
Other financing sources (uses)			
Transfers in	-	261,867	261,867
Transfers out	-	(150,000)	(150,000)
Total other financing sources (uses)	-	111,867	111,867
Net change in fund balance	151,610	153,698	2,088
Fund balance, beginning	(151,692)	(151,692)	-
Fund balance, ending	$ (82)	$ 2,006	$ 2,088

City of Indian Wells, California
Budgetary Comparison Schedule - Recreation Facilities Fees
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 3,080	$ 96	$ (2,984)
Developer fees	445,880	31,861	(414,019)
Total revenues	448,960	31,957	(417,003)
Other financing sources (uses)			
Transfers in	-	999,492	(999,492)
Transfers out	-	(434,578)	434,578
Total other financing sources (uses)	-	564,914	(564,914)
Net change in fund balance	448,960	596,871	(981,917)
Fund balance, beginning	(592,852)	(592,852)	-
Fund balance, ending	$ (143,892)	$ 4,019	$ (981,917)

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 100	$ 15	$ (85)
Developer fees	153,750	16,505	(137,245)
Total revenues	153,850	16,520	(137,330)
Other financing sources (uses)			
Transfers in	-	319,478	319,478
Transfers out	-	(150,000)	(150,000)
Total other financing sources (uses)	-	169,478	169,478
Net change in fund balance	153,850	185,998	32,148
Fund balance, beginning	(185,327)	(185,327)	-
Fund balance, ending	$ (31,477)	$ 671	$ 32,148

City of Indian Wells, California
Budgetary Comparison Schedule - Art in Public Places
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 10,000	$ 38,693	$ 28,693
Developer fees	15,380	73,818	58,438
Total revenues	25,380	112,511	87,131
Other financing sources (uses):			
Transfers out	-	(131,881)	(131,881)
Total other financing sources (uses)	-	(131,881)	(131,881)
Net change in fund balance	25,380	(19,370)	(44,750)
Fund balance, beginning	801,602	801,602	-
Fund balance, ending	$ 826,982	$ 782,232	$ (44,750)

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 25,370	$ 58,956	$ 33,586
Total revenues	25,370	58,956	33,586
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	187,870	221,456	33,586
Fund balance, beginning	919,393	919,393	-
Fund balance, ending	$ 1,107,263	$ 1,140,849	$ 33,586

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 36,900	$ 119,046	$ 82,146
Total revenues	36,900	119,046	82,146
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	199,400	281,546	82,146
Fund balance, beginning	2,034,730	2,034,730	-
Fund balance, ending	$ 2,234,130	$ 2,316,276	$ 82,146

City of Indian Wells, California
Budgetary Comparison Schedule - Buildings Capital Reserve
Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 47,150	$ 130,309	$ 83,159
Total revenues	47,150	130,309	83,159
Other financing sources (uses)			
Transfers in	412,500	162,500	(250,000)
Total other financing sources (uses)	412,500	162,500	(250,000)
Net change in fund balance	459,650	292,809	(166,841)
Fund balance, beginning	2,243,776	2,243,776	-
Fund balance, ending	$ 2,703,426	$ 2,536,585	$ (166,841)

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 36,900	$ 98,547	$ 61,647
Total revenues	36,900	98,547	61,647
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	199,400	261,047	61,647
Fund balance, beginning	1,654,237	1,654,237	-
Fund balance, ending	$ 1,853,637	$ 1,915,284	$ 61,647

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 21,010	$ 52,204	$ 31,194
Total revenues	21,010	52,204	31,194
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	183,510	214,704	31,194
Fund balance, beginning	784,658	784,658	-
Fund balance, ending	$ 968,168	$ 999,362	$ 31,194

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 15,840	$ 48,840	$ 33,000
Total revenues	15,840	48,840	33,000
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	178,340	211,340	33,000
Fund balance, beginning	731,697	731,697	-
Fund balance, ending	$ 910,037	$ 943,037	$ 33,000

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 3,690	$ 25,001	$ 21,311
Total revenues	3,690	25,001	21,311
Other financing sources (uses)			
Transfers in	162,500	162,500	-
Total other financing sources (uses)	162,500	162,500	-
Net change in fund balance	166,190	187,501	21,311
Fund balance, beginning	298,693	298,693	-
Fund balance, ending	$ 464,883	$ 486,194	$ 21,311

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Revenues			
Investment income (loss)	$ 3,000	$ 33,501	$ 30,501
Total revenues	3,000	33,501	30,501
Other financing sources (uses)			
Transfers in	150,000	150,000	-
Total other financing sources (uses)	150,000	150,000	-
Net change in fund balance	153,000	183,501	30,501
Fund balance, beginning	460,453	460,453	-
Fund balance, ending	$ 613,453	$ 643,954	$ 30,501

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Compensated Absences	Totals
Assets			
Current Assets			
Cash and investments	$ 2,164,159	$ -	$ 2,164,159
Restricted Section 115 Trust cash and investments	5,818,393	-	5,818,393
Receivables			
Accrued interest	7,740	-	7,740
Total current assets	7,990,292	-	7,990,292
Total assets	7,990,292	-	7,990,292
Deferred Outflows of Resources			
Deferred amounts related to OPEB	4,249,743	-	4,249,743
Liabilities			
Current Liabilities			
Accounts payable	1,470	-	1,470
Net OPEB liability	4,602,246	-	4,602,246
Total liabilities	4,603,716	-	4,603,716
Deferred Inflows of Resources			
Deferred amounts related to OPEB	390,394	-	390,394
Net Position			
Restricted for OPEB	231,795	-	231,795
Restricted for Pension	984,352	-	984,352
Unrestricted	6,029,778	-	6,029,778
Total net position	$ 7,245,925	$ -	$ 7,245,925

City of Indian Wells, California

Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds

Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Compensated Absences	Totals
Operating Revenues			
Interdepartmental charges	$ 1,261,146	$ -	$ 1,261,146
Total operating revenues	1,261,146	-	1,261,146
Operating Expenses			
Administration and general	1,668,876	-	1,668,876
Total operating expenses	1,668,876	-	1,668,876
Operating Income (Loss)	(407,730)	-	(407,730)
Nonoperating Revenue (Expenses)			
Investment income (loss)	810,343	(1,374)	808,969
Total nonoperating revenues (expenses)	810,343	(1,374)	808,969
Transfers Out	-	(757,524)	(757,524)
Changes in Net Position	402,613	(758,898)	(356,285)
Net Position, Beginning of Year	6,843,312	758,898	7,602,210
Net Position, End of Year	$ 7,245,925	$ -	$ 7,245,925

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Compensated Absences	Totals
Operating Activities			
Cash received from interfund services provided	$ 1,261,146	$ -	$ 1,261,146
Cash paid to suppliers for goods and services	(6,513,085)	-	(6,513,085)
Net Cash from (used for) Operating Activities	(5,251,939)	-	(5,251,939)
Non-Capital Financing Activities			
Cash received from other funds	-	(757,524)	(757,524)
Net Cash from (used for) Non-Capital Financing Activities	-	(757,524)	(757,524)
Investing Activities			
Investment income	807,924	1,555	809,479
Net Cash from (used for) Investing Activities	807,924	1,555	809,479
Net Change in Cash and Cash Equivalents	(4,444,015)	(755,969)	(5,199,984)
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	12,426,567	755,969	13,182,536
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 7,982,552	$ -	$ 7,982,552
Reconciliation of Operating Income to Net Cash from (used for) Operating Activities			
Operating income (loss)	$ (407,730)	$ -	$ (407,730)
Changes in:			
Accounts receivable	-	-	-
Net OPEB asset/liability	(2,633,147)	-	(2,633,147)
Deferred outflows related to OPEB	(1,917,614)	-	(1,917,614)
Deferred inflows related to OPEB	(294,918)	-	(294,918)
Accounts payable	1,470	-	1,470
Net Cash from (used for) Operating Activities	$ (5,251,939)	$ -	$ (5,251,939)

This part of the City of Indian Wells' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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2. Operating Indicators by Function 164
3. Capital Assets Statistics by Function 165

Sources: Unless otherwise noted, the information in these schedules was derived from the City's annual comprehensive financial reports for the relevant year.

City of Indian Wells

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021****	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities:										
Net investment in capital assets	$ 145,413,139	$ 142,190,278	$ 147,924,061	$ 145,969,138	$ 148,375,228	$ 163,856,985	$ 167,002,186	$ 172,007,625	$ 172,494,796	$ 175,639,386
Restricted for:										
Community development	459,123	945,799	725,787	4,718,908	4,439,261	3,801,007	3,108,085	2,661,415	2,401,909	2,294,829
Housing	12,646,741	12,034,055	15,429,469	13,016,874	15,486,485	12,961,532	13,870,180	14,632,707	12,842,189	13,352,710
Public safety	7,652,573	5,863,937	6,183,630	7,054,610	6,548,304	6,728,419	5,737,133	5,308,643	6,034,523	9,535,112
Public works	3,952,146	2,494,602	2,345,243	2,317,493	2,793,046	2,657,863	2,412,413	2,223,810	2,135,793	2,201,769
Debt service	-	-	-	-	-	-	-	-	-	-
Section 115 Trust	-	-	-	-	937,402	-	-	-	-	-
Pension obligations	1,974,514	2,041,991	5,567,799	11,369,223	-	-	-	-	-	-
OPEB obligations	112,070	2,833,540	1,798,141	2,301,464	-	-	-	-	-	-
Unrestricted	85,577,754	86,935,013	70,023,935	69,606,313	65,899,752	69,738,721	71,786,558	61,884,894	65,150,651	50,054,925
Total governmental activities net position	257,788,060	255,339,215	249,998,065	256,354,023	244,479,478	259,744,527	263,916,555	258,719,094	261,059,861	253,078,731
Business-type activites:										
Net investment in capital assets**	50,104,159	42,518,369	44,597,589	46,751,387	47,197,377	49,122,479	49,821,298	51,198,409	52,758,255	57,498,601
Restricted for:										
Pension Obligations	58,762	31,475	139,371	338,347	-	-	-	-	-	-
Unrestricted	2,005,741	(490,067)	(2,915,969)	(4,547,545)	(5,609,097)	(5,258,314)	(1,809,374)	1,024,501	1,657,668	1,798,085
Total business-type activities net position	52,168,662	42,059,777	41,820,991	42,542,189	41,588,280	43,864,165	48,011,924	52,222,910	54,415,923	59,296,686
Primary government:										
Net investment in capital assets	195,517,298	184,708,647	192,521,650	192,720,525	195,572,605	212,979,464	216,823,484	223,206,034	225,253,051	233,137,987
Restricted	24,769,345	21,369,868	24,823,500	27,446,232	29,267,096	26,148,821	25,127,811	24,826,575	23,414,414	27,384,420
Unrestricted	87,583,495	86,444,946	67,107,966	65,058,768	60,290,655	64,480,407	69,977,184	62,909,395	66,808,319	51,853,010
Total primary government net position	$ 309,956,722	$ 297,398,992	$ 291,819,056	$ 298,896,212	$ 286,067,758	$ 303,608,692	$ 311,928,479	$ 310,942,004	$ 315,475,784	$ 312,375,417

*As of 7/1/15, two business-type activities were created, Indian Wells Golf Resort and Club Drive Property
**As of 7/1/21, GASB 87 was implemented

City of Indian Wells

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Expenses:										
Governmental activities:										
General government	$ 11,604,322	$ 14,392,102	$ 15,297,837	$ 2,804,408	$ 16,765,605	$ 8,368,804	$ 5,701,156	$ 8,102,188	$ 7,501,991	$ 7,151,865
Public safety	13,355,081	13,334,797	13,309,494	9,003,835	9,448,083	9,192,146	9,115,680	9,918,617	7,830,608	7,853,892
Community development	5,923,067	5,638,377	6,782,254	5,479,125	4,918,929	4,586,068	6,117,322	2,867,417	4,331,134	4,502,450
Public works	12,136,865	12,071,338	11,245,752	4,719,058	7,956,690	7,786,633	9,598,922	6,685,611	6,624,416	6,521,569
Golf resort	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	399,006	329,643	457,880	463,970	-	-	-	-	-	-
Total governmental activities expenses	43,418,341	45,766,257	47,093,217	22,470,396	39,089,307	29,933,651	30,533,080	27,573,833	26,288,149	26,029,776
Business-type activities:										
Golf resort	17,508,594	22,307,753	21,970,857	18,815,101	13,451,868	15,504,561	17,315,778	16,386,499	20,011,357	21,006,393
Club drive	-	-	-	-	-	-	7,000	31,781	60,715	65,142
Total business-type expenses	17,508,594	22,307,753	21,970,857	18,815,101	13,451,868	15,504,561	17,322,778	16,418,280	20,072,072	21,071,535
Total primary government expenses	60,926,935	68,074,010	69,064,074	41,285,497	52,541,175	45,438,212	47,855,858	43,992,113	46,360,221	47,101,311
Program revenues:										
Governmental activities:										
Charges for services:										
General government	73,534	64,546	107,012	47,687	41,412	58,587	43,100	39,584	35,873	48,263
Public safety	745,461	737,398	604,356	603,773	485,403	525,383	600,091	199,095	134	4,522
Community development	3,815,061	3,958,920	1,483,981	1,568,875	817,102	969,257	990,040	1,038,569	1,121,873	968,377
Public works	36,231	21,809	23,469	17,203	14,463	9,288	12,124	21,064	22,884	27,412
Golf resort	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	3,691,021	4,512,952	745,918	759,541	523,214	485,587	478,269	444,372	430,718	456,491
Public safety	8,765,453	7,345,702	6,770,475	7,516,568	5,642,553	5,308,307	5,143,462	4,864,606	4,768,453	4,637,918
Community development	137,246	123,436	21,032	-	-	-	-	-	52,738	-
Public works	4,357,826	4,243,176	3,719,376	3,158,915	2,890,710	2,760,299	2,705,844	2,505,914	2,643,506	2,364,247
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Public works	200,791	68,032	202,766	954,966	119,842	487,500	236,175	215,870	143,993	104,869
Total governmental activities program revenue	21,822,624	21,075,971	13,678,385	14,627,528	10,534,699	10,604,208	10,209,105	9,329,074	9,220,172	8,612,099
Business-type activities:										
Charges for services:										
Golf resort	16,976,221	22,331,661	21,188,761	16,202,430	11,178,205	11,340,304	15,108,397	13,738,178	12,838,393	12,918,130
Club drive	-	-						82,142.00	111,241.00	108,476.00
Capital grants and contributions:	1,250,000	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	18,226,221	22,331,661	21,188,761	16,202,430	11,178,205	11,340,304	15,108,397	13,820,320	12,949,634	13,026,606
Total primary government program revenue	40,048,845	43,407,632	34,867,146	30,829,958	21,712,904	21,944,512	25,317,502	23,149,394	22,169,806	21,638,705
Net revenues (expenses):										
Governmental activities	(21,595,717)	(24,690,286)	(33,414,832)	(7,842,868)	(28,554,608)	(19,329,443)	(20,323,975)	(18,244,759)	(17,067,977)	(17,417,677)
Business-type activities	717,627	23,908	(782,096)	(2,612,671)	(2,273,663)	(4,164,257)	(2,214,381)	(2,597,960)	(7,122,438)	(8,044,929)
Total net revenues (expenses)	(20,878,090)	(24,666,378)	(34,196,928)	(10,455,539)	(30,828,271)	(23,493,700)	(22,538,356)	(20,842,719)	(24,190,415)	(25,462,606)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	4,406,703	4,362,305	3,945,967	3,721,408	3,554,123	3,303,647	3,398,657	3,255,668	3,115,910	3,039,371
Transient occupancy taxes	13,523,137	12,159,497	12,450,662	10,987,345	4,622,778	4,944,773	8,835,433	7,943,017	7,826,154	7,000,096
Sales taxes	2,148,619	1,824,421	1,766,438	1,539,776	656,060	821,533	1,493,254	1,111,159	1,347,804	1,217,570
Franchise taxes	1,388,780	1,398,516	1,231,605	1,108,065	993,257	995,921	992,865	929,551	941,938	922,074
Other taxes	5,484,031	5,293,399	4,090,392	4,988,299	122,955	131,115	3,674,785	3,474,244	3,227,361	2,968,981
Investment income	5,721,683	4,965,343	3,137,278	(1,192,487)	2,479,381	4,275,362	4,336,032	1,861,285	1,791,037	2,392,300
Gain on sale of asset	-	-	-	404,376.00	-	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-	-	-	-	-	-
Other	366,556	296,204	481,138	550,703	861,005	685,064	785,799	909,895	659,280	908,638
Transfers	-	-	-	-	-	-	-	-	6,139,623	(831,713)
Total governmental activities	33,039,509	30,299,685	27,103,480	22,107,485	13,289,559	15,157,415	23,516,825	19,484,819	25,049,107	17,617,317
Business-type activities:										
Investment income	186,311	(9,374)	(9,708)	(70,543)	(2,222)	16,498	8,006	-	1,809	3,095
Other	210000		26,000	1,247,051	-	-	-	404,947	8,379,489	1,850,156
Transfers	-	-	-	-	-	-	-	-	(6,139,623)	831,713
Total business-type activities	396,311	(9,374)	16,292	1,176,508	(2,222)	16,498	8,006	404,947	2,241,675	2,684,964
Total primary government	33,435,820	30,290,311	27,119,772	23,283,993	13,287,337	15,173,913	23,524,831	19,889,766	27,290,782	20,302,281
Changes in net position:										
Governmental activities	11,443,792	5,609,399	(6,311,352)	14,264,617	(15,265,049)	(4,172,028)	3,192,850	1,240,060	7,981,130	199,640
Business-type activities	1,113,938	14,534	(765,804)	(1,436,163)	(2,275,885)	(4,147,759)	(2,206,375)	(2,193,013)	(4,880,763)	(5,359,965)
Total primary government	$ 12,557,730	$ 5,623,933	$ (7,077,156)	$ 12,828,454	$ (17,540,934)	$ (8,319,787)	$ 986,475	$ (952,953)	$ 3,100,367	$ (5,160,325)

*As of 7/1/15, two business-type activities were created, Indian Wells Golf Resort and Club Drive Property

City of Indian Wells
Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General fund:										
Nonspendable:										
Prepaid items	$ 102,331	$ 63,162	$ 111,390	$ 41,691	$ 15,086	$ 2,865	$ 7,738	$ 1,911	$ 24,666	$ 5,740
Notes and loans	9,472,617	12,622,068	15,256,105	17,497,027	29,336,845	18,917,870	18,945,867	17,739,192	17,739,192	17,889,192
Committed to:										
Emergency reserve		-	-	-	-	-	-	-	-	-
Unassigned	20,744,269	28,602,823	21,280,563	17,725,585	3,324,042	10,443,842	16,039,794	19,397,674	18,859,826	10,727,499
Total general fund	$ 30,319,217	$ 41,288,053	$ 36,648,058	$ 35,264,303	$ 32,675,973	$ 29,364,577	$ 34,993,399	$ 37,138,777	$ 36,623,684	$ 28,622,431
All other governmental funds										
Nonspendable										
Inventory		-	-	-	-	-	-	-	-	-
Prepaid items	19,802	537	663	-	-	48,795		-	-	-
Notes				650,462	-	-	-	-	-	-
Advances to other funds		-	-	-	-	-	-	-	-	-
Restricted for:										
Community development	13,105,864	12,979,854	16,155,256	17,735,782	19,925,746	16,762,539	16,978,265	17,294,122	15,244,098	15,647,539
Public safety	7,652,573	5,863,937	6,183,630	7,054,610	6,548,304	6,728,419	5,737,133	5,308,643	6,034,523	6,065,849
Parks and recreation		-	-	-	-	-	-	-	-	-
Public works	3,952,146	2,494,602	2,345,243	2,317,493	2,793,046	2,732,362	2,412,413	2,223,810	2,135,793	2,201,769
Debt service	2,331,258	6,275,929	10,721,626	12,094,086	-	-	-	-	-	-
Committed to:										
Emergency Reserve	-	-	-	-	-	-	-	-	-	-
Capital projects	782,232	801,602	494,155	311,735	5,664,949	5,648,955	5,659,190	144,213	676,363	354,335
Golf Resort	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Capital projects	47,926,044	39,114,080	32,593,336	34,196,650	28,414,872	34,045,927	30,525,572	23,325,122	23,643,770	23,199,044
Unassigned	(1,621,201)	(2,316,608)	(1,758,522)	(1,483,512)	(1,131,775)	(1,171,973)	(1,254,477)	(1,306,134)	(1,345,970)	(1,387,826)
Total all other governmental funds	$ 74,148,718	$ 65,213,933	$ 66,735,387	$ 72,877,306	$ 62,215,142	$ 64,795,024	$ 60,058,096	$ 46,989,776	$ 46,388,577	$ 74,703,141

1) The City Council implemented the Governmental Accounting Standards Board (GASB) statement no. 54 during fiscal year 2010/11 recognizing new fund balance requirements

City of Indian Wells

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

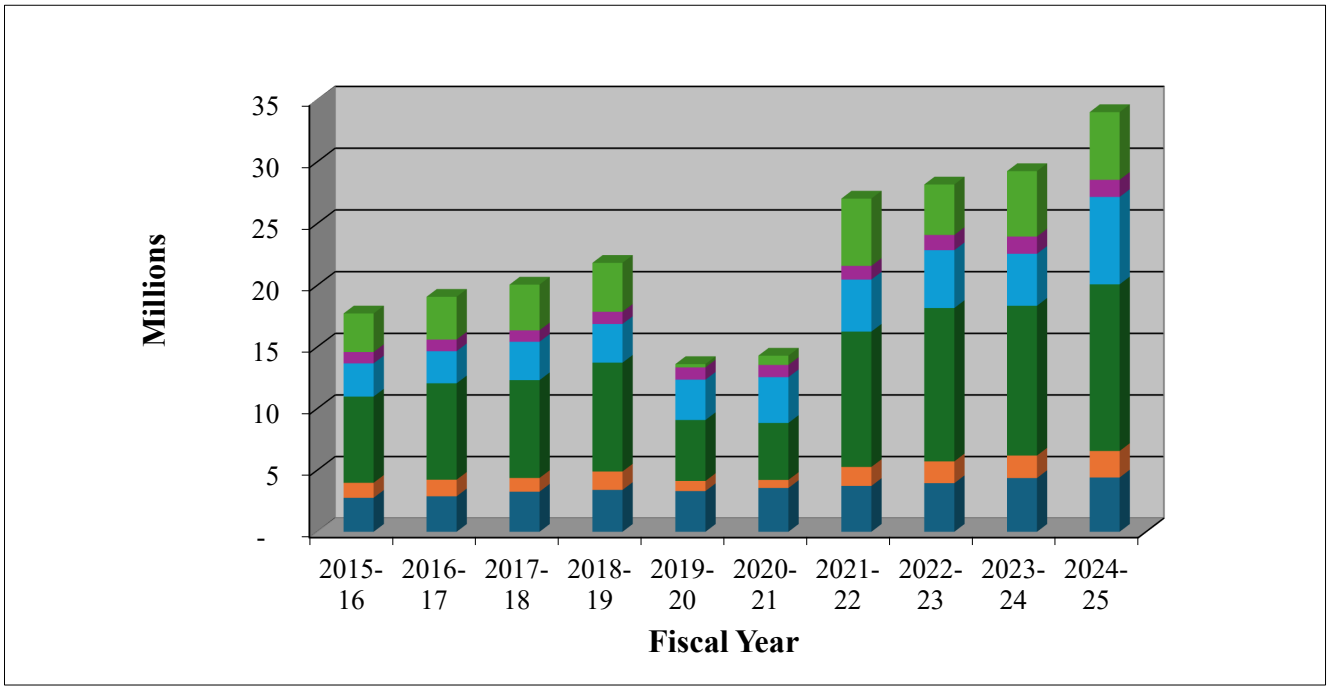
	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Revenues:										
Taxes	$ 34,031,692	$ 29,160,225	$ 28,165,831	$ 26,562,600	$ 13,780,199	$ 13,474,030	$ 21,534,317	$ 19,825,390	$ 19,067,088	$ 17,840,371
Licenses and permits	514,897	683,169	925,135	918,431	499,929	542,715	504,876	465,327	642,162	466,550
Intergovernmental	5,077,974	5,801,790	1,864,339	3,673,650	1,224,015	1,467,346	1,246,106	1,098,333	1,024,757	959,741
Contribution from property owners	-	-	-	-	-	-	-	-	-	-
Charges for services	1,248,049	1,403,770	1,163,202	1,254,217	802,576	951,925	1,085,255	772,337	480,245	503,429
Investment income	4,912,714	4,242,062	748,799	(3,200,198)	314,893	2,316,373	2,492,431	212,021	225,978	727,908
Fines and forfeitures	109,765	86,355	130,481	64,890	55,875	67,875	55,224	60,648	58,359	78,595
Rental income	2,797,576	2,609,379	2,310,605	2,137,105	1,978,311	1,892,369	1,766,444	1,639,641	1,561,169	1,629,432
Assessments	5,409,405	5,002,743	4,531,983	4,228,752	4,102,421	4,036,690	4,009,522	3,866,031	3,763,303	3,782,451
Development fees	171,735	523,949	682,477	608,782	135,471	260,616	168,798	149,631	448,419	129,054
Other	126,556	56,204	181,139	211,802	744,391	685,064	785,799	909,895	659,280	908,638
Total revenues	54,400,363	49,569,646	40,703,991	36,460,031	23,638,081	25,695,003	33,648,772	28,999,254	27,930,760	27,026,169
Expenditures										
Current:										
General government	10,517,739	14,132,050	12,241,965	12,024,340	7,783,032	7,884,804	8,993,847	8,136,619	7,836,296	8,008,297
Public safety	11,943,103	11,961,009	12,793,673	9,822,666	9,256,346	9,108,526	8,780,570	8,488,123	8,047,904	8,151,039
Community development	5,518,552	5,473,234	4,669,205	6,082,975	3,068,540	2,916,391	3,010,110	2,890,706	2,861,354	3,084,249
Parks and recreation	-	-	-	-	-	-	-	-	-	-
Public works	7,307,572	6,556,224	6,369,744	6,052,130	5,169,930	5,326,339	4,811,267	4,456,328	4,546,968	4,423,715
Golf resort		-	-	-	-	-	-	-	-	-
Pass-through	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	235,117	-	-	-	-	-	-
Capital outlay	11,525,169	7,289,559	8,376,088	4,785,480	1,270,541	1,350,837	3,484,885	3,911,186	1,305,125	559,912
Debt service:										
Principal retirement	495,000	470,000	380,000							-
Interest and fiscal charges	471,550	466,445	586,874							-
Total expenditures	47,778,685	46,348,521	45,417,549	39,002,708	26,548,389	26,586,897	29,080,679	27,882,962	24,597,647	24,227,212
Excess (deficiency) of revenues over (under) expenditures	6,621,678	3,221,125	(4,713,558)	(2,542,677)	(2,910,308)	(891,894)	4,568,093	1,116,292	3,333,113	2,798,957
Other financing sources (uses):										
Transfers in	21,940,919	9,892,327	10,802,457	8,909,273	154,080	15,530,608	25,325,206	4,206,586	7,932,137	1,429,989
Transfers out	(30,178,342)	(9,994,911)	(10,847,063)	(8,909,273)	(154,080)	(15,530,608)	(23,320,595)	(4,206,586)	(2,956,130)	(2,261,702)
Contributions to other governments	-	-	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	13,930,000	-	-	-	-	-	-
Premium (discount) on bonds	-		-	1,338,171	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-	-	-	-	-	-
Sale of property	-	-	-	525,000	3,641,822	-	4,351,849	-	-	-
Total other financing sources (uses)	(8,237,423)	(102,584)	(44,606)	15,793,171	3,641,822	-	6,356,460	-	4,976,007	(831,713)
Net change in fund balances	$ (1,615,745)	$ 3,118,541	$ (4,758,164)	$ 13,250,494	$ 731,514	$ (891,894)	$ 10,924,553	$ 1,116,292	$ 8,309,120	$ 1,967,244
Debt service as a percentage of noncapital expenditures	2.5%	2.1%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital outlay (Recon of Rev & Exp)	9,288,006	2,722,860	4,161,011	4,734,914	(11,576,784)	868,327	(1,681,711)	3,456,064	588,717	(102,981)
Total governmental expenditures	47,778,685	46,348,521	45,417,549	39,002,708	26,548,389	26,586,897	29,080,679	27,882,962	24,597,647	24,227,212
Less: Principal	(495,000)	(470,000)	(380,000)	-	-	-	-	-	-	-
Less: Interest	(471,550)	(466,445)	(586,874)	-	-	-	-	-	-	-
	46,812,135	45,412,076	44,450,675	39,002,708	26,548,389	26,586,897	29,080,679	27,882,962	24,597,647	24,227,212
Less: Capital Asset Additions	(9,288,006)	(2,722,860)	(4,161,011)	(4,734,914)	11,576,784	(868,327)	1,681,711	(3,456,064)	(588,717)	102,981
Non Capital Expenditures	37,524,129	42,689,216	40,289,664	34,267,794	38,125,173	25,718,570	30,762,390	24,426,898	24,008,930	24,330,193
Total Debt Service Payments	966,550	936,445	966,874	-	-	-	-	-	-	-
Debt Service as % of Non Capital Exp.	2.5%	2.1%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of Indian Wells

Tax Revenues by Source - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year End	Property Tax	Sales	Transient Occupancy	Emergency Services	Franchise	Other	Total
2015-16	2,757,592	1,217,570	7,000,096	2,692,279	922,074	3,131,820	17,721,430
2016-17	2,876,532	1,347,804	7,826,154	2,607,921	941,937	3,470,131	19,070,480
2017-18	3,255,668	1,111,159	7,942,995	3,111,773	929,551	3,704,319	20,055,464
2018-19	3,398,657	1,493,254	8,835,433	3,139,323	992,866	3,959,902	21,819,434
2019-20	3,303,647	821,533	4,944,773	3,277,041	995,921	268,326	13,611,241
2020-21	3,554,123	656,060	4,622,778	3,714,412	993,258	754,545	14,295,176
2021-22	3,721,408	1,539,776	10,987,345	4,217,707	1,108,065	5,448,912	27,023,212
2022-23	3,945,967	1,766,438	12,450,662	4,680,767	1,231,605	4,090,393	28,165,832
2023-24	4,362,305	1,824,421	12,159,497	4,206,481	1,398,516	5,293,399	29,244,619
2024-25	4,406,703	2,148,619	13,523,137	7,075,678	1,388,780	5,484,030	34,026,947
Percentage change:							
2016-2025	59.8%	76.5%	93.2%	162.8%	50.6%	75.1%	92.0%



City of Indian Wells

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City (Excl. RDA) Secured	City (Excl. RDA) Unsecured	City (Excl. RDA) Taxable Assessed Value	Redevelopment Agency Secured	Redevelopment Agency Unsecured	Redevelopment Agency Taxable Assessed Value	City's Direct Tax Rate
2015-16	1,067,731,252	7,803,011	1,075,534,263	4,142,943,142	21,086,098	4,164,029,240	1.23002
2016-17	1,078,783,335	8,645,905	1,087,429,240	4,244,054,809	21,150,335	4,265,205,144	1.20635
2017-18	1,216,459,774	7,719,195	1,224,178,969	4,356,466,470	17,947,116	4,374,413,586	1.21281
2018-19	1,323,102,487	10,855,110	1,333,957,597	4,606,551,347	20,122,839	4,626,674,186	1.21396
2019-20	1,424,021,370	9,989,753	1,434,011,123	4,729,044,820	31,487,665	4,760,532,485	1.21364
2020-21	1,505,059,403	13,164,761	1,518,224,164	4,868,974,853	21,852,265	4,890,827,118	1.21396
2021-22	1,597,949,272	13,725,307	1,611,674,579	5,017,783,630	17,954,729	5,035,738,359	1.22450
2022-23	1,735,214,095	13,447,558	1,748,661,653	5,390,822,776	16,237,638	5,407,060,414	1.22450
2023-24	1,838,789,619	13,174,858	1,851,964,477	5,697,960,224	18,611,514	5,716,571,738	1.22450
2024-25	2,065,358,785	13,796,898	2,079,155,683	5,954,081,509	16,765,376	5,970,846,885	1.22450

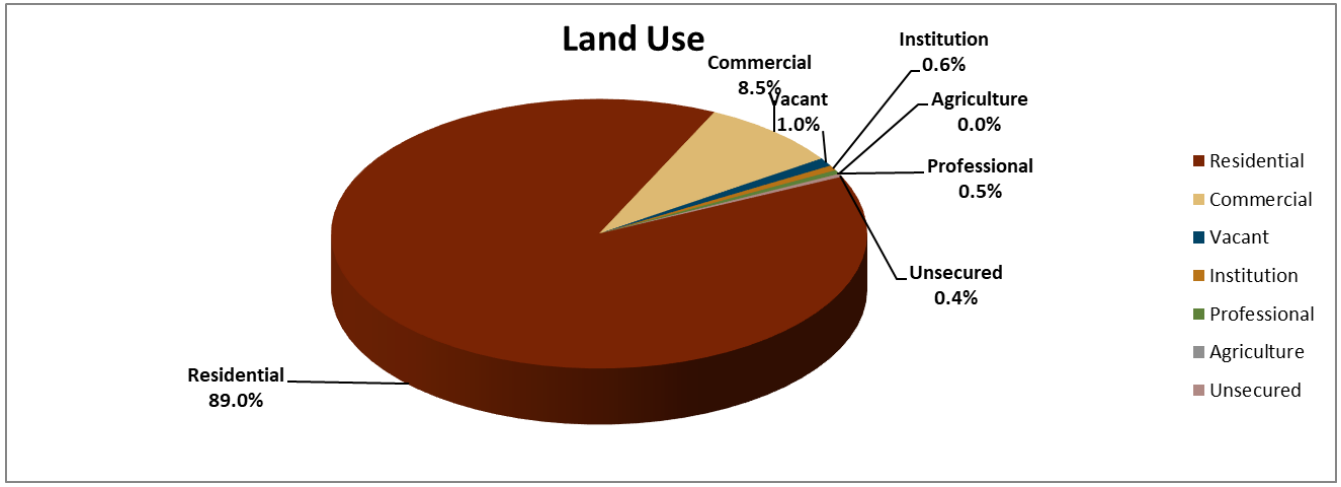
Source: Riverside County Assessor Data, Avenu Insights & Analytics

(1) Total Direct Tax Rate is represented by TRA 016-000

City of Indian Wells

Assessed Value of Property by Use Code, Citywide
Last Ten Fiscal Years

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-2023	2023-24	2024-25
Residential	4,509,106,870	4,636,416,971	4,787,212,021	5,046,143,990	5,225,907,189	5,482,677,084	5,737,097,740	6,182,418,185	6,697,256,233	7,165,797,802
Commercial	536,436,321	501,610,126	559,511,479	661,957,523	646,454,076	623,499,659	629,520,507	684,902,466	717,785,574	685,290,914
Vacant	165,131,203	184,811,047	172,148,781	166,625,355	224,972,607	175,159,873	165,270,882	168,952,930	83,707,123	80,075,785
Institutional	0	0	0	0	0	375,198	379,085	0	394,400	49,986,103
Professional	0	0	0	0	0	35,928,381	26,455,998	31,596,435	37,605,136	38,287,986
Agriculture	0	0	0	0	0	0	9,650	9,732	1,377	1,404
Social	0	0	0	0	0	0	0	386,666	0	0
Unknown	0	0	0	0	0	0	0	0	0	0
Net Secured Value	5,210,674,394	5,322,838,144	5,518,872,281	5,874,726,868	6,097,333,872	6,317,640,195	6,558,733,862	7,068,266,414	7,536,749,843	8,019,439,994
Unsecured	28,889,109	29,796,240	25,666,311	30,977,949	41,477,418	35,017,026	31,680,036	29,685,196	31,786,372	30,562,274
Net Taxable Value	5,239,563,503	5,352,634,384	5,544,538,592	5,905,704,817	6,138,811,290	6,352,657,221	6,590,413,898	7,097,951,610	7,568,536,215	8,050,002,268



Source: Avenu Insights & Analytics
Use code categories are based on Riverside County Assessor's data
Land Use description data updated from previous year(s)

City of Indian Wells
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
City Direct Rates:										
City Basic Rate	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00779246	0.00779246	0.00779246	0.00649751	0.00649751
Agency Basic Rate	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Low & Mod 20% Set-aside	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Total City Direct Rate	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00779246	0.00779246	0.00779246	0.00649751	0.00649751
Overlapping Rates:										
General	0.15716188	0.15716188	0.15716188	0.15716188	0.15716348	0.31458170	0.31458170	0.31458170	0.15716349	0.15716349
Riverside County General & Fire	0.06556884	0.06556884	0.06556884	0.06556884	0.06556119	0.06556922	0.06556922	0.06556922	0.06556119	0.06556119
Coachella Valley Water District	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245
Desert Sands Unified School District	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065
Riverside County Superintendent of Schools	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713
College of Desert	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091
Coachella Valley Parks & Recreation District	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.02312834	0.02312834	0.02312834	0.01321243	0.01321243
CV Mosquito & Vector Control District	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01529179	0.01529179	0.01529179	0.01091312	0.01091312
Riverside County Regional Park & Open Space	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00475859	0.00475859	0.00475859	0.00387930	0.00387930
Coachella Valley Public Cemetery	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00379506	0.00379506	0.00379506	0.00256659	0.00256659
Desert Regional Medical Center	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Coachella Valley Resource Conservation	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170
Education Revenue Augmentation Fund	0.17511749	0.17511749	0.17511749	0.17511749	0.17512353	0.00000000	0.00000000	0.00000000	0.17512353	0.17512353
TOTAL	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000
Override Assessments										
Coachella Valley Water District	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000	0.11000000	0.11000000	0.11000000	0.11000000
Desert Community College	0.02087000	0.02036000	0.04030000	0.03978000	0.03983000	0.03978000	0.03950000	0.03950000	0.03950000	0.03950000
Desert Sands Unified School District	0.10915000	0.08599000	0.07251000	0.07418000	0.07381000	0.07418000	0.07500000	0.07500000	0.07500000	0.07500000
TOTAL	0.23002000	0.20635000	0.21281000	0.21396000	0.21364000	0.21396000	0.22450000	0.22450000	0.22450000	0.22450000
TOTAL TAX RATE	1.23002000	1.20635000	1.21281000	1.21396000	1.21364000	1.21396000	1.22450000	1.22450000	1.22450000	1.22450000

Source: Riverside County Auditor data, Avenu Insights & Analytics

(1.) Total Direct Tax Rate is represented by TRA 016-000

City of Indian Wells

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

	2024-25		2015-16	
Taxpayer	**Taxable Value ($)**	**Percent of Total City Taxable Value (%)**	**Taxable Value ($)**	**Percent of Total City Taxable Value (%)**
Garden of Champions	293,305,003	3.64%	181,532,989	3.46%
Indian Wells Hotel Owner	151,167,998	1.88%		
BBC Esmeralda	80,508,910	1.00%		
Toscana Country Club	48,828,100	0.61%		
Vintage Club	32,384,847	0.40%	22,590,988	0.43%
Village Shopping Center at Indian Wells	25,652,390	0.32%	15,436,236	0.29%
Indian Wells Prop	23,373,597	0.29%		
IW Golf Club	20,451,853	0.25%		
Eldorado Country Club	19,937,879	0.25%	22,710,946	0.43%
GHA Province IW	17,510,000	0.22%		
Cook Leo W	15,563,477	0.19%	16,036,410	0.31%
Brinson Gary P Trust Dtd	15,305,000	0.19%	10,674,000	0.20%
Schmid Inv	14,546,761	0.18%	13,509,793	0.26%
Indian Wells Village II	14,362,522	0.18%	12,189,361	0.23%
Jonagold Holdings	14,084,831	0.17%		
DRW Desert Holdings	13,801,836	0.17%		
Carletti, Christopher M	13,520,000	0.17%		
Summit Developments	13,260,000	0.16%		
Morgan Lisa Hofmann Revocable Trust	12,651,234	0.16%		
PRG Sands 2	11,622,363	0.14%		
Renard Hidden Valley Lts. Partnership	11,382,640	0.14%		
Targoff Michael B	11,303,171	0.14%	9,592,911	0.18%
Modern Development LLC	11,039,271	0.14%		
DMA Investments, LLC	10,918,057	0.14%		
Luttgens Jenise M	10,795,385	0.13%		
Felcor Esmeralda LLC			56,207,716	1.07%
Grand Champions LLC			54,270,603	1.04%
Toscana Lan			53,502,891	1.02%
Southwest Community Church Of			42,452,664	0.81%
RPCWG Miramonte Owner			25,819,481	0.49%
Standard Pacific Corp			21,837,668	0.42%
IWCC Acquisition Corp			17,881,238	0.34%
Marion Anne W			13,051,640	0.25%
Kayne Richard A Suzanne L			12,669,104	0.24%
Ryan Oil Co			11,702,030	0.22%
Smith Orin C			10,604,719	0.20%
KH Indian Wells			10,199,800	0.19%
Neptune			9,787,000	0.19%
Argyros George L			9,778,022	0.19%
Reserve Club			9,073,327	0.17%
Macmillan Donna J			9,007,323	0.17%
Total Top 25 Taxpayers	907,277,125	11.27%	672,118,860	12.83%
Total Taxable Value	8,050,002,568	100.00%	5,239,563,503	100.00%

Source: County Assessor data, Avenu Insights & Analytics

City of Indian Wells

Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2024-25		2015-16	
Taxpayer	**Business Type**	**Taxpayer**	**Business Type**
Audio Visual Services Group	Light Industry	Audio Visual Headquarters	Business Services
CVS/Pharmacy	Drug Stores	Creative Pipe	Light Industry
Desert Horizons Country Club	Miscellaneous Retail	CVS/Pharmacy	Drug Stores
Don Diego's Restaurant	Restaurants	Desert Horizons Country Club	Restaurants
Eldorado Country Club	Miscellaneous Retail	Don Diego's Restaurant	Restaurants
Eureka! Burger	Restaurants	Donna Diamond Designer	Miscellaneous Retail
Hyatt Regency Indian Wells	Restaurants	Eldorado Country Club	Restaurants
Indian Wells Country Club & Hotel	Miscellaneous Retail	Eureka Restaurants	Restaurants
Indian Wells Golf Resort	Miscellaneous Retail	Hotel Indian Wells	Restaurants
Indian Wells Tennis Garden	Miscellaneous Retail	Hyatt Grand Champions Resort	Restaurants
Iw Coffee	Food Markets	Indian Wells Country Club	Restaurants
Karen Harlow For The Home	Miscellaneous Retail	Indian Wells Golf Resort	Restaurants
Miramonte Resort & Spa	Restaurants	Indian Wells Tennis Garden	Miscellaneous Retail
Nobu Indian Wells	Restaurants	Karen Harlow For The Home	Furniture/Appliance
Renaissance Esmeralda Resort & Spa	Restaurants	Miramonte Resort & Spa	Restaurants
Reserve Club	Miscellaneous Retail	Ralph's Grocery Company	Food Markets
Sga Production Services	Heavy Industry	Renaissance Esmeralda Resort	Restaurants
Sodexo Live!	Restaurants	Reserve Club	Restaurants
Sprouts Farmers Market	Food Markets	Tennis Warehouse	Recreation Products
The Nest Restaurant & Piano Bar	Restaurants	Terry Beardsley Golf Shop	Recreation Products
The Sands Hotel & Spa	Restaurants	The Nest	Restaurants
The Vintage Club	Miscellaneous Retail	Toscana Country Club	Restaurants
Toscana Country Club	Miscellaneous Retail	Venezia Gourmet Foods	Restaurants
Venus Over Mahattan Art	Miscellaneous Retail	Vicky's Of Santa Fe	Restaurants
Vue Grille & Bar	Restaurants	Vintage Club	Restaurants

Source: Avenu Insights & Analytics

City of Indian Wells

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2016	2,757,592	2,688,168	97.48%	69,424	2,757,592	100.00%
2017	2,876,532	2,805,557	97.53%	70,974	2,876,531	100.00%
2018	3,255,668	3,181,192	97.71%	60,334	3,241,526	99.57%
2019	3,398,657	3,346,263	98.46%	9,525	3,355,788	98.74%
2020	3,303,647	3,290,360	99.60%	13,287	3,303,647	100.00%
2021	3,554,123	3,544,966	99.74%	-	3,544,966	99.74%
2022	3,721,408	3,678,179	98.84%	43,229	3,721,408	100.00%
2023	3,945,967	3,906,789	99.01%	39,177	3,945,966	100.00%
2024	4,362,305	4,307,625	98.75%	54,679	4,362,305	100.00%
2025	4,406,703	4,463,768	101.29%	27,327	4,491,096	101.92%

NOTE:
The amounts presented include City property taxes.
The City of Indian Wells participates in the Teeter Program, ensuring the collection of 100% of its property taxes. In years where full tax levies were not collected, the discrepancy is due to penalties and interest, which are excluded from this report.

City of Indian Wells

Transient Occupancy Tax Collections
Last Ten Fiscal Years

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Resort Hotels	6,719,057	7,626,203	7,716,357	8,635,851	4,811,599	4,451,687	10,699,937	12,165,268	11,716,364	13,168,714
Short-term Rentals	281,039	229,213	226,660	199,582	133,174	171,091	287,408	285,394	443,133	354,423
Total	7,000,096	7,855,416	7,943,017	8,835,433	4,944,773	4,622,778	10,987,345	12,450,662	12,159,497	13,523,137
Transient Occupany Tax Rate in effect	11.25%	11.25%	11.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%

Source: Published ACFR Reports

a. Specific revenue detail by operator is unavailable due to confidentiality.
b. Voter approved 1% rate increase; effective January 1, 2019

City of Indian Wells

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year End	Governmental Activities			Business Type Activities	Total	Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Notes Payable	Lease Revenue Bonds	Leases Payable			
2016	- [1]	-	-	-	-	0.00%	-
2017	- [1]	-	-	-	-	0.00%	-
2018	- [1]	-	-	-	-	0.00%	-
2019	- [1]	-	-	-	-	0.00%	-
2020	- [1]	-	-	-	-	0.00%	-
2021	- [1]	-	-	-	-	0.00%	-
2022	- [1]	-	15,246,052.00	-	15,246,052	0.00257%	125,401
2023	- [1]	-	14,799,696.00	330,461.00	15,130,157	0.00217%	146,267
2024	- [1]	-	14,263,340.00	189,907.00	14,453,247	0.00184%	163,639
2025	- [1]	-	13,701,984.00	224,498.00	13,926,482	0.00162%	176,434

(1) Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Please see note 8 to the financial statements. During fiscal year 2011/12, the State of California took action to eliminate redevelopment. The remaining outstanding Redevelopment Agency Tax Allocation Bonds were transferred to a newly formed Successor Agency private-purpose trust.

City of Indian Wells

Ratio of General Bonded Debt Outstanding and Legal Debt Margin

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year End	Outstanding Tax Allocation Bonds	% of Assessed Value [1]	Per Capita	Less: Amounts Set Aside To Repay Debt	Total Net Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Legal Debt Margin as a % of Limit
2016	-	0.0%	-	-	-	781,696	781,696	100.0%
2017	-	0.0%	-	-	-	805,313	805,313	100.0%
2018	-	0.0%	-	-	-	833,007	833,007	100.0%
2019	-	0.0%	-	-	-	887,084	887,084	100.0%
2020	-	0.0%	-	-	-	922,223	922,223	100.0%
2021	-	0.0%	-	-	-	954,148	954,148	100.0%
2022	-	0.0%	-	-	-	989,800	989,800	100.0%
2023	-	0.0%	-	-	-	1,062,939	1,062,939	100.0%
2024	-	0.0%	-	-	-	1,135,618	1,135,618	100.0%
2025	-	0.0%	-	-	-	1,210,413	1,210,413	100.0%

Legal Debt Margin Calculation for Fiscal Year 2024:

	FY 2024/25
Assessed Value (From Assessor's net 02-2441)	$ 8,069,423,302
Legal Debt limit (15% of total assessed value)	1,210,413,495

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

All bonded debt is managed through the Agency's Debt Service Fund. Annual receipt of Tax Increment is reserved to pay annual debt service.

[1] Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Indian Wells

Direct and Overlapping Debt

June 30, 2025

2024-25 Assessed Valuation: $8,057,635,368

	Total Debt 6/30/2025	% Applicable (1)	City Share of Debt 6/30/25
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Desert Community College District	$ 640,515,000	6.819%	$ 43,676,718
Desert Sands Unified School District	475,170,000	14.596	69,355,813
Desert Sands Unified School District Community Facilities District No. 1	155,000	11.088	17,186
City of Indian Wells	**-**	**100**	-
California Statewide Communities Development Authority Assessment Bonds	340,000	100	340,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			$ 113,389,717
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	$ 1,134,209,783	1.899% 1	$ 21,538,644
Riverside County Pension Obligation Bonds	603,055,000	1.899	11,452,014
Desert Sands Unified School District Certificates of Participation	6,325,000	14.596	923,197
City of Indian Wells Lease Revenue Bonds	**12,585,000**	**100.000**	12,585,000
Desert Recreation District General Fund Obligations	993,462	11.159	110,860
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			46,609,715
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	159,035,000	.0187-100%	$ 47,004,889
TOTAL DIRECT DEBT			**$ 12,585,000**
TOTAL OVERLAPPING DEBT			$ 194,419,321
COMBINED TOTAL DEBT			$ 207,004,321

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Direct Debt ($12,585,000)	**0.16%**
Total Direct and Overlapping Tax and Assessment Debt	1.41%
Combined Total Debt	2.57%

Ratios to Redevelopment Successor Agencies Incremental Valuation ($5,586,735,393):

Total Overlapping Tax Increment Debt	0.84%

City of Indian Wells

Pledged-Revenue Coverage

Last Ten Fiscal Years

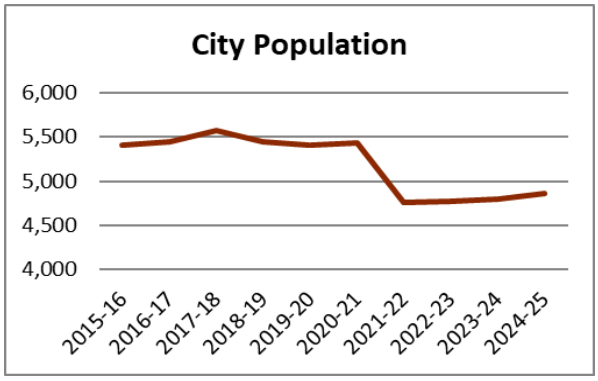
Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-

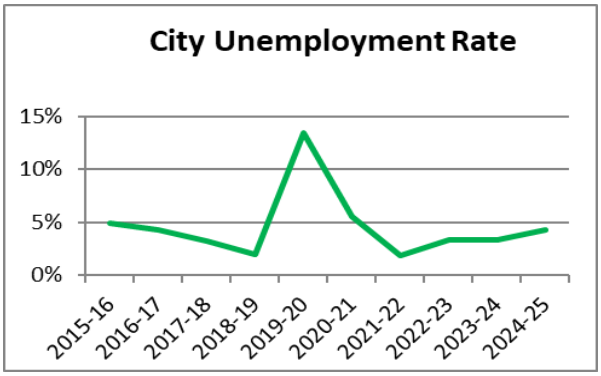
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Indian Wells

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Public School Enrollment (3)	City Unemployment Rate (%) (4)
2015-16	5,412	447,589,123	82,703	68.9	28,719	4.9%
2016-17	5,450	472,424,421	86,683	68.2	28,958	4.3%
2017-18	5,574	513,911,206	92,198	68.5	28,708	3.2%
2018-19	5,445	529,521,295	97,249	67.8	28,610	2.0%
2019-20	5,403	546,486,273	101,145	67.9	27,963	13.4%
2020-21	5,428	592,602,660	109,175	67.9	26,982	5.6%
2021-22	4,762	597,158,324	125,401	67.2	26,698	1.8%
2022-23	4,774	698,280,138	146,267	67.4	26,379	3.3%
2023-24	4,797	784,977,051	163,639	68.3	25,898	3.3%
2024-25	4,862	857,819,677	176,434	67.5	25,615	4.3%





Source: Avenu Insights & Analytics

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is provided by the U.S. Census Bureau.

3.) Student Enrollment reflects the total number of students enrolled in the Desert Sands Unified School District. Any other school districts within the City are not accounted for in this statistic.

4.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Indian Wells

Principal Employers
Last Fiscal Year and Nine Years ago

	2024-25		2015-16	
Business Name	**Number of Employees**	**Percent of Total Employment (%)**	**Number of Employees**	**Percent of Total Employment (%)**
Hyatt Regency Resort & Spa	463	25.72%	425	25.00%
Renaissance Esmeralda Resort	443	24.61%	467	27.47%
Miramonte Resort and Spa	203	11.28%	170	10.00%
Indian Wells Golf Resort (1)	191	10.61%	226	13.29%
Toscana Country Club	146	8.11%	220	12.94%
El Dorado Country Club (1)	115	6.39%	215	12.65%
Desert Horizons Country Club (1)	100	5.56%	84	4.94%
Southwest Community Church	95	5.28%		
Indian Wells Resort Hotel	68	3.78%	76	4.47%
Indian Wells Country Club	67	3.72%	96	5.65%
Merrill Lynch Wealth Management			43	2.53%
Total Top Employers	1,891	105.06%	2,022	118.94%
Total City Employment (2)	1,800		1,700	

Source: Avenu Insights & Analytics

Source: FY2016, City's FYE 2016 ACFR Publication Report

(1) Includes Seasonal Employees.

(2) Total City Labor Force provided by EDD Labor Force Data.

Results based on direct correspondence with city's local businesses.

City of Indian Wells

Full-time Equivalent City Government Employees
by Function

Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City Manager/Clerk	4.48	4.48	5.05	5.05	5.75	5.85	4.30	4.25	4.50	5.90
Economic Development	-	-	-	-	-	-	-	0.35	0.15	0.35
Advertising/Marketing	1.97	1.97	-	-	-	0.95	0.95	1.05	0.90	0.70
Community Services	-	-	1.95	1.95	1.40	0.55	0.55	0.35	0.35	0.35
Risk Management	0.150	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.40	0.50
Personnel	0.450	0.45	0.55	0.55	0.45	0.45	0.40	0.35	0.15	0.35
City Attorney	0.09	0.09	0.20	0.20	0.20	0.10	0.10	0.25	0.25	0.10
Community Development	6.27	6.77	5.45	5.45	6.35	5.45	6.35	7.35	7.65	7.00
Finance Department	5.33	5.33	4.41	4.41	3.42	3.19	2.94	4.45	5.20	5.00
Public Safety	1.60	1.10	1.10	1.10	1.15	1.50	1.50	1.10	0.50	2.05
Public Works	7.44	7.44	7.44	7.51	8.47	8.63	9.61	10.15	10.30	11.00
Housing Authority	0.99	0.99	1.64	1.64	1.72	2.24	3.49	2.65	1.30	0.40
Golf Resort	0.18	0.18	0.84	0.84	0.79	0.79	0.51	0.40	0.35	0.30
Club Drive	0.05	0.05	0.07	-	-	-	-	-	-	-
Total	29.00	29.00	29.00	29.00	30.00	30.00	31.00	33.00	32.00	34.00

Source: City of Indian Wells Budget
City implemented program budgeting commencing with the 2017-2018 fiscal year

City of Indian Wells

Operating Indicators
by Functions

Last Ten Fiscal Years

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Function										
Police										
Violent Crime	6	6	2	8	8	14	8	8	10	4
Thefts	91	96	89	101	101	67	108	90	69	53
Burglaries	45	39	34	49	49	19	35	29	19	13
Traffic Collisions	104	116	98	101	102	108	118	129	151	164
Traffic Citations	1,101	1,248	1,231	853	393	949	1,011	1,417	1,551	1,480
Fire										
Medical Aid Calls	794	818	934	951	1,135	766	918	980	979	952
Public Service Assists	76	79	69	59	65	56	69	93	96	125
Structure Fires	3	1	5	2	2	-	2	1	6	3
Vegetation Fires	-	2	2	-	-	-	3	-	1	-
Building Activity										
Permits Issued	887	774	764	758	722	751	682	1,167	900	751
Inspections Performed	4,607	3,319	3,686	3,841	4,209	3,576	4,751	6,044	5,327	3,195
New Dwelling Units	32	33	39	46	61	38	85	45	35	11
Public Works										
Lot Line Adjustments	2	4	-	2	6	8	3	1	7	2
Parcel Mergers	4	1	3	2	1	1	1	1	1	1
Encroachment Permits	70	82	71	86	82	56	66	86	78	55
Tract Maps	-	-	-	2	-	-	2	4	-	-
Grading Permits									28	14
Transportation Permits									14	32
Golf Resort										
Golf rounds played	77,613	74,358	74,828	74,589	56,402	64,968	76,500	78,522	80,629	66,721
Administration										
City Council Meetings	15	8	10	9	21	20	27	33	26	21
Public Hearings	14	15	11	9	18	17	16	33	15	17
Adopted Resolutions	42	49	41	39	50	43	39	12	49	34

City of Indian Wells

Capital Asset Statistics
by Function

Last Ten Fiscal Years

Function	Units of Measure	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety											
Police Sub-Stations	Buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	Buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways, Streets, Bridges, & Infrastructure											
Pavement (Roadway)	Centerline Miles	25.80	25.80	25.80	25.80	25.80	25.80	25.80	25.80	25.80	25.80
Sidewalks	Miles	12.70	12.70	12.70	12.70	12.70	12.70	12.70	12.70	12.70	12.70
Bridges	Each	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Traffic Signals	Each	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25
Traffic Signals equipped with Red Light Runner Camera	Each	-	-	-	-	-	-	-	-	-	-
Streetlights (not included with traffic signals)	Each	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Parks and recreation											
Parks	Each	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
18-Hole Public Golf Courses	Each	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Vehicles											
City-Owned Fleet Motor Vehicles	Each	9.00	10.00	10.00	10.00	10.00	10.00	11.00	10.00	11.00	11.00
City-Owned Ambulances	Each	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Owned Police Motorcycles	Each	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Affordable Housing											
Senior Affordable Housing Complexes	Each	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Senior Affordable Housing Units	Each	218.00	218.00	218.00	218.00	218.00	218.00	218.00	218.00	218.00	218.00

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture and the Fourth Supplemental Indenture not otherwise described in the text of this Official Statement. This summary is not intended to be definitive, and reference is made to the text of the Original Indenture and the Eighth Supplemental Indenture for the complete provisions thereof.

INDENTURE OF TRUST

DEFINITIONS; RULES OF CONSTRUCTION

Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of the Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document mentioned in the Indenture, have the meanings specified therein.

"Additional Revenues" means, as the date of calculation, the amount of Pledged Tax Revenues which, as shown in a report of an Independent Redevelopment Consultant, are estimated to be receivable by the Successor Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (a) construction which has been completed and for which a certificate of occupancy has been issued by the County or other appropriate governmental entity but which is not then reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Agreement" means that certain Joint Exercise of Powers Agreement, dated as of March 20, 1990, relating to the formation of the Authority, by and between the County and the former Redevelopment Agency for the County .of Riverside, together with any amendments thereof and supplements thereto.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Bonds (including any Parity Debt) in such Bond Year, and (b) the principal amount of the Outstanding Bonds (including any Parity Debt) scheduled to be paid in such Bond Year upon the maturity or mandatory sinking.

"Bond Counsel" means any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Year" means any twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on September 1, 2014.

"Business Day" means a day of the year (other than a Saturday or Sunday) on which banks in the State or the State of New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

"Closing Date" means, with respect to the Series 2014 Bonds, the date on which the Series 2014 Bonds are delivered by the Successor Agency to the Original Purchaser.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement executed on the Closing Date by the Successor Agency and the Authority, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" has the meaning ascribed to such term in the Authority Bonds Indenture.

"Costs of Issuance Fund" means the fund by that name established and held by the trustee for the Authority Bonds pursuant to the Authority Bonds Indenture.

"County" means the County of Riverside, a county duly organized and existing under the Constitution and laws of the State.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Defeasance Obligations" means:

a) cash; and

b) non-callable Federal Securities.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Indenture.

"Depository System Participant" means any participant in the Depository's book-entry system.

"Dissolution Act" means the provisions of Assembly Bill X1 26, signed by the Governor June 28, 2011, and filed with the Secretary of State June 29, 2011, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012, as such provisions may hereafter be amended.

"DOF" means the California Department of Finance.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described in the Indenture.

"Fair Market Value" means, with respect to any investment, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (0 the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related

parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any written directions of the Successor Agency.

"Federal Securities" means any direct, general 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 of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Agent" shall have the meaning assigned to such term in the third "Whereas" clause of the Indenture.

"Fiscal Agent Agreement" shall have the meaning assigned to such term in the eighth "Whereas" clause of the Indenture.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period pursuant to a Written Certificate of the Successor Agency filed with the Trustee.

"Former Agency" means the Redevelopment Agency of the City of Indian Wells, a public body corporate and politic duly organized and formerly existing under the Law and dissolved in accordance with the Dissolution Act.

"Indenture" means the Indenture of Trust by and between the Successor Agency and the Trustee, as amended or supplemented from time to time pursuant to any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Fiscal Consultant" means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the domination of the Successor Agency;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and

(d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Written Certificate of the Successor Agency delivered to the Trustee.

"Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

"Oversight Board" means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act

"Owner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the Series 2014 Bonds pursuant to the Indenture.

"Parity Debt Instrument" means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt and which otherwise complies with all of the terms and conditions of the Indenture, including, without limitation, the provisions of the Indenture.

"Pass-Through Agreements" mean certain contractual and statutory obligations secured by a pledge or lien on Tax Increment Revenues superior to the lien securing the Senior Bonds, as set forth in the agreements listed below:

(a) Agreement for Cooperation between the Coachella Valley Water District and the City of Indian Wells and Indian Wells Redevelopment Agency dated July 20, 1983;

(b) Agreement for Cooperation Between the County of Riverside and the City of Indian Wells and the Indian Wells Redevelopment Agency Regarding the Consolidated Whitewater Redevelopment Project dated September 13, 1983, as amended by the Amendment to Agreement for Cooperation Between the County of Riverside and the City of Indian Wells and the Indian Wells

Redevelopment Agency Regarding the Consolidated Whitewater Redevelopment Project dated March 21, 1989;

(c) Cooperation Agreement between the Desert Sands Unified School District and the Indian Wells Redevelopment Agency entered into on March 31, 1988;

(d) Cooperation Agreement between the College of the Desert, the City of Indian Wells and the Indian Wells Redevelopment Agency entered into on March 31, 1988;

(e) Cooperation Agreement between the Riverside County Superintendent of School and the Indian Wells Redevelopment Agency entered into on March 31, 1988;

(f) Cooperation Agreement between the Coachella Valley Mosquito Abatement District, the Indian Wells Redevelopment Agency, and the City of Indian Wells as to the Consolidated Whitewater Project Area entered into on September 13, 1988; and

(g) Cooperation Agreement between the Coachella Valley Recreation and Park District, the Indian Wells Redevelopment Agency, and the City of Indian Wells as to Consolidated Whitewater Project Area entered into on September 14, 1988.

"Permitted investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State and constitute Permitted Investments), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank;

(c) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); and senior debt obligations of the Federal Home Loan Bank System

(d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase, including • those of the Trustee or its affiliates;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated AAm or AAm-G or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant and with the prior approval of S&P, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(h) the County's investment pool.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Increment Revenues which may be outstanding at any time, or (b) the aggregate amount of taxes which may be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan.

"Pledged Tax Revenues" means the portion of the monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code that are equal to that portion of taxes levied upon taxable property in the Project Area and received by the Successor Agency on or after the date of issue of the Series 2014 Bonds, pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pre-Existing Agreements, (ii) amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, and (iii) the Tax Revenues required to pay debt service on the Senior Bonds. In accordance with the Dissolution Act, the Bonds and Parity Bonds shall be payable from and secured by, and Pledged Tax Revenues shall include, subject to the exclusions above, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of California Health and Safety Code Section 34183. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above.

"Pre-Existing Agreements" means the contractual and statutory obligations secured by a lien on Tax Increment Revenues superior to the lien securing the Senior Bonds, namely, the Pass-Through Agreements.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Project Area" means the project area described in the Redevelopment Plan.

"Qualified Reserve Account Credit Instrument" means (i) the Series 2014 Surety Bond or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is "A" (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

"Recognized Obligation Payment Schedule" means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (I) of Section 34177 of the California Health and Safety Code.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Redevelopment Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Redevelopment Obligation Retirement Fund" means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

"Redevelopment Plan" means the "Consolidated Whitewater Project Area Indian Wells Redevelopment Agency Plan" approved and adopted by the City by Ordinance No. 235, and includes any amendment thereof made pursuant to the Redevelopment Law.

"Redevelopment Property Tax Trust Fund" or "RPTTF" means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller.

"Refunding Fund" means the Series 2014 Refunding Fund established and held by the Trustee pursuant to the Indenture.

"Refunding Law" means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

"Redevelopment Project" means the undertaking of the Successor Agency to redevelop the Project Area in accordance with the Redevelopment Plan.

"Registration Books" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Series 2014 Bonds.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Reserve Requirement" means, with respect to the Series 2014 Bonds or any Parity Debt issued as Bonds pursuant to a Supplemental Indenture supplemental to the Indenture, as of any calculation date, the lesser of (i) Maximum Annual Debt Service with respect to the Series 2014 Bonds or Parity Debt, as applicable, or (ii) 125% of average Annual Debt Service on the Series 2014 Bonds or Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Tax Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such additional Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. The Reserve Requirement with respect to the Series 2014A Bonds and the Taxable Series 2014A-T Bonds will be calculated on a combined basis, provided that, in the event the Reserve Requirement for the Series 2014A Bonds and the Taxable Series 2014A-T Bonds is funded with cash, the Trustee shall establish separate subaccounts for the proceeds of the Series 2014A Bonds and the Taxable Series 2014A-T Bonds to enable the Trustee to track the investment of the proceeds of the Series 2014A Bonds and the Taxable Series 2014A-T Bonds.

"S&P" means Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies, Inc., its successors and assigns.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50111 Floor, New York, N.Y. 10041-0099 Attn: Call Notification Department, Fax (212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

"Series 2014 Bonds" means, collectively, the Series 2014A Bonds and the Taxable Series 2014A-T Bonds.

"Series 2014A Account" means the account by that name within the Refunding Fund established and held by the Trustee pursuant to the Indenture.

"Series 2014A Subaccount" means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to the Indenture.

"Series 2014A Bonds" means the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2014A, issued in the initial principal amount of $6,505,000.

"Sinking Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"State" means the State of California.

"Subordinate Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency in accordance with the requirements of the Indenture, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the Bonds.

"Successor Agency" means the Successor Agency to the Indian Wells Redevelopment Agency, a public entity existing under the Dissolution Act, as successor to the Former Agency.

"Supplemental Indenture" means any indenture, agreement or other instrument which amends, supplements or modifies the Indenture and which has been duly entered into by and between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Tax Increment Revenues" means all taxes allocated and paid to the Successor Agency pursuant to Article 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Redevelopment Plan, including all payments and reimbursements, if any, to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

"Tax Revenues.' means the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements.

"Term Bonds" means any maturity of Parity Debt which is subject to mandatory Sinking Account redemption pursuant to the Supplemental Indenture authorizing the issuance thereof.

"Trust Office" means, with respect to the Trustee, the corporate trust office of the Trustee at 120 South San Pedro Street, Suite 400, Los Angeles, California 90012, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency, provided that for the purposes of maintenance of the Registration Books and presentation of Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business.

"2014 Series A Authority Bonds" means the $6,505,000 aggregate principal amount of Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds, Series A (Indian Wells Refunding Project), issued and at any time Outstanding under the Authority Bonds Indenture.

"2014 Series A Authority Bonds Insurance Policy" means the municipal bond insurance policy issued by AGM guaranteeing the scheduled payment of the principal of and interest on the 2014 Series A Authority. Bonds when due, as provided in the Authority Bonds Indenture.

"2014 Taxable Series A-T Authority Bonds" means the $27,480,000 aggregate principal amount of Riverside County Public Financing Authority 2014 Taxable Tax Allocation Revenue Bonds, Series MT (Indian Wells Refunding Project), issued and at any time Outstanding under the Authority Bonds Indenture.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Executive Director, Treasurer or Secretary of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose and so identified in a Written Certificate of the Successor Agency.

Rules of Construction

All references in the Indenture to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision of the Indenture.

AUTHORIZATION AND TERMS OF SERIES 2014 BONDS

The Successor Agency has reviewed all proceedings taken and has found, as a result of such review, and finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2014 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Series 2014 Bonds in the manner and form provided in the Indenture.

Book Entry Form

The following provisions of the Indenture shall apply with respect to the Series 2014 Bonds only as of the time that the Authority is no longer the beneficial owner of the Series 2014 Bonds. At the time that the Authority is no longer the beneficial owner of the Series 2014 Bonds, DTC shall act as the initial depository for the Series 2014 Bonds.

(a) Original Delivery to DTC. The Series 2014 Bonds shall be initially delivered to DTC in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Series 2014 Bonds. Upon initial delivery, the ownership of each such Series 2014 Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in the Indenture, the ownership of all of the Outstanding Series 2014 Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Series 2014 Bonds the ownership of which shall be registered in the name of the Nominee, the Successor Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Successor Agency holds an interest in the Series 2014 Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2014 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2014 Bond Owner as shown in the Registration Books, of any notice with respect to the Series 2014 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2014 Bonds to be redeemed in the event the Successor Agency elects to redeem the Series 2014 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a

Series 2014 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2014 Bonds or (v) any consent given or other action taken by the Depository as Owner of the Series 2014 Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Series 2014 Bond is registered as the absolute owner of such Series 2014 Bond for the purpose of payment of principal of and premium, if any, and interest on such Series 2014 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2014 Bond, for the purpose of registering transfers of ownership of such Series 2014 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Series 2014 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2014 Bonds to the extent of the sum or sums so paid. No person other than a Series 2014 Bond Owner shall receive a Series 2014 Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to the Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions in the Indenture with respect to Record Dates, such new nominee shall become the Nominee under the Indenture for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2014 Bonds for the Depository's book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2014 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of the Indenture or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2014 Bonds other than the Series 2014 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Successor Agency may take any other actions, not inconsistent with the Indenture, to qualify the Series 2014 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2014 Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Series 2014 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2014 Bonds, and by surrendering the Series 2014 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2014 Bonds are to be issued. The Depository, by accepting delivery of the Series 2014 Bonds, agrees to be bound by the provisions of the Indenture. If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Series 2014 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Series 2014 Bonds shall designate, in accordance with the provisions of the Indenture.

In the event the Successor Agency determines that it is in the best interests of the beneficial owners of the Series 2014 Bonds that they be able to obtain certificated Series 2014 Bonds, the Successor Agency may notify the Depository System Participants of the availability of such

certificated Series 2014 Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Series 2014 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Successor Agency shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Series 2014 Bonds to any Depository System Participant having Series 2014 Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series 2014 Bonds, all at the Successor Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2014 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2014 Bond and all notices with respect to such Series 2014 Bond shall be made and given, respectively, as provided in the letter described in the Indenture or as otherwise instructed by the Depository.

DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2014 BONDS ISSUANCE OF PARITY DEBT

Costs of Issuance Fund

The Costs of Issuance Fund is established and held by the Trustee for the Authority Bonds pursuant to the Authority Indenture.

Validity of Bonds

The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Tax Revenues on a subordinate basis to the payment of debt service on the Series 2014 Bonds and any Parity Debt.

SECURITY OF BONDS; FLOW OF FUNDS INVESTMENTS

Pledge of Pledged Tax Revenues

Except as provided in the Indenture, the Series 2014 Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues. In addition, the Series 2014 Bonds, and any other Parity Debt (to the extent provided in the applicable Parity Debt Instrument), shall, subject to the Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Series 2014 Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Series 2014 Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2014 Bonds without preference,

priority or distinction as to security or otherwise of any of the Series 2014 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues

There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. The Indenture establishes a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with the Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Series 2014 Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under the Indenture' until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues is not sufficient to pay debt service on the Series 2014 Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Series 2014 Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Debt Service Fund; Transfer of Amounts to Trustee

Moneys in the Debt Service Fund shall be transferred in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund, which accounts are established by the Indenture with the Trustee to pay debt service on the Series 2014 Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) Interest Account. On or before the fourth (4th) Business Day preceding each date on which interest on the Series 2014 Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Series 2014 Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding Series 2014 Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Series 2014 Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Series 2014 Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Series 2014 Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2014 Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth (4th) Business Day preceding each date on which any Outstanding Series 2014 Term Bonds become subject to mandatory Sinking Account redemption, the Successor Agency shall withdraw from the Debt Service Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Series 2014 Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Series 2014 Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this the Indenture, then, at the Written Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Successor Agency shall, but only with the prior written consent of AGM in connection with the Series 2014A Bonds, have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such Funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2014A Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Dissolution Act and the Redevelopment Law . The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

The Reserve Requirement with respect to the Series 2014 Bonds shall be satisfied by the delivery of the Series 2014 Surety Bond to the Trustee. The Trustee shall credit the Series 2014 Surety Bond to the Series 2014 Subaccount of the Reserve Account, which subaccount is created under the Indenture. Under the terms and conditions of the Series 2014 Surety Bond, the Trustee shall deliver to AGM a demand for payment under the Series 2014 Surety Bond in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions of the Series 2014 Surety Bond for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Series 2014 Surety Bond. All amounts drawn by the Trustee under the Series 2014 Surety Bond will be deposited into the Series 2014 Subaccount of the Reserve Account and applied for the purposes thereof. The Successor Agency shall reimburse AGM for all draws under Series 2014 Surety Bond in accordance with the terms of the Insurance Agreement and of the Indenture.

(e) Redemption Account On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Series 2014 Term Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Series 2014 Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2014 Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) Equal Rights. It is the intention of the Successor Agency that the Series 2014 Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis. To the extent that moneys deposited in the Redevelopment

Obligation Retirement Fund are insufficient to pay debt service on the Series 2014 Bonds and Parity Debt as it becomes due, the Series 2014 Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund.

In the event that the Successor Agency fails to make the deposits required pursuant to (a), (b) or (c) above, the Trustee shall immediately notify Union Bank, N.A., as trustee for the Authority Bonds.

Investment of Moneys in Funds

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account shall be invested by the Trustee in Permitted Investments specified in the Written Request of the Successor Agency (which Request shall be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two (2) Business Days in advance of the making of such investments; provided, however, that in the

absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (f) of the definition thereof. Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have a maturity in excess of five (5) years following the date of its acquisition. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment, may utilize the investment departments of its affiliates to complete each transaction and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture. The Successor Agency acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Successor Agency the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Successor Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall furnish to the Successor Agency periodic statements which include detail of all investment transactions effected by the Trustee or by brokers selected by the Successor Agency. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided to that party only upon request.

Valuation and Disposition of Investments

(a) Except as otherwise provided in the Indenture, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by the Indenture or the Tax Code) at Fair Market Value as such term is defined in the Indenture. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Certificate or Request of the Successor Agency.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Account shall be valued at cost thereof, (consisting of present value thereof, as determined by the Successor Agency, within the meaning of Section 148 of the Tax Code); provided that the Successor Agency shall inform the Trustee which funds are subject to a yield restriction.

(c) Except as provided in the Indenture, with respect to a yield restriction, for the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually at the market value thereof. For purposes of valuation, the Trustee shall be entitled to utilize any pricing services it considers reliable. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Permitted Investment so purchased by the

Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from sale or redemption of any such Permitted Investment.

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Punctual Payment

The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2014 Bonds and Parity Debt in strict conformity with the terms of the Series 2014 Bonds and of the Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures. Nothing contained in the Indenture shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to in the Indenture.

Continuing Disclosure

The Successor Agency covenants and agrees by the Indenture that it will comply with and carry out all of its obligations under the Continuing Disclosure Agreement executed and delivered by the Successor Agency. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the provisions of the Continuing Disclosure Agreement relating to it shall not constitute an Event of Default under the Indenture: provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Agreement) or any Owner or beneficial owner of the Series 2014 Bonds may take such actions as May be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture. Notwithstanding the preceding two sentences, the Successor Agency shall have no obligation to enter into a Continuing Disclosure Agreement so long as the Trustee owns the Series 2014 Bonds and any of the Authority Bonds remain outstanding (or bonds refunding the Authority Bonds remain outstanding), and the Authority (or other issuer of refunding bonds) has entered into a continuing disclosure undertaking with respect to the Series 2014 Bonds.

Limitation on Additional Indebtedness

The Successor Agency covenants in the Indenture that so long as any of the Series 2014 Bonds remain Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations which are otherwise secured on a basis which is senior to the pledge and lien which secures the Series 2014 Bonds. The Successor Agency covenants by the Indenture that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Increment Revenues, excepting only the Series 2014 Bonds, any Parity Debt, any Subordinate Debt and any obligations entered into pursuant to the Indenture.

Extension of Payment of Bonds

The Successor Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Successor Agency

to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Payment of Claims

The Successor Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant to the Indenture, or which might impair the security of the Bonds or any Parity Debt. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements

The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared and delivered to the Trustee, AGM and any other Insurer annually, within two hundred seventy days (270) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements from the Redevelopment Obligation Retirement Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. In accordance with the Indenture, the Trustee shall not be responsible for reviewing such financial statements. The Successor Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver the Successor Agency's annual budget to AGM and any other Insurer upon the written request of the AGM or any other Insurer.

Protection of Security and Rights of Owners

The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of any Bonds, such Bonds shall be incontestable by the Successor Agency.

Payments of Taxes and Other Charges

The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Disposition of Property

Except as otherwise required by the Dissolution Act, the Successor Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless such disposition is permitted as provided in the Indenture. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Successor Agency shall not approve the proposed disposition.

Maintenance of Pledged Tax Revenues

The Successor Agency shall comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Successor Agency shall not enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Pledged Tax Revenues available to the Successor Agency for payment of the Bonds. The Successor Agency shall not undertake proceedings for amendment of the Redevelopment Plan if such amendment shall result in payments to one of more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law or Section 34183(a)(1) of the Dissolution Act unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay the Series 2014 Bonds and all Parity Debt. Nothing in the Indenture is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Successor Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Series 2014 Bonds and all Parity Debt.

Compliance with the Law; Recognized Obligation Payment Schedules

The Successor Agency shall comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Senior Bonds, the Series 2014 Bonds and any Parity Debt, as well as any amount required under the Fiscal Agent Agreement to replenish the Reserve Account established thereunder or required under the Indenture to replenish the Reserve Account or to pay amounts owed to AGM under the Insurance Agreement and of the Indenture, in Recognized Obligation Payment Schedules for each six-month period so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period and to pay amounts owed to AGM. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance the amounts to be held by the Successor Agency as a reserve until the next six-

month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture and the Insurance Agreement.

Tax Covenants Relating to the 2014 Series A Authority Bonds

(a) Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the Series 2014 Bonds are not so used as to cause the 2014 Series A Authority Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2014 Series A Authority Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2014A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the 2014 Series A Authority Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(d) Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2014 Series A Authority Bonds from the gross income of the Owners of the 2014 Series A Authority Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Bonds pursuant to the Indenture.

(e) Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2014 Series A Authority Bonds.

The Trustee shall have no duty to monitor the compliance by the Successor Agency with any of the covenants contained in the Indenture.

Plan Limitations; Annual Review of Pledged Tax Revenues

The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and premium (if any) on the Senior Bonds, the Series 2014 Bonds and any Parity Debt when due.

Additionally, the Successor Agency covenants by the Indenture that, if it is determined that the Plan Limitations apply to the Successor Agency, it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Successor Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, any obligations of the Successor Agency payable from tax increment revenues that are senior to the Series 2014 Bonds, and payments on obligations that are subordinate to the Series 2014 Bonds. If, based on such review, the allocation of tax increment revenues to the Successor Agency in any of the next three succeeding Fiscal Years will cause an amount equal to ninety-five (95%) of the amount remaining under the Plan Limitations to fall below the sum of (i) remaining cumulative Annual Debt Service, (ii) any obligations of the Successor Agency payable from tax increment revenues that are senior to the Series 2014 Bonds, and (iii) payments

on obligations that are subordinate to the Series 2014 Bonds, the Successor Agency shall either (1) defease Series 2014 Bonds or Parity Debt by depositing an amount of Pledged Tax Revenues equal to the amount that is required to ensure continuing compliance with the first paragraph of the Indenture in a defeasance escrow to be held by the Trustee and to be pledged solely to the payment of debt service on the Series 2014 Bonds or Parity Debt, which escrow shall be invested in Defeasance Obligations and used for the payment of interest on and principal of and redemption premiums, if any, on the Series 2014 Bonds or Parity Debt or (2) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Successor Agency's continuing ability to pay debt service on the Series 2014 Bonds and Parity Debt. In determining the amount to be deposited in escrow with the Trustee, the Successor Agency may consider actual interest earnings on the amounts so deposited. In the event that the Successor Agency elects to adopt a plan approved by an Independent Redevelopment Consultant, the Successor Agency shall provide a copy of such plan to AGM and any other Insurer.

The Trustee shall not be responsible for monitoring or enforcing the requirements of the Indenture.

Further Assurances

The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners and AGM the rights and benefits provided in the Indenture.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority of the principal amount of the Bonds then Outstanding(or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days' written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency, AGM and any other Insurer, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, AGM, any other Insurer or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Indenture, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to S&P, AGM, any other Insurer and the Owners at the addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall (i) be a company or bank having trust powers, (ii), shall have an office in the State of California or such other state as shall be acceptable to the Successor Agency, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least Seventy Five Million Dollars ($75,000,000), and (iv) be subject to supervision or examination by federal or state authority. If such bank or 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 the Indenture the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee shall promptly resign in the manner and with the effect specified in the Indenture.

Merger or Consolidation

Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under the Indenture, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything to the contrary notwithstanding in the Indenture.

Liability of Trustee

(a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of any offering memorandum, the Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated in the Indenture. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority of the principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Successor Agency.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Successor Agency, accompanied by an opinion of Bond counsel, or in accordance with direction of the Owners of not less than a majority of the principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated under the Indenture shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default under the Indenture unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or the Trustee shall have received written notice thereof at the Trust Office. Except as otherwise expressly provided in the Indenture, the Trustee shalt not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Indenture or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default under the Indenture or thereunder. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Bonds, the observance or performance by the Successor Agency of any other covenants, conditions or terms contained in the Indenture, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to the Indenture and may rely conclusively on the Written Certificate of the Successor Agency accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants under the Indenture, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due under the Indenture).

(f) No provision in the Indenture shall require the Trustee to risk, expend, or advance its own funds or otherwise incur any financial liability under the Indenture. However, if the Trustee elects to

advance funds it, shall be entitled to receive interest on any moneys advanced by it under the Indenture, at the maximum rate permitted by law.

(g) The Trustee may establish additional accounts or subaccounts of the funds established under the Indenture as the Trustee deems necessary or prudent in furtherance of its duties under the Indenture.

(h) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

(i) Before taking any action under the Indenture at the request of the Owners, AGM or any other Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners, AGM or any other Insurer, as applicable, for the reimbursement of all expenses to which it may put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) The Trustee shall not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(k) The Trustee agrees to accept and act upon facsimile transmission or other electronic transmission of written instructions and/or directions pursuant to the Indenture provided, however, that: (i) such instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (i) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Right to Rely on Documents

The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee under the Indenture in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the

Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Fiscal Consultant appointed by the Successor Agency.

Preservation and Inspection of Documents

All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing.

Compensation and indemnification

The Successor Agency shall pay to the Trustee from time to time compensation for all services rendered under the Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under the Indenture. The Trustee shall have a first lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee under the Indenture to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents affiliates and employees, harmless against any loss, expense, including legal fees and, expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties under the Indenture, including the costs and expenses of defending against any claim of liability and of enforcing any remedies under the Indenture and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents affiliates or employees. The obligations of the Successor Agency under the Indenture shall survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

Accounting Records and Financial Statements

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee pursuant to the Indenture. Such books of record and account shall be available for inspection by the Successor Agency and AGM at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to the Indenture in accordance with the Indenture.

Appointment of Co-Trustee or Agent

It is the purpose of the Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking associations to

transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under the Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted in the Indenture to the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-Trustee. The following provisions of the Indenture8 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-Trustee but only to the extent necessary to enable such separate or co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them, provided that in the event of any conflict, the Co-Trustee shall defer to the Trustee.

Should any instrument in writing from the Successor Agency be required by the separate Trustee or co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate Trustee or co-Trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or co-Trustee.

The Trustee may perform any of its obligations or duties under the Indenture and under any related documents through agents or attorneys and shall not be responsible for the acts of any such agents or attorneys appointed by it with due care.

No Liability for Agency Performance

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants, and terms contained in the Indenture, or with respect to the investment of any moneys in any fund or account established, held, or maintained by the Successor Agency pursuant to the Indenture

MODIFICATION OR AMENDMENT OF THE INDENTURE

Authorized Amendments

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption (except no consent is required with respect to the Indenture), but without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Successor Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved to or conferred in the Indenture upon the Successor Agency provided such

addition, limit, or surrender shall not materially adversely effect the interest of the Owners as determined by the Successor Agency and certified to the Trustee or the interests of AGM; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may-deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners or the interests of AGM; or

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to amend any provision of the Indenture to assure the exclusion from gross income of interest on the 2014 Series A Authority Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or

(e) to comply with the requirements of the provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Insurer and the written consents of the Owners of a majority of the principal amount of the Bonds then Outstanding are delivered to the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Successor Agency shall deliver or cause to be delivered a draft of any Supplemental Indenture to S&P, at least 10 days prior to the effective date of such Supplemental Indenture under the Indenture. In addition, the Successor Agency shall deliver or cause to be delivered to AGM a copy of each Supplemental Indenture executed and delivered under the Indenture, and any related transcript documents requested by AGM.

Effect of Supplemental Indenture

From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment

After the effective date of any amendment or modification of the Indenture pursuant to the Indenture, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by

endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Trust Office, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Successor Agency the Owners of the Bonds shall present such Bonds for exchange at the Trust Office without cost to such Owners.

Amendment by Mutual Consent

The provisions of the Indenture shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Trustee's Reliance

The Trustee may conclusively rely, and shall be protected in relying, upon an opinion of counsel stating that all requirements of the Indenture relating to the amendment or modification of the Indenture have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

AGM Deemed Sole Owner AGM shall be deemed to be the sole owner of the Series 2014A Bonds 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 Series 2014A Bonds are entitled to take pursuant to the Indenture. Except as otherwise provided in the Indenture, no contract shall be entered into or action taken by which the rights granted under the Indenture or the security or sources of payment for the Series 2014 Bonds or the Authority Bonds will be impaired or prejudiced, except upon obtaining the prior written consent of AGM for so long as AGM is not in default in its obligations under the 2014 Series A Authority Bonds Insurance Policy or the Series 2014 Surety Bond.

EVENTS OF DEFAULT AND REMEDIES

Events of Default and Acceleration of Maturities

Each of the following events shall constitute an Event of Default under the Indenture:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or AGM or any other Insurer, provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a) or (b), no effect shall be given to payments made by AGM under the Series 2014 Surety Bond.

Subject in all respects to the provisions of the Indenture, if an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing -by the Owners of a majority of the principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Pledged Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, ex parte, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under the Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with the Indenture.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency and to AGM by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such

rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to the Indenture, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

(c) To the payment of amounts owed to AGM or any other Insurer under the Indenture.

Power of Trustee to Control Proceedings

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority of the principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority of the principal amount of the Bonds then Outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in the Indenture.

Limitation on Owners' Right to Sue

No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority of the principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee 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 written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared by the Indenture, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture, it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture or any other provision of the Indenture.

Non-waiver

Nothing in the Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged under the Indenture, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners when due and payable as provided in the Indenture, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee and Owners by the Dissolution Act and the Redevelopment Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, Successor Agency, or Owners, the Successor Agency, Trustee, and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-In-Fact

Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is appointed by the Indenture (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of the Indenture.

Remedies Not Exclusive

No remedy conferred upon or reserved to the Trustee or Owners in the Indenture is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture 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 Dissolution Act and the Redevelopment Law or any other law.

Rights of AGM

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, AGM shall be entitled to control and direct the enforcement of all rights and remedies (including the right to require a declaration of acceleration) granted under the Indenture to the Owners of the Series 2014A Bonds, or to the Trustee for the benefit of the Owners of the Series 2014A Bonds, including but not limited to rights and remedies granted pursuant to the Indenture and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to AGM under the Indenture shall be deemed terminated and shall not be exercisable by AGM during any period during which AGM shall be in default under the 2014 Series A Authority Bonds Insurance Policy.

MISCELLANEOUS

Benefits Limited to Parties

Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Owners and AGM, any right, remedy, claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, AGM and the Owners.

Successor is Deemed included in All References to Predecessor

Whenever in the Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Defeasance of Bonds

(a) If the Successor Agency shall pay and discharge the entire indebtedness on any Bonds in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Accountant shall determine

will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture with respect to such Bonds shall cease and terminate, except only (A) the obligations of the Successor Agency under the Indenture, (B) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (C) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (d) the obligations of the Successor Agency to compensate and indemnify the Trustee pursuant to the Indenture. Notice of such election shall be filed with the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

(b) Notwithstanding the foregoing provisions of this the Indenture, in the event that the principal, interest and premium (if any) on the 2014 Series A Authority Bonds shall be paid by AGM pursuant to the 2014 Series A Authority Bonds Insurance Policy, the obligations of the Trustee and the Successor Agency under the Indenture shall continue in full force and effect and AGM shall be fully subrogated to the rights of all Owners of the Bonds so paid.

(c) In the event that any portion or all of the 2014 Series A Authority Bonds or the Series 2014A Bonds are to be paid and discharged pursuant to the Indenture, AGM shall be notified and provided with a draft copy of any proposed escrow agreement establishing the trust, the form of the Independent Certified Public Accountant's Certificate, and the form of approving opinion and defeasance opinions of bond counsel (all of which shall be in form and substance satisfactory to AGM). These materials shall be delivered to AGM by the Successor Agency no less than five (5) Business Days prior to the scheduled payment and discharge: Substitution of securities held in trust in the escrow shall not be permitted.

Execution of Documents and Proof of Ownership by Owners

Any request, declaration or other instrument which the Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by, such Owner in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the Indenture, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him 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 Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

Disqualified Bonds

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are owned or held by or for the account of the Successor Agency (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided however that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is the owner or is holding for the account of the Successor Agency.

Waiver of Personal Liability

No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Destruction of Canceled Bonds

Whenever in the Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled pursuant to the provisions of the Indenture, the Trustee shall destroy such Bonds and furnish a certificate -of such destruction to the Successor Agency, and the Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. mail or by facsimile or electronic transmission, a copy of any notice required to be given under the Indenture to the Bond Owners.

Partial Invalidity

If any Section, paragraph, sentence, clause or phrase of the Indenture shall for any reason be held illegal, invalid or unenforceable. such holding shall not affect the validity of the remaining portions of the Indenture. The Successor Agency and the Trustee declare by the Indenture that they would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase of the Indenture and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of the Indenture may be held illegal, invalid or unenforceable.

Unclaimed Moneys

Anything contained to the contrary notwithstanding in the Indenture, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, 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 the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to

the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on such Bonds.

Payment on Non-Business Days

In the event any payment is required to be made under the Indenture on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if the payment had been made on the date specified in the Indenture.

Governing Law

The Indenture shall be construed and governed in accordance with the laws of the State.

FOURTH SUPPLEMENTAL INDENTURE

Definitions

Unless the context otherwise requires, the terms defined in the Fourth Supplement shall, for all purposes of the Fourth Supplement, have the respective meanings specified in the Fourth Supplement. All terms defined in the Fourth Supplement of the Series 2014 Indenture and not otherwise defined in the Fourth Supplement shall, when used in the Fourth Supplement, have the respective meanings given to such terms in said Fourth Supplement.

"Indenture" means, collectively, the Series 2014 Indenture, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, as the same may be further supplemented and amended from time to time in accordance with the terms of the Series 2014 Indenture.

"Late Payment Rate" as used in the Fourth Supplement 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, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2026A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"Refunding Instructions" means those Irrevocable Refunding Instructions, dated the Closing Date with respect to the Series 2026A Bonds and relating to the defeasance and refunding of the Series 2015A Bonds and the Series 2016A Bonds, executed by the Successor Agency and delivered to U.S. Bank Trust Company, National Association, as prior trustee.

"Second Supplement" means the Second Supplemental Indenture of Trust, dated as of July 1, 2016, by and between the Successor Agency and the Trustee, as the same may be supplemented and amended from time to time in accordance with the terms of the Series 2014 Indenture.

"Security Documents" shall mean all bond documents including the Indenture any, ordinance, bond, note, certificate and/or any additional or supplemental document executed in connection with the Insured Series 2026A Bond.

"Series 2015A Bonds" means the Former Agency's Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2015A issued under the Indenture and the First Supplemental Indenture.

"Series 2016A Bonds" means the Former Agency's Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2016A issued under the Indenture and the Second Supplemental Indenture.

"Series 2020A Bonds" means the Successor Agency's Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2020A initially issued in the principal amount of $7,220,000.

"Series 2026A Bonds" means the Successor Agency's Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A initially issued in the principal amount of $_____.

"Series 2026A Bonds Proceeds Fund" means the account by that name established and held by the Trustee pursuant to the Fourth Supplement.

"Series 2026A Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the Fourth Supplement.

"Series 2026A Debt Service Reserve Agreement" means the Debt Service Reserve Agreement, dated as of _____ 2026, by and between the Successor Agency and the Series 2026A Insurer.

"Series 2026A Initial Purchaser" means _____.

"Series 2026A Insurer" means Build America Mutual Assurance Company, as the issuer of the Series 2026A Reserve Policy.

"Series 2026A Resolution" means the Resolution adopted by the Successor Agency on June 11, 2026.

"Series 2026A Subaccount" means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to the Fourth Supplement.

"Series 2026A Reserve Policy" means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Series 2026A Insurer in the amount of $_____.

"Third Supplement" means the Third Supplemental Indenture of Trust, dated as of June 1, 2020, by and between the Successor Agency and the Trustee, as the same may be supplemented and amended from time to time in accordance with the terms of the Series 2014 Indenture.

AUTHORIZATION OF SERIES 2026A BONDS

The Series 2026A Bonds have been authorized to be issued by the Successor Agency pursuant to the Series 2026A Resolution. The Series 2026A Bonds are being issued pursuant to the Redevelopment Law and the Refunding Law, in accordance with Section 34177.5 of the Dissolution Act, as Parity Debt in an aggregate principal amount of _____ Dollars ($_____) all of like tenor and date, under and subject to the terms of the Indenture and the Series 2026A Resolution, for the purpose of refunding all of the outstanding Series 2015A Bonds and Series 2016A Bonds. The Indenture, including the Fourth

Supplement, constitutes a continuing agreement with the Owners of all of the Series 2026A Bonds issued under the Fourth Supplement and at any time Outstanding to secure the full and final payment of principal of and premium, if any, and interest on all Series 2026A Bonds which may from time to time be executed and delivered under the Fourth Supplement, subject to the covenants, agreements, provisions and conditions contained in the Fourth Supplement. The Series 2026A Bonds shall be designated the "Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A."

Series 2026A Costs of Issuance Fund

The Fourth Supplement establishes a separate fund to be known as the "Series 2026A Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Series 2026A Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the Series 2026A Bonds and the costs associated with refunding the Series 2016A Bonds upon submission of a Written Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Series 2026A Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Written Request of the Successor Agency; in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. On the earlier of _____, 2026, or the date of receipt by the Trustee of a Written Request of the Successor Agency, all amounts (if any) remaining in the Series 2026A Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be transferred to the Interest Account and used to pay interest on the Series 2026A Bonds.

Series 2026A Subaccount of the Reserve Account

The Trustee shall establish a separate subaccount within the Reserve Account designated as the "Series 2026A Subaccount," to which the Trustee shall credit the Series 2026A Reserve Policy. The Series 2026A Reserve Policy is a Qualified Reserve Account Credit Instrument, as defined in the Series 2014 Indenture.

The Reserve Requirement with respect to the Series 2026A Bonds shall be satisfied by the delivery of the Series 2026A Reserve Policy to the Trustee. The Trustee shall credit the Series 2026A Reserve Policy to the Series 2026A Subaccount of the Reserve Account. The Trustee shall comply with all of the terms and provisions of the Series 2026A Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Account, within the limits of the coverage amount provided by the Series 2026A Reserve Policy. All amounts drawn by the Trustee under the Series 2026A Reserve Policy will be deposited into the Series 2026A Subaccount of the Reserve Account and applied for the purposes of paying principal of and interest on the Series 2026A Bonds. The Successor Agency shall reimburse the Series 2026A Insurer for all draws under Series 2026A Reserve Policy in accordance with the terms of the Fourth Supplement.

Special Fund

The Successor Agency covenants to cause the deposit all of the Tax Revenues received in any Bond Year from the RPTTF into the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency and the further transfer and deposit to the Debt Service Fund for Agency Bonds in accordance with the 2014 Indenture for the purpose of paying debt service on the Series 2026A Bonds, the 2020A Bonds and any Parity Debt.

PROVISIONS RELATING TO THE SERIES 2026A RESERVE POLICY

Notwithstanding anything to the contrary set forth in the Indenture, and so long as the Series 2026A Reserve Policy is in full force and effect and the Series 2026A Insurer is not in payment default thereunder, the following provisions shall govern:

(a) The Trustee shall make a Demand for Payment (as such term is defined in the Series 2026A Reserve Policy) at least three days prior to the date on which funds are required. Amounts drawn on the Series 2026A Reserve Policy may be used only to pay debt service on the Series 2026A Bonds.

(b) The Successor Agency shall repay any draws under the Municipal Bond Debt Service Reserve Insurance Policy (the "2026 Reserve Policy") and pay all related reasonable expenses incurred by Series 2026A Insurer from available Pledged Tax Revenues. Interest shall accrue and be payable on such draws and expenses from the date of payment by Series 2026A Insurer at the Late Payment Rate.

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 Series 2026A 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 Series 2026A Insurer on account of principal due, the coverage under the 2026 Reserve Policy will be increased by a like amount, subject to the terms of the 2026 Reserve Policy.

All cash and investments in the Series 2026A Subaccount of the Reserve Account established for the Series 2026A Bonds, if any, shall be transferred to the Debt Service Fund for payment of the debt service on the Series 2026A Bonds before any drawing may be made on the 2026 Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the 2026 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 Series 2026A Subaccount of the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2026A Subaccount of the Reserve Account. 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.

(a) Draws under the 2026 Reserve Policy may only be used to make payments on Series 2026A Bonds.

(b) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, Series 2026A Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2026A Bonds, or (ii) remedies which would adversely affect owners of the Series 2026A Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to Series 2026A Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Series 2026A Bonds.

(d) The 2026 Reserve Policy shall expire on the earlier of the date the Series 2026A Bonds are no longer outstanding and the final maturity date of the Series 2026A Bonds.

(e) This Indenture shall not be discharged until all Policy Costs owing to Series 2026A Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the Series 2026A Bonds.

(f) The 2026 Reserve Policy shall expire on the earlier of the date the Series 2026A Bonds are no longer outstanding and the final maturity date of the Series 2026A Bonds.

(g) Any amendment, supplement, modification to, or waiver of any of the Indenture that requires the consent of the Owners of the Series 2026A Bonds or adversely affects the rights or interest of the Series 2026A Insurer shall be subject to the prior written consent of the Series 2026A Insurer.

(h) The Series 2026A Insurer is recognized as and shall be deemed to be a third party beneficiary of the Indenture and may enforce the provisions of the Security Documents as if it were a party thereto.

(i) Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test in the Indenture.

(j) The Trustee shall ascertain the necessity for a claim upon the 2026 Reserve Policy in accordance with the provisions of paragraph (b) hereof and shall provide notice to the Series 2026A Insurer in accordance with the terms of the 2026 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2026A Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the debt service fund for the Series 2026A Bonds more often than semi-annually, the Trustee shall give notice to the Series 2026A Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two business days of the date due.

(k) The Successor Agency agrees unconditionally that it will pay or reimburse the Series 2026A Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Series 2026A Insurer may pay or incur, including, but not limited to, fees and expenses of the Series 2026A Insurer’s agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of this Indenture or any other Security Document (“Administrative Expenses”). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Series 2026A Insurer spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Expenses on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Series 2026A Insurer until the date the Series 2026A Insurer is paid in full.

(l) Payments made by the Series 2026A Insurer under the 2026 Reserve Policy with respect to claims for interest on or principal of the Series 2026A Bonds shall not discharge the obligation of the Successor Agency with respect to such Series 2026A Bonds, and Series 2026A Insurer shall become the owner of such unpaid Series 2026A Bonds and claims for the interest thereon. The Successor Agency and

the Trustee recognize and agree that to the extent the Series 2026A Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Series 2026A Bonds, the Series 2026A Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Successor Agency, with interest thereon.

(m) In order to secure the Successor Agency's payment obligations with respect to Policy Cost, there is hereby granted and perfected in favor of the Series 2026A Insurer a security interest (subordinate only to that of the owners of the Series 2026A Bonds) in all revenues and collateral pledged as security for the Series 2026A Bonds. Policy Costs shall be paid to the Series 2026A Insurer immediately following the payment of principal of and interest on the Series 2026A Bonds, including following the occurrence of a default or event of default.

(n) The Successor Agency shall be obligated to pay, as an additional payment, to the Trustee for deposit to the Reserve Account an amount equal to the debt service reserve account replenishment under the Indenture, including amounts required to repay draws and Policy Costs under the 2026 Reserve Policy.]

(o) Notice and Other Information to be given to the Series 2026A Insurer:

(1) The Successor Agency will provide the Series 2026A Insurer with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the holders of Bonds or the Trustee under the Security Documents.

(2) In addition, the Successor Agency shall provide the Series 2026A Insurer with the following notices and other information: (i) notice of any draw upon the Reserve Account within two (2) business days after knowledge thereof, other than in connection with withdrawals of amounts in excess of the Reserve Requirement; and (ii) prior written notice of the advance refunding or redemption of any of the Series 2026A Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(3) The Series 2026A Insurer shall be entitled to receive such additional information as it may reasonably request.

(4) The notice address of Series 2026A Insurer is:

Build America Mutual Assurance Company
28 Liberty Street, 59th Floor
New York, NY 10005
Attention: Surveillance, Re: Policy No.
Telephone: (212) 235-2500
Telecopier: (212) 962-1710
Email: notices@buildamerica.com

In each case in which notice or other communication refers to an event of default or a claim on the 2026 Reserve Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 962-1524 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

MISCELLANEOUS

Security for Series 2026A Bonds

The Series 2026A Bonds shall be Parity Debt within the meaning of such term in the Series 2014 Indenture and shall be secured in the manner and to the extent set forth in the Series 2014 Indenture. Without limiting the foregoing, as provided in the Series 2014 Indenture, the Series 2026A Bonds shall be secured on a parity with all other Bonds issued under the Indenture, including the Series 2020A Bonds, by a first pledge of and lien on all of the Pledged Tax Revenues in the Redevelopment Obligation Retirement Fund, and all moneys in the Debt Service Fund and the accounts therein.

Continuing Disclosure

The Series 2026A Bonds are exempt from Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12"). The Successor Agency covenants and agrees that it will provide all notices and other information it is obligated to provide under its Continuing Disclosure Certificate relating to its 2016 Bonds, even if such bonds are no longer outstanding, for the benefit of the Series 2026A Insurer and the Series 2026A Initial Purchaser for so long as the Series 2026A Bonds are Outstanding. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Series 2026A Insurer, the Series 2026A Initial Purchaser and owner or beneficial owner of the Series 2026A Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Fourth Supplement.

Tax Covenants

The Successor Agency agrees to comply with the requirements set forth in the Series 2014 Indenture with respect to the Series 2026A Bonds and the proceeds thereof.

Effect of the Fourth Supplement

Except as in the Fourth Supplement expressly provided or except to the extent inconsistent with any provision of the Fourth Supplement, the Series 2026A Bonds shall be deemed to be Bonds under and within the meaning thereof as set forth in the Indenture, and every term and condition contained in the other provisions of the Indenture shall apply to the Series 2026A Bonds with full force and effect, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Fourth Supplement.

Further Assurances

The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Series 2026A Bonds and the rights and benefits provided in the Indenture.

Trustee Disclaimer

The Trustee accepts the amendments of the Indenture effected by the Fourth Supplement, but on the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee.

Governing Law

The Fourth Supplement shall be construed and governed in accordance with the laws of the State of California.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Successor Agency to the
Indian Wells Redevelopment Agency
44-950 Eldorado Drive
Indian Wells, CA 92210

Re: $33,000,000 (Preliminary) Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the Successor Agency to the Indian Wells Redevelopment Agency (the "Agency") in connection with the issuance by the Agency of the Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A (the "Bonds"), pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and pursuant to an Indenture of Trust, dated as of May 1, 2014, as supplemented by a Fourth Supplemental Indenture of Trust, dated as of September 1, 2026 (together, the "Indenture"), by and between the Agency and U.S. Bank Trust Company, National Association, as trustee thereto (the "Trustee"). The proceeds of the Bonds have been applied by the Agency to refinance certain outstanding bonds of the Agency. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, the tax certificate of the Agency for the Bonds dated the date hereof (the "Tax Certificate"), certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds,

the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds;

2. The Bonds constitute the valid and legally binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture;

3. The Indenture has been duly approved by the Agency and constitutes the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;

4. The Indenture establishes a first lien on and pledge of the Pledged Tax Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture;

5. Interest on the Bonds is exempt from California personal income taxation; and

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY (the "Agency") in connection with the issuance of $33,000,000 aggregate principal amount of Successor Agency to the Indian Wells Redevelopment Agency Rancho Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2026A (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2014 (the "Original Indenture"), between the Agency and U.S. Bank Trust Company, National Association, as successor in interest to Union Bank, N.A., as trustee (the "Trustee"), supplemented and amended by a First Supplemental Indenture of Trust, dated as of August 1, 2015, and a Second Supplemental Indenture of Trust, dated as of July 1, 2016, a Third Supplemental Indenture, dated as of June 1, 2020 and a Fourth Supplemental Indenture, dated as of September 1, 2026, each between the Successor Agency and the Trustee (as amended, the "Indenture").

The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5).

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

"Annual Report Date" shall mean the date in each year not later than March 1 following the end of the Agency's fiscal year, the end of which, as of the date of this Disclosure Certificate, is June 30 in each year.

"City" shall mean the City of Indian Wells, California.

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

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement relating to the Bonds.

"Initial Purchaser" shall mean _____, the initial purchaser of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"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.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Agency's fiscal year (which shall be March 1 of each year, so long as the Agency's fiscal year ends on June 30), commencing with the report for the 2025-26 fiscal year (which shall be March 1, 2027), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall provide written notice of such change in the same manner as for a Listed Event under Section 5(c). The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A or such other form as prescribed or acceptable to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Agency), file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

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

(a) Audited financial statements of the Agency for the preceding fiscal year prepared in accordance with generally accepted accounting principles and the laws of the state of California, including all statements and information prescribed for inclusion therein by the Governmental Accounting Standards Board; provided that, in the event the Agency's audited financial statements for any fiscal year are included as part of the annual report of the City for such fiscal year, the audited financial statements of the Agency may be submitted together with the City's comprehensive audited financial report. If the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the Agency, the Annual Report shall also include the following:

(b) Taxable assessed values for the most recent fiscal year in substantially the format in the Official Statement;

(c) Pledged Tax Revenues for the most recent fiscal year;

(d) An update of the ten largest assessees in substantially the format in the Official Statement for the most recent fiscal year;

(e) An update of Debt Service Coverage for the Bond Year ending on the immediately preceding September 1 in substantially the format in the Official Statement;

(f) If the Agency is not in a County Teeter Plan, tax levy, percentage of current year levy collected, percentage of current levy delinquent, total collections and total collections as a percentage of the most recent year's tax levy;

(g) Information related to Project Area assessed valuation appeals. Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been available to the public on the MSRB's website. The 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 Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on any reserve fund for the Bonds reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) 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 Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to the rights of owners of the Bonds, if material;

(viii) Bond calls, if material, and tender offers for the Bonds;

(ix) defeasances;

(x) any release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) any bankruptcy, insolvency, receivership, or similar event of the 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 Agency in a proceeding under the 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 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 Agency;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the 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;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii) (if the event is a bond call), (a)(xiv), (a)(xv) or (a)(xvi) above, the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Agency determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the Agency shall, or shall cause the Dissemination Agent (if not the Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv), (a)(xv) or (a)(xvi) above), the Agency shall, or shall cause the Dissemination Agent (if not the Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(d) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with MSRB not in excess of ten (10) business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(e) Notwithstanding the foregoing, notice of a Listed Event described in subsection (a)(viii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture. The Agency hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Agency and that the Trustee or the Dissemination Agent shall not be responsible for determining whether the Agency's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of San Bernardino or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

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

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Date: _____, 2026.

SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY

By: _____
Kevin MCCarthy, Finance Director

-Signature Page-
Continuing Disclosure Certificate

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Agency:	SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY
Name of Bond Issue:	SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY CONSOLIDATED WHITEWATER REDEVELOPMENT PROJECT AREA TAX ALLOCATION REFUNDING BONDS, SERIES 2026A
Date of Issuance:	_____, 2026

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Agency, dated the Date of Issuance. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated:_____

SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY

By ___[to be signed only if filed]_____