
City Council/Successor Agency Meeting Agenda

Thursday, March 20, 2014

1:30 p.m.

City Hall Council Chambers at
44-950 Eldorado Drive, Indian Wells



Indian Wells City Hall

WELCOME TO A REGULARLY SCHEDULED MEETING OF THE CITY COUNCIL/SUCCESSOR AGENCY. ALL PERSONS WISHING TO ADDRESS THE CITY COUNCIL/SUCCESSOR AGENCY SHOULD FILL OUT A BLUE PUBLIC COMMENT FORM BEFORE THE MEETING BEGINS AND GIVE IT TO THE CITY CLERK. WHEN THE MAYOR HAS RECOGNIZED YOU, PLEASE COME FORWARD TO THE PODIUM AND STATE YOUR NAME FOR THE RECORD. A 3-MINUTE TIME LIMIT IS CUSTOMARY. PLEASE NOTE THAT YOU MAY ADDRESS THE CITY COUNCIL/SUCCESSOR AGENCY ON AN AGENDA ITEM AT THE TIME IT IS DISCUSSED, BUT ONLY AFTER BEING RECOGNIZED BY THE MAYOR. ANY PUBLIC RECORD, RELATING TO AN OPEN SESSION AGENDA ITEM, THAT IS DISTRIBUTED WITHIN 72 HOURS PRIOR TO THE MEETING IS AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL RECEPTION AREA 44-950 ELDORADO DRIVE, INDIAN WELLS DURING NORMAL BUSINESS HOURS.

1. CONVENE THE CITY COUNCIL/SUCCESSOR AGENCY, PLEDGE OF ALLEGIANCE AND ROLL CALL

MAYOR TED J. MERTENS
MAYOR PRO TEM TY PEABODY
COUNCIL MEMBER PATRICK MULLANY
COUNCIL MEMBER DOUGLAS HANSON
COUNCIL MEMBER MARY T. ROCHE

2. APPROVAL OF THE FINAL AGENDA

3. APPROVAL OF THE MEETING MINUTES

- A. January 29, 2014 Housing Authority/Successor Agency Special Meeting Minutes. Page 54.
- B. March 6, 2014 Special Meeting Minutes. Page 60.
- C. March 6, 2014 Regular Meeting Minutes. Page 64.

4. PUBLIC COMMENTS

ALL PERSONS WISHING TO ADDRESS THE CITY COUNCIL SHOULD FILL OUT A BLUE PUBLIC COMMENT FORM IN ADVANCE AND HAND IT TO THE CITY CLERK. AT THE APPROPRIATE TIME, PLEASE COME FORWARD TO THE PODIUM AND STATE YOUR NAME FOR THE RECORD. SPEAKERS ARE LIMITED TO THREE MINUTES. PARTIES ARE ENCOURAGED TO SUBMIT THEIR COMMENTS IN WRITING WITH ANY ATTACHMENTS OR EXHIBITS THEY WISH FOR THE COUNCIL TO REVIEW, PREFERABLY 24 HOURS PRIOR TO THE MEETING. SPEAKERS CAN THEN USE THEIR THREE-MINUTES TO SUMMARIZE THE KEY POINTS OF THEIR COMMENTS. PLEASE NOTE THAT YOU MAY ADDRESS THE CITY COUNCIL ON AN AGENDA ITEM AT THE TIME IT IS DISCUSSED, BUT ONLY AFTER BEING RECOGNIZED BY THE MAYOR.

UNDER THE BROWN ACT, THE COUNCIL SHOULD NOT TAKE ACTION ON OR DISCUSS MATTERS RAISED DURING THE PUBLIC COMMENT PORTION OF THE AGENDA WHICH ARE NOT LISTED ON THE AGENDA. COUNCIL MEMBERS MAY REFER SUCH MATTERS TO STAFF FOR FACTUAL INFORMATION OR TO BE PLACED ON A SUBSEQUENT AGENDA FOR CONSIDERATION. NOTWITHSTANDING THE FOREGOING, COUNCIL MEMBERS AND STAFF MAY BRIEFLY RESPOND TO STATEMENTS MADE OR QUESTIONS POSED DURING PUBLIC COMMENT, AS LONG AS SUCH RESPONSES DO NOT CONSTITUTE ANY DELIBERATION OF THE ITEM.

- A. Public Comments
- B. Response to Prior Public Comments

5. PUBLIC HEARINGS

ANYONE WHO CHALLENGES ANY HEARING MATTER IN COURT MAY BE LIMITED TO RAISING ONLY THOSE ISSUES HE/SHE OR SOMEONE ELSE RAISED AT THE PUBLIC HEARING DESCRIBED HEREIN, OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE CITY COUNCIL AT, OR PRIOR TO, THE PUBLIC HEARING.

- A. Adopt Resolution Approving a Conditional Use Permit for a Temporary Tent Structure at the Toscana Country Club and Find the Project Exempt from CEQA. Page 71.

RECOMMENDED ACTIONS:

COUNCIL **OPENS** THE PUBLIC HEARING, TAKES ANY PUBLIC TESTIMONY, **CLOSES** THE PUBLIC HEARING; AND

FINDS THE PROJECT TO BE EXEMPT FROM THE PROVISIONS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO SECTION 15301, EXISTING FACILITIES; AND

ADOPTS RESOLUTION BILL NO. 2014-02 APPROVING CONDITIONAL USE PERMIT NO. 2014-01 FOR THE TEMPORARY TENT STRUCTURE AT THE TOSCANA COUNTRY CLUB.

6. CONSENT CALENDAR

ALL MATTERS LISTED ON THE CONSENT CALENDAR ARE CONSIDERED TO BE ROUTINE AND WILL BE ENACTED BY ONE VOTE. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS MEMBERS OF THE CITY COUNCIL OR AUDIENCE REQUEST THAT SPECIFIC ITEMS BE REMOVED FROM THE CONSENT CALENDAR FOR SEPARATE DISCUSSION AND ACTION. IF YOU WISH TO ADDRESS THE CITY COUNCIL, PLEASE FILL OUT A BLUE PUBLIC COMMENT FORM IN ADVANCE AND HAND IT TO THE CITY CLERK. PLEASE STATE YOUR NAME FOR THE PUBLIC RECORD. A THREE MINUTE LIMIT IS CUSTOMARY. FINANCIAL MATTERS WILL BE INDICATED AS BUDGETED OR NON-BUDGETED BELOW.

- A. Adopt the City's Annual Investment Policy. Page 88.

RECOMMENDED ACTION:

COUNCIL **ADOPTS** THE CITY'S ANNUAL INVESTMENT POLICY.

- B. Receive/File City Treasurer's Cash Balance and Investment Report. Page 106.

RECOMMENDED ACTION:

COUNCIL **RECEIVES** AND **FILES** THE DECEMBER 2013 CITY TREASURER'S CASH BALANCE AND INVESTMENT REPORT.

C. City Warrant and Demands. Page 131.

RECOMMENDED ACTION:

COUNCIL **APPROVES** THE MARCH 20, 2014 CITY WARRANT AND DEMANDS.

7. GENERAL BUSINESS

A. Approve Third Addendum to Golf Course Management Agreement with Troon Golf, LLC. Page 142.

RECOMMENDED ACTIONS:

COUNCIL **APPROVES** THE THIRD ADDENDUM TO GOLF COURSE MANAGEMENT AGREEMENT WITH TROON GOLF, LLC; AND

AUTHORIZES AND **DIRECTS** THE CITY MANAGER TO EXECUTE THE ADDENDUM ON BEHALF OF THE CITY.

B. Discussion and Direction Regarding Draft Ordinance Regulating Food Trucks. Page 160.

RECOMMENDED ACTION:

COUNCIL PROVIDES **DIRECTION** TO STAFF CONCERNING THE PROPOSED PROVISIONS, AS PRESENTED IN THE DRAFT ORDINANCE, AND ANY POSSIBLE REVISIONS, DELETIONS AND ADDITIONS.

C. Adopt Resolution Amending the City Council Policy Manual. Page 173.

RECOMMENDED ACTION:

COUNCIL **ADOPTS** RESOLUTION BILL NO. 2014-01 AMENDING THE CITY COUNCIL POLICY MANUAL BY ADDING CHAPTER 2.17, ADDING SECTION 2.11.090, AND AMENDING VARIOUS SECTIONS IN TITLE 2 AND 3.

D. Discussion and Direction Relating to Second Quarter Special Meeting Schedule. Page 195.

RECOMMENDED ACTION:

COUNCIL PROVIDES **DIRECTION** AS TO THE PROPOSED SECOND QUARTER SPECIAL MEETING SCHEDULE AND ANY OTHER COUNCIL MEETING SCHEDULE RELATED MATTER.

8. SUCCESSOR AGENCY

- A. Adopt Resolution Authorizing the Issuance of Series 2014 Refunding Bonds in Order to Refund Certain Outstanding Bonds of the Dissolved Redevelopment Agency of the City of Indian Wells. Page 196.

RECOMMENDED ACTIONS:

SUCCESSOR AGENCY **ADOPTS** RESOLUTION BILL No. 2014-03 AUTHORIZING THE ISSUANCE OF SERIES 2014 REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF INDIAN WELLS; AND

APPROVES THE INDENTURE OF TRUST RELATING THERETO, AUTHORIZING SALE OF BONDS, APPROVING THE OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

9. CITY MANAGER'S REPORT/COMMENTS AND MATTERS FROM STAFF

10. COUNCIL MEMBERS' REPORTS AND COMMENTS

A. Council Member Roche

California Joint Powers Insurance Authority
Coachella Valley Mountains Conservancy
Cove Communities Services Commission
Coachella Valley Animal Campus
CVAG Conservation Commission
CVAG Energy Committee
Indian Wells Marketing Committee
Jacqueline Cochran Regional Airport Commission

B. Council Member Hanson

Coachella Valley Economic Partnership
CVAG Transportation Committee
Indian Wells Finance and Legal Services Oversight Committee
Indian Wells Golf Resort Advisory Committee
Indian Wells Tee Committee
Riverside County Transportation Committee
Sunline Transit Agency

C. Council Member Mullany

Cove Communities Services Commission
Indian Wells Golf Resort Advisory Committee
Indian Wells Public Safety Committee
Indian Wells Tee Committee

D. Mayor Pro Tem Peabody

CVAG Homelessness Committee
Indian Wells Community Activities Committee
Indian Wells Grants-in-Aid Committee
Indian Wells Finance and Legal Services Oversight Committee
Indian Wells Marketing Committee
Indian Wells Personnel Committee
Indian Wells Crossing Development Ad Hoc Committee
Tennis Stadium Ad Hoc Committee

E. Mayor Mertens

CVAG Executive Committee
CVAG Public Safety Committee
Greater Palm Springs Convention and Visitors Bureau
Indian Wells Personnel Committee
Indian Wells Public Safety Committee
Indian Wells Crossing Development Ad Hoc Committee
Tennis Stadium Ad Hoc Committee

11. CITY ATTORNEY REPORTS AND COMMENTS

12. ADJOURNMENT

TO A SPECIAL MEETING OF THE CITY COUNCIL TO BE HELD AT 10:00 A.M. ON APRIL 3, 2014 IN THE CITY HALL COUNCIL CHAMBERS/EXECUTIVE CONFERENCE ROOM; AND THEREAFTER TO A REGULARLY SCHEDULED MEETING OF THE CITY COUNCIL TO BE HELD AT 1:30 P.M. ON APRIL 3, 2014 IN THE CITY HALL COUNCIL CHAMBERS.

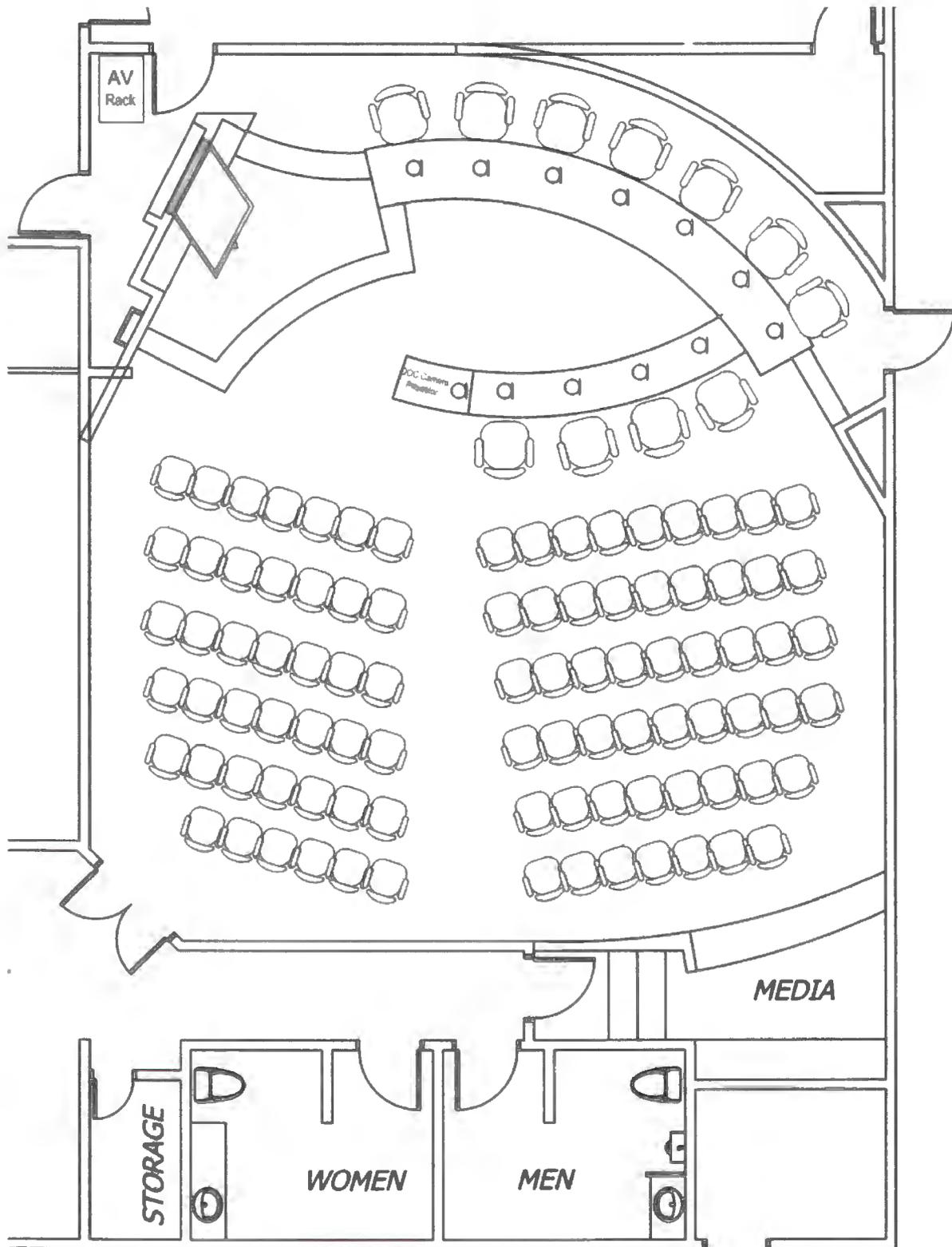
IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CITY CLERK AT (760) 346-2489. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING. 128 CFR 35.102.35.104 ADA TITLE III

AFFIDAVIT OF POSTING

I, Anna Grandys, certify that on March 14, 2014, I caused to be posted a notice of a City Council Meeting to be held on Thursday, March 20, 2014 at 1:30 p.m. in the City Hall Council Chambers.

Notices were posted at Indian Wells Civic Center, Village 1 [Ralph's], and Indian Wells Plaza [Indian Wells Chamber of Commerce].


Anna Grandys
Chief Deputy City Clerk



Housing Authority/Successor Agency Special Meeting Minutes

Wednesday, January 29, 2014

1:30 p.m.

City Hall Council Chambers/Executive Conference Room
at 44-950 Eldorado Drive, Indian Wells

UNOFFICIAL



WELCOME TO A SPECIAL MEETING OF THE HOUSING AUTHORITY/SUCCESSOR AGENCY. ALL PERSONS WISHING TO ADDRESS THE HOUSING AUTHORITY/SUCCESSOR AGENCY SHOULD FILL OUT A BLUE PUBLIC COMMENT FORM BEFORE THE MEETING BEGINS AND GIVE IT TO THE SECRETARY. WHEN THE CHAIR HAS RECOGNIZED YOU, PLEASE COME FORWARD TO THE PODIUM AND STATE YOUR NAME FOR THE RECORD. A 3-MINUTE TIME LIMIT IS CUSTOMARY. PLEASE NOTE THAT YOU MAY ADDRESS THE HOUSING AUTHORITY/SUCCESSOR AGENCY ON AN AGENDA ITEM AT THE TIME IT IS DISCUSSED, BUT ONLY AFTER BEING RECOGNIZED BY THE CHAIR. ANY PUBLIC RECORD, RELATING TO AN OPEN SESSION AGENDA ITEM, THAT IS DISTRIBUTED WITHIN 72 HOURS PRIOR TO THE MEETING IS AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL RECEPTION AREA 44-950 ELDORADO DRIVE, INDIAN WELLS DURING NORMAL BUSINESS HOURS.

3A

54

1. CONVENE THE SPECIAL MEETING OF THE HOUSING AUTHORITY AND ROLL CALL

[1:33:16] Chair Mertens convened the Special Meeting of the Housing Authority of the City of Indian Wells at 1:33 p.m. on January 16, 2014 in the City Hall Council Chambers. Chair Mertens stated Commissioner Mullany is on his way and will be late, and Commissioner Roche will not be attending due to illness.

A motion was made to excuse Commission Roche from today's meeting.

A motion was made by Commission Hanson, seconded by Commission Peabody, to Approve the Excusal. The motion carried by the following vote 5-0-1-1:

AYES: 5 – Mertens, Peabody, Hanson, Fletcher, Mitchell

NOES: 0 – None

EXCUSED: 1 – Roche

ABSENT: 1 - Mullany

PRESENT: 5 – Chair Ted Mertens, Vice Chair Ty Peabody, Commissioner Douglas Hanson, Commissioner Bobbi Fletcher, and Commissioner Bob Mitchell

EXCUSED: 1 – Commissioner Mary T. Roche

ABSENT: 1 – Commissioner Patrick Mullany

2. APPROVAL OF THE FINAL AGENDA

[1:34:11] Executive Director Wade McKinney requested item #5A - Approve Revised Excel Purchase Election Agreement be pulled from the agenda and from consideration.

The Agenda was Approved as Amended. The motion carried by the following vote 5-0-1-1:

AYES: 5 – Mertens, Peabody, Hanson, Fletcher, Mitchell

NOES: 0 – None

EXCUSED: 1 – Roche

ABSENT: 1 – Mullany

3. PUBLIC COMMENTS

[1:34:36] Michael Kiner, developer of Indian Wells Crossing project, stated Excel Trust has decided not to move forward with the project. Mr. Kiner stated he has been in discussions with Travis King with Brixton Capital, a private investment company headquartered in San Diego, and Brixton has expressed interest in the Indian Wells Crossing project. Mr. Kiner stated Brixton has placed \$2.9 million in an escrow as of today, and that the City is verifying that information. Mr. Kiner requested a 90-day extension of the foreclosure proceedings to allow Brixton to complete their due diligence review.

Commissioner Mullany entered the Chambers at 1:38 p.m.

PRESENT: 6 – Chair Ted Mertens, Vice Chair Ty Peabody, Commissioner Patrick Mullany, Commissioner Douglas Hanson, Commissioner Bobbi Fletcher, and Commissioner Bob Mitchell

EXCUSED: 1 – Commissioner Mary T. Roche

4. HOUSING AUTHORITY CLOSED SESSION

At 1:57 p.m. Chair Mertens stated the Housing Authority would hold a Closed Session to discuss the following items:

- A. Conference with Legal Counsel Regarding Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2). Number of Potential Cases: 1.

At 3:23 p.m., City Attorney Stephen Deitsch stated there was no reportable action taken on this item.

- B. Conference with Agency's Real Property Negotiator Pursuant to Government Code Section 54956.8. Real Property: Property Generally Located on the Northeast Corner of Miles Avenue and Highway 111 Known as Miles Crossing, Also Known as APNs 633-310-005, 633-310-006, 633-310-011, 633-310-015, 633-310-016, 633-310-017, 633-310-020, 633-310-023, 633-410-036, 633-410-037, 633-410-041, 633-410-045 and 633-410-046. Agency Negotiator: Negotiating Parties: On Behalf of City of Indian Wells: Wade G. McKinney, City Manager. Other Negotiating Party: Miles Retail Crossing, LLC and Michael

UNOFFICIAL

Kiner, and Excel Indian Wells LLC. Under Negotiation: Price and Terms of Payment.

At 3:23 p.m. City Attorney Stephen Deitsch stated the Housing Authority and Successor Agency convened in Closed Session in order to consider Items #4A & B and #11A on the posted agenda. Mr. Deitsch stated the Commission and the Successor Agency wish to report the following. On motion by Council Member Hanson, seconded by Mayor Pro Tem Peabody, the Housing Authority **APPROVED** the following motion: To extend the deadline for payment required to be received from Miles Crossing Retail in order to avoid foreclose sale to March 7, 2014 with notification of the purchaser of the Housing Authority's expectations that the purchaser enter into an agreement with the Housing Authority requiring that the Purchaser commence development of the property by March 10, 2015 and on condition that Miles Crossing Retail LLC provide evidence to the satisfaction of the City Manager of current ownership in full of Miles Crossing LLC, the Miles Crossing Retail project and this subject property on or before January 31, 2014. That motion as seconded was unanimously **APPROVED** by the Housing Authority, six votes to zero with Commissioner Roche having an excused absence.

A motion was made by Commissioner Hanson, seconded by Vice Chair Peabody that this matter be APPROVED. The motion carried by the following vote 6-0-1:

AYES: 6 – Mertens, Peabody, Mullany, Hanson, Fletcher, Mitchell
NOES: 0 – None
EXCUSED: 1 – Roche

Mayor Mertens stated the reason the Housing Authority took the action that it did after due deliberation on the request of Michael Kiner presented in public discussion today, he requested this time be granted for him to further proceed to procure another developer willing to work with Miles Crossing LLC to develop the property and the Housing Authority forward thought that it was in the interest of the community that we afford Mr. Kiner that opportunity.

UNOFFICIAL

5. HOUSING AUTHORITY GENERAL BUSINESS

- A. Approve Revised Excel Purchase Election Agreement. Page 6.

[1:34:11] This item was pulled from the agenda and from consideration.

6. EXECUTIVE DIRECTOR'S REPORT/COMMENTS AND MATTERS FROM STAFF

[3:26:16] None.

7. COMMISSIONERS' REPORTS AND COMMENTS

[3:26:26] None.

8. CONVENE THE SUCCESSOR AGENCY AND ROLL CALL

PRESENT: 5 – Mayor Ted Mertens, Mayor Pro Tem Ty Peabody, Council Member Patrick Mullany, Council Member Douglas Hanson, and Council Member Mary T. Roche.

9. APPROVAL OF THE FINAL AGENDA

The Agenda was Approved as Submitted. The motion carried by the following vote 5-0-1:

AYES: 5 – Mertens, Peabody, Hanson, Fletcher, Mitchell

NOES: 0 – None

EXCUSED: 1 – Roche

10. PUBLIC COMMENTS

None.

11. SUCCESSOR AGENCY CLOSED SESSION

At 1:57 p.m. Mayor Mertens stated the Successor Agency would hold a Closed Session to discuss the following items:

- A. Conference with Legal Counsel Regarding Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2). Number of Potential Cases: 1.

At 3:23 p.m., City Attorney Stephen Deitsch stated there was no reportable action taken on this item.

12. ADJOURNMENT

At 3:26 p.m. Chair Mertens ADJOURNED to a regularly scheduled meeting of the Indian Wells Housing Authority to be held at 1:00 p.m. on March 20, 2014 in the City Hall Council Chambers.

Respectfully submitted,

Wade G. McKinney, Executive Director

UNOFFICIAL

Successor Agency/City Council Special Meeting Minutes

Thursday, March 6, 2014

11:30 a.m.

City Hall Council Chambers/Executive Conference Room
at 44-950 Eldorado Drive, Indian Wells

UNOFFICIAL



Indian Wells City Hall

WELCOME TO A SPECIAL MEETING OF THE SUCCESSOR AGENCY/CITY COUNCIL. ALL PERSONS WISHING TO ADDRESS THE SUCCESSOR AGENCY/CITY COUNCIL SHOULD FILL OUT A BLUE PUBLIC COMMENT FORM BEFORE THE MEETING BEGINS AND GIVE IT TO THE SECRETARY. WHEN THE CHAIR HAS RECOGNIZED YOU, PLEASE COME FORWARD TO THE PODIUM AND STATE YOUR NAME FOR THE RECORD. A 3-MINUTE TIME LIMIT IS CUSTOMARY. PLEASE NOTE THAT YOU MAY ADDRESS THE SUCCESSOR AGENCY/CITY COUNCIL ON AN AGENDA ITEM AT THE TIME IT IS DISCUSSED, BUT ONLY AFTER BEING RECOGNIZED BY THE CHAIR. ANY PUBLIC RECORD, RELATING TO AN OPEN SESSION AGENDA ITEM, THAT IS DISTRIBUTED WITHIN 72 HOURS PRIOR TO THE MEETING IS AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL RECEPTION AREA 44-950 ELDORADO DRIVE, INDIAN WELLS DURING NORMAL BUSINESS HOURS.

1. CONVENE THE SUCESSOR AGENCY/CITY COUNCIL AND ROLL CALL

[11:30:14] Mayor Mertens convened the City Council of the City of Indian Wells at 1:30 p.m. in the City Hall Council Chambers.

PRESENT: 5 – Mayor Ted Mertens, Mayor Pro Tem Ty Peabody, Council Member Patrick Mullany, Council Member Douglas Hanson, and Council Member Mary T. Roche.

2. APPROVAL OF THE FINAL AGENDA

[11:30:39]

A motion was made by Council Member Mullany, seconded by Mayor Pro Tem Peabody, to Approve the Agenda as Submitted. The motion carried by the following vote 5-0:

AYES: 5 – Mertens, Peabody, Mullany, Hanson, Roche
NOES: 0 – None

3. PUBLIC COMMENTS

[11:30:49] None.

4. SUCCESSOR AGENCY GENERAL BUSINESS

- A. Affirm Consent to Assignment and Assumption Agreement for Miles Crossing Retail LLC's Interest to Brixton IWC, LLC; and Authorize and Direct the Executive Director to Execute Same. Page 6.

[11:30:53] In response to questions by Council, a Partner for Miles Crossing Retail LLC Michael Kiner stated Miles Crossing Retail will be paying off the note and that there will be a joint venture agreement with Brixton IWC, LLC as managing partner to develop the property. Mr. Kiner stated Brixton LLC is a family owned company and is a well-capitalized developer.

IT WAS DETERMINED THAT THE SUCCESSOR AGENCY **AFFIRMS** ITS CONSENT TO THE ASSIGNMENT AND ASSUMPTION AGREEMENT FOR MILES CROSSING RETAIL LLC'S INTEREST IN THE DISPOSITION AND DEVELOPMENT AGREEMENT TO BRIXTON IWC, LLC; AND

TO AUTHORIZE AND **DIRECT** THE SUCCESSOR AGENCY EXECUTIVE DIRECTOR TO EXECUTE THE ASSIGNMENT AND ASSUMPTION AGREEMENT BETWEEN MILES CROSSING RETAIL, LLC AND BRIXTON IWC, LLC IN SUBSTANTIALLY THE FORM ENCLOSED WITH THIS STAFF REPORT, TO CONFIRM THE SUCCESSOR AGENCY'S CONSENT.

A motion was made by Mayor Pro Tem Peabody, seconded by Council Member Roche, to Approve this motion. The motion passed by the following vote 5-0:

AYES: 5 – Mertens, Peabody, Mullany, Hanson and Roche

NOES: 0 – None

5. CITY COUNCIL CLOSED SESSION

[12:00:36] City Attorney Stephen Deitsch stated he recommended that Council recess into the Closed Session for the below listed items. Mr. Deitsch further stated under Closed Session Items #5A, there are situations he must announce publicly as required under the Brown Act, identifying the cases one of which is exposure to litigation with respect to Highway 111 construction project. Mr. Deitsch also stated, with respect to the other case, there is exposure to litigation with regard to a complaint filed with the Fair Political Practices Commission.

- A. Conference with Legal Counsel Regarding Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2). Number of Potential Cases: 2.

At 12:10 p.m. Council Member Patrick Mullany left the closed session as he is named in one of the cases.

At 2:42 p.m. City Attorney Stephen Deitsch stated there was no reportable action taken on these items.

- C. Conference with Legal Counsel Regarding Anticipated Litigation. Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4). Number of Potential Cases: 1.

At 2:42 p.m. City Attorney Stephen Deitsch stated there was no reportable action taken on these items.

6. ADJOURNMENT

At 12:40 p.m. Mayor Mertens ADJOURNED to a regularly scheduled meeting of the City Council to be held at 1:30 p.m. on March 6, 2014 in the City Hall Council Chambers.

Respectfully submitted,

Wade G. McKinney, City Manager/City Clerk

This council meeting may be viewed on the City's website at <http://www.cityofindianwells.org> click on "City Council Meeting View Online" tab and the complete agenda packets are available on the City's website at <http://www.cityofindianwells.org/cityhall/cagaends.asp>

UNOFFICIAL

City Council Meeting Minutes

Thursday, March 6, 2014

1:30 p.m.

City Hall Council Chambers at
44-950 Eldorado Drive, Indian Wells

UNOFFICIAL



Indian Wells City Hall

WELCOME TO A REGULARLY SCHEDULED MEETING OF THE CITY COUNCIL. ALL PERSONS WISHING TO ADDRESS THE CITY COUNCIL SHOULD FILL OUT A BLUE PUBLIC COMMENT FORM BEFORE THE MEETING BEGINS AND GIVE IT TO THE CITY CLERK. WHEN THE MAYOR HAS RECOGNIZED YOU, PLEASE COME FORWARD TO THE PODIUM AND STATE YOUR NAME FOR THE RECORD. A 3-MINUTE TIME LIMIT IS CUSTOMARY. PLEASE NOTE THAT YOU MAY ADDRESS THE CITY COUNCIL ON AN AGENDA ITEM AT THE TIME IT IS DISCUSSED, BUT ONLY AFTER BEING RECOGNIZED BY THE MAYOR. ANY PUBLIC RECORD, RELATING TO AN OPEN SESSION AGENDA ITEM, THAT IS DISTRIBUTED WITHIN 72 HOURS PRIOR TO THE MEETING IS AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL RECEPTION AREA 44-950 ELDORADO DRIVE, INDIAN WELLS DURING NORMAL BUSINESS HOURS.

1. CONVENE THE CITY COUNCIL AND ROLL CALL

[1:30:04] Mayor Mertens convened the City Council of the City of Indian Wells at 1:30 p.m. in the City Hall Council Chambers.

PRESENT: 5 – Mayor Ted Mertens, Mayor Pro Tem Ty Peabody, Council Member Patrick Mullany, Council Member Douglas Hanson, and Council Member Mary T. Roche.

2. APPROVAL OF THE FINAL AGENDA

[1:30:34] Mayor Mertens reminded residents that the City is in the process of recruiting for volunteers to serve on Committees, Commissions and Boards, stating the deadline to submit applications to the City is next Wednesday, March 12, 2014. Mayor Mertens encouraged residents to consider participating in their local government.

A motion was made by Council Member Mullany, seconded by Council Member Roche, to Approve the Agenda as Submitted. The motion carried by the following vote 5-0:

AYES: 5 – Mertens, Peabody, Mullany, Hanson, Roche
NOES: 0 – None

3. APPROVAL OF THE MEETING MINUTES

[1:32:32]

- A. February 11, 2014 Special Strategic Planning Minutes.
- B. February 12, 2014 Special Strategic Planning Minutes.
- C. February 20, 2014 Special Meeting Minutes.
- D. February 20, 2014 Regular Meeting Minutes.

A motion was made by Council Member Roche, seconded by Council Member Mullany, to Approve the Minutes as Submitted. The motion carried by the following vote 5-0:

AYES: 5 – Mertens, Peabody, Mullany, Hanson, Roche
NOES: 0 – None

4. PROCLAMATIONS AND PRESENTATIONS

- A. Presentation by Scott White, Greater Palm Springs Convention and Visitors Bureau.

[1:31:46] Greater Palm Springs Convention and Visitors Bureau's Executive Director Scott White shared with the Council the marketing efforts of the Convention and Visitors Bureau which serves the entire Coachella Valley. Mr. White gave an overview of sales and rooms booked, as well as Transient Occupancy Tax received by the City of Indian Wells based on leads given to the hotels by the Bureau.

5. PUBLIC COMMENTS

[1:44:23] City Manager McKinney updated Council that this morning a meeting was held at the Indian Wells Villas with the residents and National Community Renaissance of California (NCORE) wherein it was decided by NCORE that they would not change the existing Manager, Morgana Corelli, at Indian Wells Villas as they had intended.

Mr. Bob Mitchell, resident, stated he appreciated the residents of Indian Wells Villas for attending this meeting. Mr. Mitchell stated NCORE did come out to meet with the residents earlier to discuss whether NCORE would go ahead with their plans to change the Manager of that site.

Ms. Joyce Branstetter, resident, expressed her concerns relating to the site Manager Morgana Corelli.

Ms. Virginia Goettelman, resident, expressed her support of Ms. Corelli, stating Indian Wells Villas is not a training ground for NCORE Managers.

Ms. Shirley Rewega, resident, stated she has lived at Indian Wells Villas for eleven years and stated the idea of replacing the current manager of Indian Wells Villas would have been a heart breaker for all of the residents of Indian Wells Villas. Ms. Rewega asked NCORE to provide on a regular basis continuing education to all of the workers on the property at any given time.

Ms. Linda Lusk, resident, thanked the City for the quality of life at Indian Wells Villas stating Morgana Corelli's relationship is excellent with the residents.

UNOFFICIAL

30

Mr. Andy Elchuck, resident, stated some of the past speakers at today's meeting were well informed and articulate women, he suggested some of them consider running for Council this coming year.

Mr. Denny Booth, resident, stated northbound on Cook Street, south of Highway 111, is a possible serious accident area and asked for someone to respond to his email sent earlier this week so that corrective action could be taken as soon as possible.

6. CONSENT CALENDAR

[2:12:25]

- A. Receive/File City Treasurer's Cash Balance and Investment Report.

IT WAS DETERMINED TO **RECEIVE** AND **FILE** THE NOVEMBER 2013 CITY TREASURER'S CASH BALANCE AND INVESTMENT REPORT.

THIS MATTER WAS APPROVED ON THE CONSENT AGENDA.

- B. City Warrant and Demands. Page 69.

IT WAS DETERMINED TO **APPROVE** THE MARCH 6, 2014 CITY WARRANT AND DEMANDS.

THIS MATTER WAS APPROVED ON THE CONSENT AGENDA.

PASSED THE CONSENT AGENDA. A MOTION WAS MADE BY COUNCIL MEMBER MULLANY, SECONDED BY MAYOR PRO TEM PEABODY, INCLUDING ALL THE PRECEDING ITEMS MARKED AS HAVING BEEN APPROVED ON THE CONSENT AGENDA. THE MOTION CARRIED BY THE FOLLOWING VOTE 5-0:

AYES: 5 – Mertens, Peabody, Mullany, Hanson, Roche

NOES: 0 – None

7. GENERAL BUSINESS

- A. Approve Agreement with Vacation Rental Compliance for Short-Term Vacation Rental Compliance Program.

[2:13:26] Vacation Rental Compliance LLC President Cindy Gosselin stated she has three staff members and can have the program in operation within five weeks.

City Attorney Stephen Deitsch recommended amendments to the Professional Services Agreement. They were as follows: Under Section 3.3 Fees and Payments, 3.3.1 Compensation paragraph, first sentence after word "including" insert word "any". Also insert in Exhibit "C" before word "HOURS" inset the word "Maximum" and also before the word "TOTAL" insert the word "Maximum" and lastly after the words (28 MTS) insert the words "Shall not exceed".

IT WAS DETERMINED TO **APPROVE AS AMENDED** THE AGREEMENT WITH VACATION RENTAL COMPLIANCE FOR THE DEVELOPMENT AND MANAGEMENT OF SHORT-TERM VACATION RENTAL COMPLIANCE PROGRAM FOR A TWO YEAR PERIOD; AND

AUTHORIZES AND **DIRECTS** THE CITY MANAGER TO EXECUTE AGREEMENT; AND

AUTHORIZES AND **DIRECTS** STAFF TO PREPARE A REQUISITION IN THE AMOUNT NOT TO EXCEED \$9,600 FOR FISCAL YEAR 2013-14.

A motion was made by Mayor Pro Tem Peabody, seconded by Council Member Roche, to Approve this motion. The motion passed by the following vote 5-0:

AYES: 5 – Mertens, Peabody, Mullany, Hanson and Roche

NOES: 0 – None

8. CITY MANAGER’S REPORT/COMMENTS AND MATTERS FROM STAFF

[2:34:05] City Manager Wade McKinney stated the Council had productive Strategic Planning workshops in February and last week the Department Heads met to develop action plans for those goals. He stated a Special Council Meeting with Staff will be held on March 20, 2014 at 9:00 a.m. at the Indian Wells Golf Resort at the Celebrity Room to review FY 2014-15 City goals and action plans.

9. COUNCIL MEMBERS' REPORTS AND COMMENTS

[2:35:22]

A. Council Member Roche

No report.

B. Council Member Hanson

No report.

C. Council Member Mullany

Council Member Mullany congratulated the City Manager on a having a Department Head strategic planning session.

D. Mayor Pro Tem Peabody

Mayor Pro Tem Peabody presented the monthly Indian Wells Golf Resort report stating this review presented to the public at the Council Meetings is for the purpose of reviewing the Strategic Plan Goals and to compare the results since January 2014.

E. Mayor Mertens

No report.

10. CITY ATTORNEY REPORTS AND COMMENTS

[2:42:20] City Attorney Stephen Deitsch stated the Council met during the Special Meeting this morning to discuss the Closed Session Items as listed on that agenda. Mr. Deitsch stated there was no reportable action taken on these items.

11. CLOSED SESSION

At 12:00 p.m. City Attorney Stephen Deitsch recommended the City Council recess into Closed Session to discuss the items listed on the agenda.

- A. Conference with Legal Counsel Regarding Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2). Number of Potential Cases: 2.

At 12:10 p.m. Council Member Patrick Mullany left the closed session as he is named in one of the above listed cases.

At 2:42 p.m. City Attorney Stephen Deitsch stated there was no reportable action taken on these items.

- B. Conference with Legal Counsel Regarding Anticipated Litigation. Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4). Number of Potential Cases: 1.

At 2:42 p.m. City Attorney Stephen Deitsch stated there was no reportable action taken on these items.

12. ADJOURNMENT

At 2:43 p.m. Mayor Mertens ADJOURNED to a Special Meeting of the City Council to be held at 9:00 a.m. on March 20, 2014 at the Indian Wells Golf Resort, Celebrity Ballroom; and thereafter to a regularly scheduled meeting of the City Council to be held at 1:30 p.m. on March 20, 2014 in the City Hall Council Chambers.

Respectfully submitted,

Wade G. McKinney, City Manager/City Clerk

This council meeting may be viewed on the City's website at <http://www.cityofindianwells.org> click on "City Council Meeting View Online" tab and the complete agenda packets are available on the City's website at <http://www.cityofindianwells.org/cityhall/cagaends.asp>

CONSTANCE M. BENNETT
74-812 VILLAGE CENTER DRIVE #5
INDIAN WELLS, CALIFORNIA 92210
760-779-9686

March 20, 2014

TO: CITY OF INDIAN WELLS

RE: 8.08.010 MAINTENANCE OF PROPERTY – CONDITIONS THAT ARE NUISANCES

PROBLEM:

The City of Indian Wells is in violation of Section 8.08.010, dust control. Indian Wells Villas, a city-owned property, has dust-control pollution due to inadequate landscape measures to cover bare dirt.

Although beautifully planted with flowers, shrubs and trees, the primary and basic landscape is raw sand/ dirt. The slightest wind and of course plentiful sand storms keeps a constant pollution of fine sand on the sidewalks, in the atriums, patios (and furnishings) and breathing air.

Historically, topical sprays have been applied about every two years to the sand as well as a micro-thin layer of crushed aggregate; these last only through one or two of the gardener's weekly rakings. Then the crust is broken and bare sand (plus the dissolved chemicals) blow throughout the property. Sweeping of sand is required daily and breathing is not optional.

OPPORTUNITY:

Indian Wells Villas enjoys a unique opportunity to live practically sand-free. The Villas is virtually surrounded by communities which are either cement-scaped – Indian Wells Village Office Complex – or fully-landscaped with grasses and gravels – Colony Cove. These adjacent properties would surely be grateful for neighborhood sand-pollution control as well.

METHOD/SOLUTION:

Indian Wells Villas could easily, inexpensively and conclusively be properly landscaped with gravels and rocks. This would reduce maintenance by eliminating the need to rake; leaves could be blown. As an added benefit, the wear and tear of constant sand- blasting of expensive solar panels should be vastly reduced, perhaps extending their life.

BENNETT

ORDINANCE 8.08.010

PAGE TWO OF TWO

RESOLUTION:

WHEREAS, Indian Wells Villas, a City-owned property, is in violation of Section 8.08.010 of city ordinance, and

WHEREAS, Indian Wells Villas residents, a senior community at risk for pulmonary issues, would benefit from cleaner air, and

WHEREAS, topical sprays, chemicals and aggregates have failed to abate dust pollution in the community and surrounding properties,

THEREFORE BE IT RESOLVED, that the City of Indian Wells will landscape Indian Wells Villas with gravels or other permanent measures to comply with Section 8.08.010 so as to control blowing dust on and from the site.

RENT WATCH

Owners liable for manager's actions

Public Comments

BY ANKY VAN DEURSEN

Question: My wife and I purchased a 10-unit residential building as an investment. This is our first time owning a rental property, and we quickly realized it's a lot of work. We hired a property manager to deal with all of the details, and for a while everything seemed fine.

Last week, however, we received a notification from the Department of Housing and Urban Development that one of our tenants had filed a complaint against us, claiming that our property manager had sexually harassed her. We know nothing about this — can we be liable for what the property manager did here? We hired him so that we wouldn't have these kinds of headaches!

Answer: Both federal and state fair housing laws impose absolute vicarious liability on property owners when management violates the law. In other words, if your property manager violates a tenant's rights under the fair housing laws, you may be held legally and financially responsible for what the manager did, even if you had no part in the illegal behavior and had no knowledge of it at the time it happened.

This liability applies to the actions not only of the manager but also of any employee of yours that might have contact with tenants, such as a maintenance worker. Liability for discrimination under the fair housing laws from administrative complaints or lawsuits can cost you thousands of dollars in damages and attorney fees. You can also be subjected to years of monitoring by a fair housing or government agency.

For these reasons, it is important for you to make sure that your employees are knowledgeable about the law, take those laws seriously and make every effort to comply with those laws. You may turn over responsibility for the day-to-day management of your apartment building to a property manager, but not responsibility for complying with the fair housing laws.

You can help protect yourself from liability under the fair housing laws from the actions of your employees in a number of ways.

First, have a lawyer or other person knowledgeable about the laws review the form lease agreements, advertisements for vacancies, notices, house rules and written policies that the manager uses to make sure they comply with the law.

Second, make sure your property manager attends fair housing training at least once a year with a reputable organization, such as your local fair housing agency or apartment owner association. The laws change, which means your employees must continue their education.

Third, make sure you take seriously any information that comes to your attention suggesting that there is a problem. Tenants sometimes reach out to the property owner when they are having problems with management. There may be nothing to the tenant's complaint, but it is in your interest to check into it to see whether a legitimate fair housing issue is lurking somewhere.

Van Deursen is director of Dispute Resolution Programs for Project Sentinel, a Bay Area nonprofit. Send questions to info@housing.org.

CC/MA ACTION _____ MTG. DATE: 3-20-14
APPROVED DENIED _____ REC/FILE _____ CONT. _____
OTHER _____
VOTE: YES 5 NO 0 ABSTAIN _____
As Revised - "add condition # 39th"
March 20, 2014

Indian Wells City Council

Staff Report – Community Development

*Resolution - Toscana Representative
agreed, which replaces current
condition # 19.*

Adopt Resolution Approving a Conditional Use Permit for a Temporary Tent Structure at the Toscana Country Club and Finding the Project Exempt from CEQA

RECOMMENDATIONS:

City Council **OPENS** the Public Hearing, takes any public testimony, **CLOSES** the Public Hearing; and

FINDS the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15301, Existing Facilities; and

ADOPTS Resolution Bill No. 2014-02 approving Conditional Use Permit No. 2014-01 for the temporary tent structure at the Toscana Country Club.

DISCUSSION:

Background:

The City approved a Temporary Use Permit (TUP No. 2004-20) to locate a 3,200 square foot (40' x 80') tent structure and smaller 1,034 square foot hexagon shaped tent structure within the Sports Complex area at Toscana Country Club in December 2004 (Attachment 1). The larger tent structure currently serves as a temporary clubhouse facility for special events (e.g., weddings, parties, meetings, etc.) to meet the needs of the community, while the smaller hexagon shaped tent serves as an adjunct storage building.

Through ongoing development over the past 10 years, the club membership has increased to a point where a larger tent is needed until a permanent structure can be built on the site. The ultimate master plan for Toscana envisions a permanent banquet/club-house building (Villa Toscana) on the subject site (Attachment 2), which is reflected in its membership documents approved by the California Department of Corporations. Construction of the permanent structure is required no later than November 30, 2020, or when the club reaches 420 paying members (currently 327-members); whichever comes first. The Planning Commission recommended approval of new tent structure by a vote of 5-0 to the City Council at their February 27, 2014 meeting.

Analysis:

The proposed tent structure is approximately 5,800 square feet in size and would replace the existing 3,200 square foot tent located within Toscana's Sports Complex area. The Sports Complex area consists of the Golf Pro Shop, Grille Pavilion, Spa facilities, tennis courts, men and women locker rooms, and the site of the future Villa Toscana Clubhouse facility (Attachment 2). The new tent structure would be similar in shape, material, color and overall appearance as the temporary structure that currently exists on the site (Attachment 3). In addition, the existing smaller hexagon tent would be relocated to the east slightly to make room for the larger event/banquet tent. As shown in Attachment 4, the existing tent is 40' wide, 80' long, and has a height of 18'-2". The proposed tent would be somewhat larger at 56' wide, 104' long, and up to 21'-3/4" in total height (Attachment 5). Consistent with City's Zoning Code, the proposed tent structure conforms to all applicable building heights and setbacks. Ultimate build-out of the approved Clubhouse facility within Toscana Country Club allows for a two-story 28' high structure on the subject site.

Some minor changes to the surrounding hardscape and landscaped areas are required to accommodate the larger tent structure, including the removal of some of the existing shrubs on the south side of the tent, and the addition of hardscape at the entry and along the north side of the tent (Attachment 6). The proposed hardscape will be similar to what exists throughout the Sports Complex area. Parking for the tent structure is will be accommodated by the existing parking lot within the Sports Complex area, which was designed to include a future Clubhouse facility on the subject site.

Environmental:

The proposed project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per Section 15301 of the guidelines – Existing Facilities.

Fiscal Impact:

None.

ATTACHMENTS:

1. Resolution Bill No. 2014-02
2. Vicinity Aerial Photo
3. Sports Complex Area
4. Existing & Proposed Tent Photos
5. Existing Tent Profile
6. Proposed Tent Profile
7. Landscape Plan

RESOLUTION BILL NO. 2014-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDIAN WELLS, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT (CUP) NO. 2014-01 FILED BY TOSCANA COUNTRY CLUB, INC., FOR A SEMI-PERMANENT EVENT TENT AT THE TOSCANA COUNTRY CLUB, FOR WHICH THE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM THE PROVISIONS OF CEQA PURSUANT TO CEQA GUIDELINES SECTION 15301, EXISTING FACILITIES

WHEREAS, Toscana Country Club Inc., (the "Applicant"), has filed an application with the City of Indian Wells (the "City") for approval of a Conditional Use Permit ("CUP") No. 2014-01 to allow the construction of a temporary tent structure with the gated Toscana County Club (the "Project"); and

WHEREAS, the Applicant intends to replace an existing 3,200 square foot (40'x80') tent with a somewhat larger 5,824 square foot (56'x104') tent within the Sports Complex area of Toscana Country Club; and

WHEREAS, the intended use of the new tent will remain the same as that conducted within the existing tent (i.e., weddings, parties, meetings etc.); and

WHEREAS, on February 27, 2014, the Planning Commission held a duly noticed public hearing on the Project in conformance with Government Code and Municipal Code sections and adopted by unanimous vote Resolution No. PC 2014-02 recommending that the City Council approve the Project; and

WHEREAS, notice of a public hearing of the City Council of the City of Indian Wells to consider the Project was given in accordance with applicable law; and

WHEREAS, on March 20, 2014, the City Council held a duly noticed public hearing on the Project; and

WHEREAS, after careful consideration of the staff report and all of the information, evidence, and testimony presented at its public hearing, the City Council finds as follows:

Conditional Use Permit:

1. A. The proposed location of the conditional use is in accord with the objectives of this Zoning Code and the purpose of the General Plan and zoning land use category in which the site is located.

FACT: The proposed CUP would not affect the findings required as to location since the proposed event tent would serve as an interim clubhouse facility on the same site within the Toscana Country Club Sports Complex area until such

time when development of the ultimate clubhouse facility is warranted. The proposed tent will be smaller in overall mass, size and scale, as compared to the future clubhouse facility approved for the same site.

2. B. The proposed conditional use will not be detrimental to the public health, safety or welfare, nor detrimental to adjacent properties or be materially injurious to properties or improvements in the vicinity.

FACT: The proposed tent would not adversely affect the public health, safety or welfare, or materially injure surrounding properties or improvements since the Project will adhere to all applicable sections of the California Building Code, California Fire Code and Municipal Code, thus precluding adverse impacts resulting from the development. Furthermore, the event tent will be located so as not to interfere with normal and emergency vehicle and pedestrian traffic flow at the Toscana Country Club, and would be located within the sports complex area, and outside of any residential development areas of the Club.

3. C. The proposed conditional use will comply with each of the applicable provisions of the Zoning Code.

FACT: The proposed CUP complies with each of the applicable provisions of the City's Zoning Code. The proposed use is consistent with the existing uses located within the Sports Complex area of the Club, and will serve as an interim use until such time when development of the ultimate clubhouse facility is warranted. Conditions of Approval are attached hereto as Exhibit "A" and incorporated herein by reference.

Environmental Findings:

4. The Project will have no significant effect on the environment and is Categorically Exempt from the provisions of the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21084 and CEQA Guidelines Section 15301, Accessory Structures to Existing Facilities.

NOW, THEREFORE, the City Council of the City of Indian Wells does here by **FIND, RESOLVE AND ORDER** as follows:

SECTION 1. The City Council **FINDS**, in accordance with the California Environmental Quality Act (CEQA), the project qualifies as a Class 3 Categorical Exemption per §15301 relating to Existing Facilities.

SECTION 2. The City Council **ADOPTS** Resolution Bill No. 2014-02 approving Conditional Use Permit No. 2014-01, subject to the Conditions of Approval listed on Exhibit "A" attached hereto and by this reference incorporated herein.

SECTION 3. The City Clerk shall certify to the adoption of this Resolution and shall mail by first class, prepaid, United States mail, a certified copy of this Resolution to the Applicant.

SECTION 4. This Resolution shall take effect upon adoption.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Indian Wells, California, at a regular meeting held on this 20TH day of March, 2014.

TED J. MERTENS
MAYOR

CERTIFICATION FOR RESOLUTION BILL NO. 2014-02

I, Wade G. McKinney, City Clerk of the City Council of the City of Indian Wells, California, **DO HEREBY CERTIFY** that the whole number of the members of the City Council is five (5); that the above and foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the City Council of the City of Indian Wells on the 20th day of march, 2014, by the following vote:

AYES:
NOES:

ATTEST:

APPROVED AS TO FORM:

WADE G. MCKINNEY
CITY MANAGER/CITY CLERK

STEPHEN P. DEITSCH
CITY ATTORNEY

EXHIBIT "A"

Conditions of Approval for

Conditional Use Permit No. 2014-01

General:

1. This approval shall be used within one (1) year after final approval or it shall become null and void unless the time limit is extended by the City Council per Municipal Code Section 21.06.040(e). The phrase "be used" above for the proposed Project shall mean the application by the Applicant for, and approval and issuance by the City of, all applicable building permits.
2. The Applicant shall defend, indemnify, and hold harmless the City of Indian Wells and its officers, employees, and agents from and against any claim, action, or proceeding against the City of Indian Wells, its officers, employees, or agents to attack, set aside, void, or annul any approval or condition of approval of the City of Indian Wells concerning this project, including but not limited to any approval or condition of approval by the Planning Commission. The City shall promptly notify the applicant of any claim, action, or proceeding concerning the project and the City shall cooperate fully in the defense of the matter. The City reserves the right, at its own option, to choose its own attorney to represent the City, its officers, employees, and agents in the defense of the matter.
3. The Applicant shall pay development impact fees at the established rates. Such fees may include, but not be limited to, new construction fees, park or open space fees, school fees, drainage fees, sewer fees, TUMF fee, local CVMSHP development impact fees, building permit and plan check fees.
4. In the event that any condition contained herein is determined to be invalid or legally unenforceable, then all remaining conditions shall remain in force.
5. Approval of this conditional use permit shall not waive compliance with all applicable sections of the Indian Wells Municipal Code, all other applicable City ordinances, and applicable specific plans.
6. The Project shall be developed in accordance with the approved plans, and failure to comply with any conditions of approval shall be deemed just cause for revocation of project approval by the City Council. However, the

Community Development Director or designee shall have the authority to approve minor deviations from the conditions of approval and all plans including the construction drawings, if deemed necessary by both the Applicant and the City to implement the project as approved.

7. All plans shall be coordinated for consistency and final approval by the Community Development Director.
8. Construction shall occur between the hours of 7:00 am and 5:00 pm, Monday through Friday, 8:00 am and 5:00 pm, Saturday. There shall be no construction on Sunday or national holidays per Municipal Code Section 9.06.047. The Community Development Director may grant a temporary waiver from these hours in limited circumstances where special need is demonstrated. Any such waiver request shall be made by the Applicant in advance.
9. Upon submittal of construction drawings to the Building Department for plan check review, all departmental conditions of approval for the Project shall be included on the sheet following the title sheet, or the first sheet of the plans. A site plan shall also be attached to all sets of construction drawings. This condition shall be a minimum requirement for acceptance of construction drawings for the Building plan check review.
10. The Applicant must obtain written verification from the Community Development Director, Public Works Director, Building Official and Fire Marshal, or designees, of compliance with all Conditions of Approval and Code requirements, prior to commencement of operations of the new tent structure.
11. Within fifteen (15) days of final approval by the City Council, the Applicant shall submit in writing, a statement indicating that the Applicant has read and agrees to the conditions imposed herein. Approvals of land use and related applications hereunder shall become void, and any privilege, permit, or other authorization granted shall be deemed to have terminated if compliance with this condition has not been completed within the specified time limits.
12. Toscana Country Club, Inc., (Applicant) shall be permitted to locate a 5,824 square foot (56'x104') event tent in place of the existing 3,200 square foot (40'x80') tent on the future Clubhouse site within the Sports Complex area of the Toscana Country Club (the "Site") in support of special events for club members.
13. All improvements shall be subject to City Planning, Building, and Public Works Departments' approval at least two (2) weeks prior to installation.

14. The Applicant shall obtain Riverside County Fire Department authorization as to conformance with life safety standards prior to holding any events in the event tent.
15. The Applicant shall obtain all necessary permits from the City and/or other agencies prior to locating the event tent at the Toscana Country Club.

Operation:

16. The tent is to be used for special Toscana events and as an accommodation to golfers for a period of time until the official Golf Clubhouse can be constructed at the same site.
17. The Applicant shall abide by its presently existing membership documents, approved by the California Department of Corporations, which requires construction of the official Golf Clubhouse (Villa Toscana) to begin at the subject site when the club reaches 420 dues-paying golf members, but in any event shall be completed no later than November 30, 2020. The use of the structure shall discontinue and the structure shall be promptly removed from the site no later than the date of completion of Villa Toscana.
18. The noise standards to be employed for event tent gatherings are outlined in Section 9.06.040(a)(1) that permit a maximum of 55 dBA at the residential property line between 7:01 A.M. to 10:00 P.M.
19. The applicant shall meet all Americans with Disabilities Act requirements per Chapter 11B of the 2013 California Building Code, to the satisfaction of the Building Official.

Fire:

20. With respect to the conditions of approval regarding the above referenced project, the applicant will adhere to the fire department recommendations that the following fire protection measures be provided in accordance with City Municipal Code, NFPA, CFC, and CBC or any recognized Fire Protection Standards: The Fire Department is required to set a minimum fire flow for the remodel or construction of all buildings per UFC article 87.
21. A fire flow of 1500 gpm for a 1-hour duration at 20 psi residual pressure must be available before any combustible material is placed on the job site. Provide or show there exists a water system capable of providing a gpm flow of 3000 gpm for commercial buildings.

22. The required fire flow shall be available from a wet barrel Super Hydrant(s) 4"x 2½"x 2½", located not less than 25' nor more than 150' from any portion of a commercial building measured via vehicular travelway.
23. Water Plans must be approved by the Fire Marshal and include verification that the water system will produce the required fire flow.
24. The applicant shall complete NFPA 13 fire sprinkler system. This applies to all buildings with a 3000 square foot total cumulative floor area. The Fire Marshal shall approve the locations of all post indicator valves and fire department connections. All valves and connections shall not be less than 25' from the building and within 50' of an approved hydrant.
25. All valves controlling the water supply for automatic sprinkler systems and Water -flow switches shall be monitored and alarmed per CBC Chapter 9.
26. The applicant shall install a fire alarm system as required by the UBC Chapter 3.
27. The applicant shall install portable fire extinguishers per NFPA 10, but not less than one 2A10BC extinguisher per 3000 square feet and not over 75' walking distance. A "K" type fire extinguisher is required in all commercial kitchens.
28. All building shall be accessible by an all-weather roadway extending to within 150' of all portions of the exterior walls of the first story. The roadway shall not be less than 24' of unobstructed width and 13'6" of vertical clearance. Where parallel parking is required on both sides of the street the roadway must be 36' wide and 32' wide with parking on one side. Dead-end roads in excess of 150' shall be provided with a minimum 45' radius turn-around 55' in industrial developments.
29. Whenever access into private property is controlled through use of gates, barriers or other means provisions shall be made to install a "Knox Box" day over-ride system to allow for emergency vehicle access. Minimum gate width shall be 16' with a minimum vertical clearance of 13'6".
30. All buildings shall have illuminated addresses of a size approved by the city.
31. All fire sprinkler systems, fixed fire suppression systems and alarm plans must be submitted separately to the Fire Marshal for approval prior to construction.
32. Conditions subject to change with adoption of new codes, ordinances, laws, or when building permits are not obtained within twelve months.

33. Must provide lightning protection to tent.

Environmental:

34. Pursuant to Public Resources Code Section 21089 and Fish and Game Code Section 711.4, the Applicant shall provide those fees marked [X] below in the form of a check made payable to the ***Riverside County Clerk*** within 5 days of City Council approval. Project approval shall not be complete until the required fee(s) is (are) paid:

- [X] \$ 50 - "Administrative Fee" to file the Notice of Exemption

END OF CONDITIONS



CUP 2014-01

LEGEND
5 A  Subject Property

The Club Villa



EXISTING TENT PICTURES



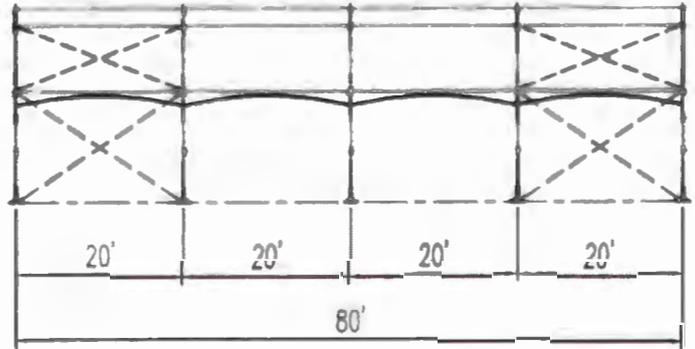
5A

PROPOSED TENT PICTURES

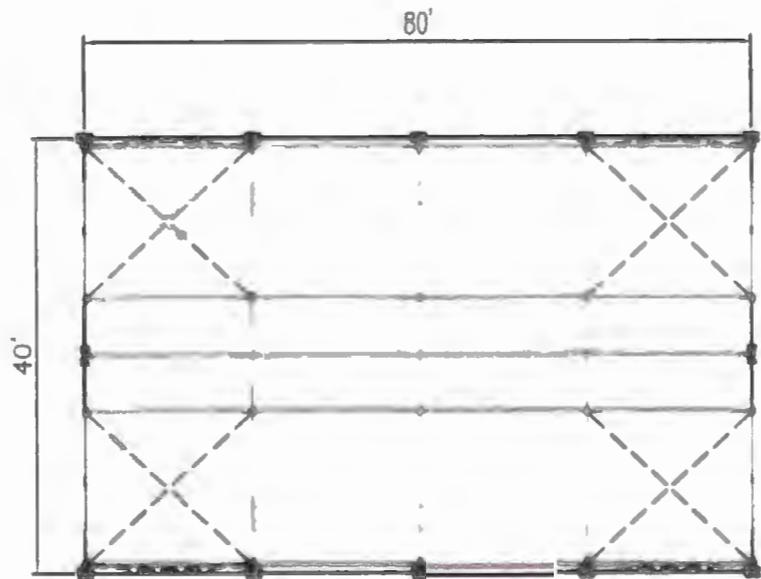
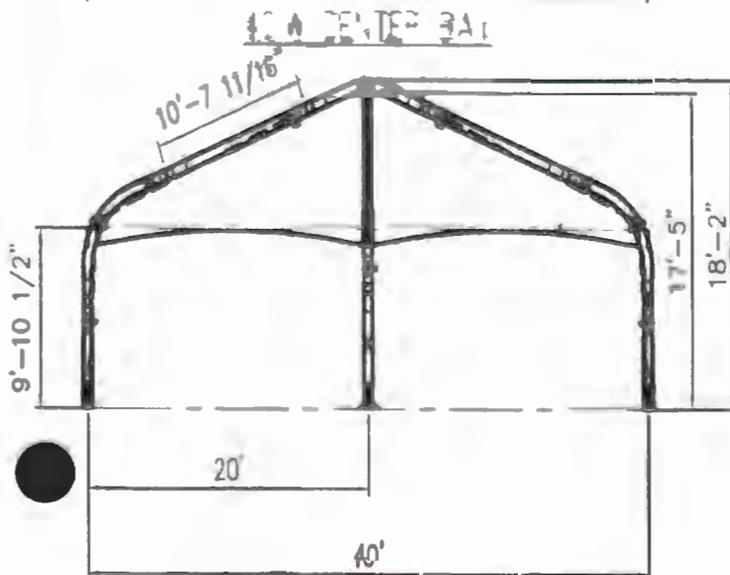
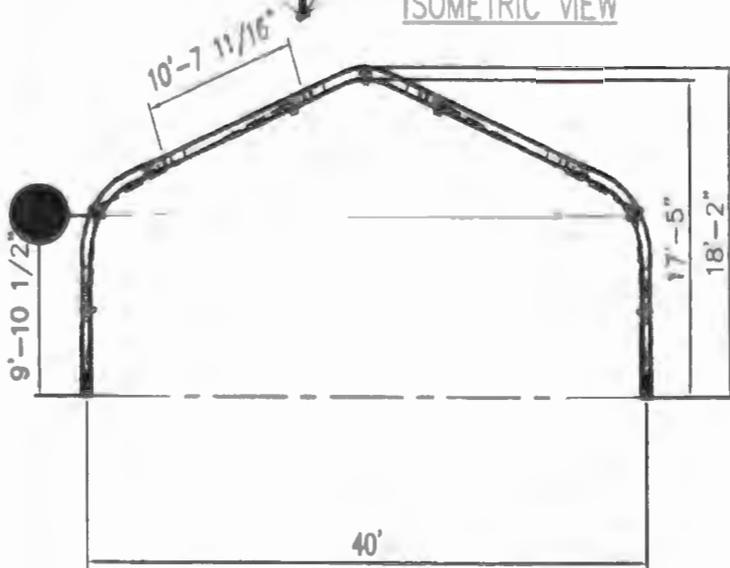


5A

EXISTING TENT PROFILE



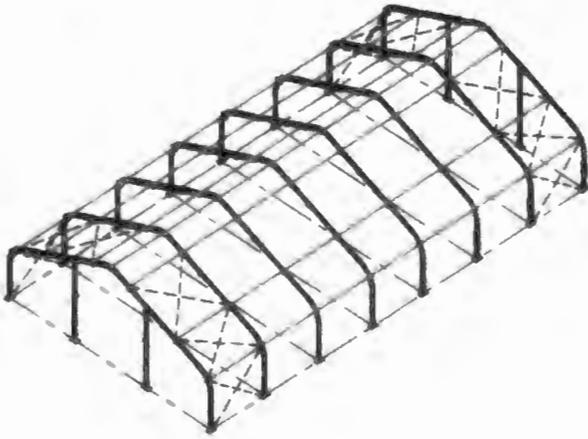
SIDE VIEW



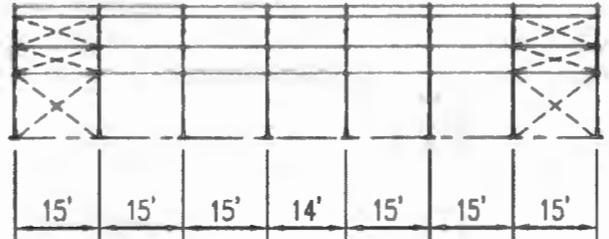
PLAN VIEW

5 A

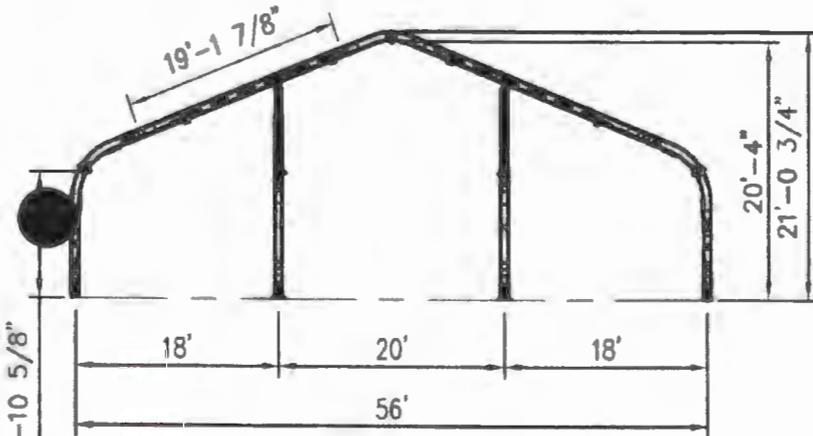
PROPOSED TENT PROFILE



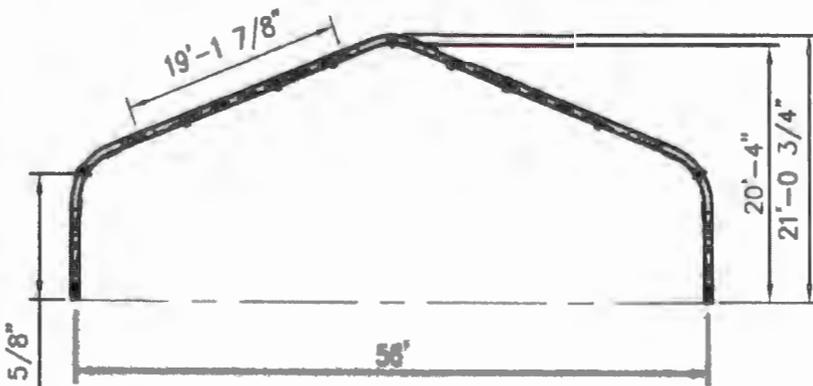
ISOMETRIC VIEW



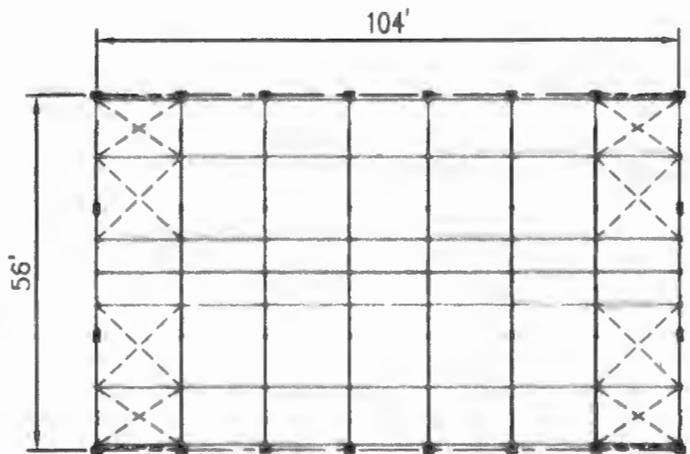
SIDE VIEW



CUSTOM 56'W GABLE END



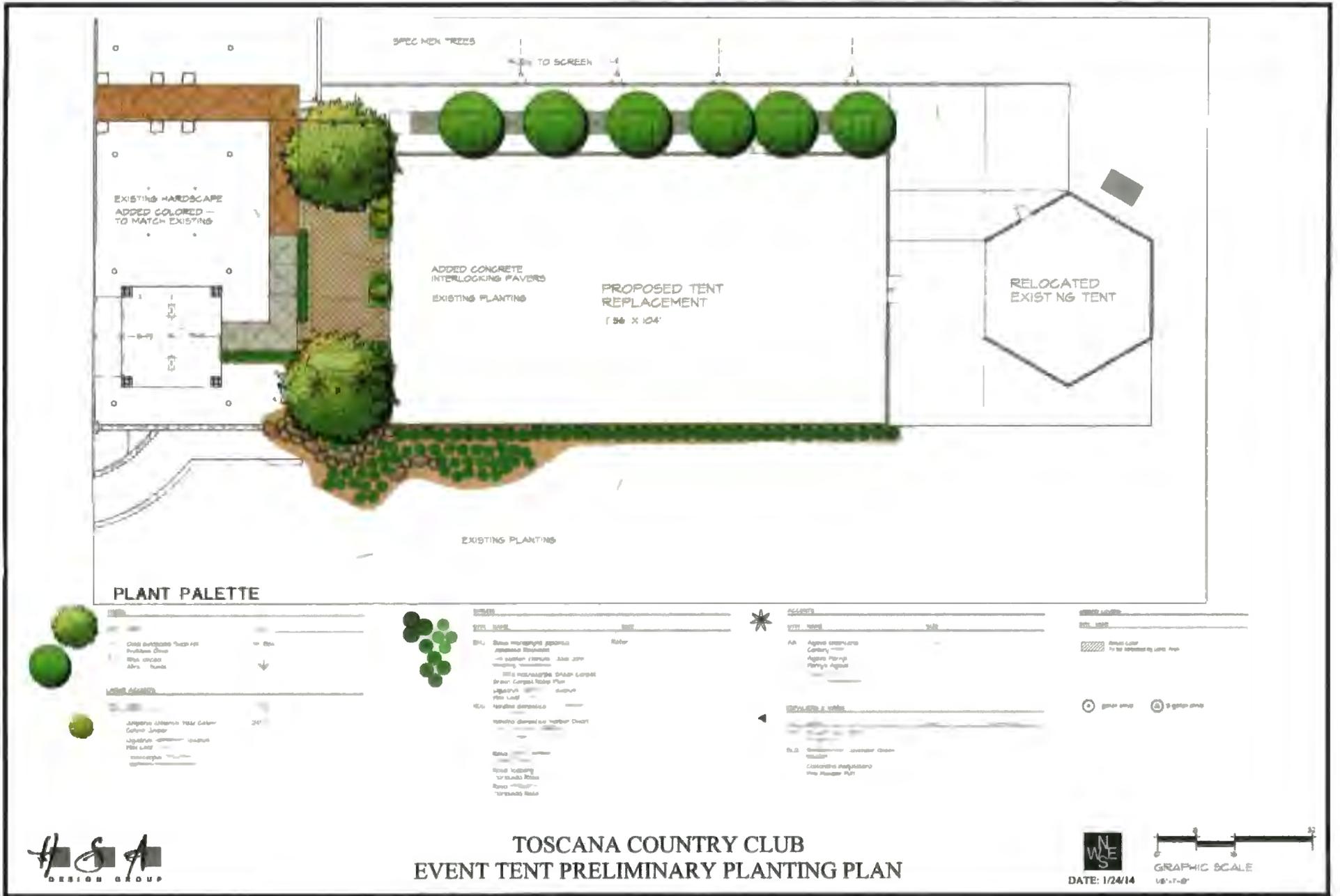
CUSTOM 56'W CENTER BAY



PLAN VIEW

5A

8C



Indian Wells City Council

March 20, 2014

Staff Report – Finance

Adopt the City's Annual Investment Policy

RECOMMENDATION:

City Council **ADOPTS** the City's annual Investment Policy

DISCUSSION:

Background:

The Government Code requires the City Council to review and adopt the City's investment policy annually. The City Treasurer is required to review each section of the policy; verify fiscal and legal compliance with the State code and make recommendations which enhance investment policy standards and procedures. This annual requirement is very important because it provides for public transparency of qualified investments and ensures the City is investing its funds in accordance with State law and with policies and standards established by the City Council.

The City's Investment Policy is designed in accordance with the recommended investment policy standards established by the Municipal Treasurers Association (MTA) of the United States and Canada and the California Debt and Investment Advisory Commission (CDIAC). These public groups set the standards of care and prudent investment of public funds. Adherence to the MTA and CDIAC standards requires greater investment diversification to enhance portfolio safety than is required by State code.

The City Treasurer is required to comply with written procedures for the operation of the investment program consistent with the investment policy, and produces monthly Treasurer Reports of the City's investments and cash positions. These Treasurer Reports are subject to City Council approval and public review. The Investment Policy is posted on the City's website for public review at: <http://www.cityofindianwells.org/cityhall/depts/finance>. In addition, the City's investment policy and procedures are subject to external auditor review and inspection during the interim and final audits.

Analysis:

The City Treasurer has verified the Investment Policy complies with Government Code requirements and recommends no changes to the City's Investment Policy. The Finance Committee met on February 24, 2014 to review and discuss to the City's Investment Policy, and the Committee recommends the City Council adopt the City's Investment Policy as presented.

ATTACHMENT:

1. Investment Policy

City of Indian Wells

Statement of Investment Policy

Re-adopted on March 20, 2014

Policy

It is the policy of the City of Indian Wells to invest public funds in a manner which will provide the maximum security of the City's capital while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds; and beyond that, to maximize return within an acceptable and defined level of risk. It is the City's policy to deposit and invest public funds in a manner that shall provide:

- Safety of principal
- Liquidity to meet all of the City's obligations and requirements that may be reasonably anticipated
- A risk-based market rate of return

Effective cash flow management and cash investment practices are recognized as essential to good fiscal management. This Statement is intended to provide guidelines for the prudent investment of the City's temporarily idle cash in all Funds, and outline the policies for maximizing the efficiency of the City's cash management system.

Scope

This Investment policy applies to all financial assets of the City of Indian Wells. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:

- The General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Agency Funds

Included in these funds are the following entities that are considered Component Units of the City of Indian Wells; and, accordingly, are encompassed by this investment policy:

- The City of Indian Wells Successor Agency
- The City of Indian Wells Housing Authority
- The City of Indian Wells' Fire Access Maintenance District
- The City of Indian Wells Lighting and Landscaping District(s)
- The City of Indian Wells Assessment District(s)

Fiscal Prudence

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

It is the City's full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal. However, it is realistically anticipated that market prices of securities purchased as investments will vary depending on economic conditions, interest rate fluctuations, or individual security credit factors. In a well diversified investment portfolio, such temporary variations in market value will inevitably result in measurable losses at any specific point in time. From time to time, changes in economic or market conditions may dictate that it is in the City's best interest to sell a security prior to maturity.

The City Treasurer and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

Objective

The principle factors of Safety, Credit Risk, Market Rate Risk, Liquidity and Return on Investment are to be taken into consideration, in the specific order listed, when making investment decisions.

Safety of Principal

Safety of principal is the foremost objective of the investment program. Investments of the City of Indian Wells shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, the City will mitigate credit risk and interest rate risk.

Credit Risk

Credit risk is the risk of loss due to the failure of the issue of a security. Credit risk will be mitigated by:

- Limiting investments to the safest types of securities
- By pre-qualifying the financial institutions with which it will do business
- By diversifying the investment portfolio in order that potential losses on individual securities do not unduly harm the City's capital base and cash-flow.

Market Rate Risk

Market Risk, defined as market value fluctuations due to overall changes in interest rates shall be mitigated by limiting the average maturity of the investment portfolio to less than 5 years, with a maximum maturity of any one security of 10 years. The portfolio shall be structured based on liquidity needs so as to avoid the need to sell securities prior to maturity.

Liquidity

The City of Indian Wells' investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This is accomplished by striving to have securities mature at the same time as cash is needed to meet anticipated demands (static liquidity). Additionally, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on Investment

The City of Indian Wells' investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on Investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities, as herein defined, in anticipation of earning a fair return relative to the risk being assumed.

While it occasionally may be necessary or strategically prudent of the City to sell a security prior to maturity to meet unanticipated cash needs or to restructure the portfolio, this policy specifically prohibits trading securities for the sole purpose of speculating on the future direction of interest rates.

Delegation of Authority

Authority to manage the City of Indian Wells investment program is derived from California Government Code Section 53600, et seq.; the City's Municipal Code; and City Council's and Redevelopment Agency's Policy Manual. Management responsibility for the investment program is delegated by the City Manager. The following section of this policy defines the overall structure of the investment management program:

Responsibilities of the Finance Department

The Finance Department is charged with the responsibility for maintaining custody of all public funds and securities belonging to or under the control of the City; and, and for the deposit and investment of those funds in accordance with the principles of sound treasury management, applicable laws and ordinances, and with this investment policy.

Responsibilities of the City Treasurer

The City Treasurer is responsible for investing the cash balances in all City Funds in accordance with the California Government Code, Sections 53600 et seq. and 53635 et seq. Investment practices shall conform to the prudent man rule (Civil Code Sect. 2261, et seq.) which states, in essence, that "in investing... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs..."

The City Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts.

Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Ethics and Conflicts of Interests

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

Employees and Elected officials shall disclose to the City Manager any material interests in financial institutions that conduct business with the City of Indian Wells, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and Elected officials shall subordinate their personal investment transactions to those of the City of Indian Wells particularly with regard to the time of purchases and sales.

Authorized Financial Dealers and Institutions

Only authorized Financial Dealers and Institutions defined under California Government Code Section 53601.5 shall be allowed to conduct business with the City. Authorized Financial Dealers and Institutions defined under California Government Code Section 53601.5 shall be defined as an institution licensed by the State of California as a broker-dealer, as defined in Section 25004 of the California Corporations Code, or a member of a federally regulated securities exchange, a national or state-chartered bank, a savings association or federal association or a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

The City Treasurer will maintain a list of financial institutions authorized to provide investment services conforming to the California Government Code Section 53601.5. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net Capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City Treasurer with the following: audited financial statements, proof of National Association of Security Dealers certification, proof of State of California registration, and certification of having read the City's investment policy. A current (for the fiscal year most recently ended) audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

Safekeeping and Custody

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank trust department, acting as agent for the City under the terms of a custody agreement. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Diversification and Percentage Limitations

Investments shall be diversified among institutions, types of securities and maturities to maximize safety and yield with changing market conditions. The City of Indian Wells will diversify its investments by investment type and institution in accordance with the limitations of the authorized investments.

Diversification

With the exception of US Treasury Securities or Federal Agency Securities, no more than 70% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

The City Treasurer shall take great care not to exceed the maximum 70% diversification limit; however, due to routine fluctuations in the amount of cash held in LAIF or other short term investments, the City may at times temporarily exceed the maximum 70% diversification limit. The City Treasurer shall not be required to sell US Treasury Securities or Federal Agency Securities to maintain the maximum 70% diversification limit.

Percentage Limitations

The City Treasurer shall not exceed the maximum investment percentage of the portfolio by investment type at the time of purchase of the security. Due to routine fluctuations in the amount of cash held in LAIF or other short term investments, the City may at times temporarily exceed the maximum investment percentage of the portfolio by investment

type. The City Treasurer shall not be required to sell any investment type to maintain the maximum investment percentage of the portfolio by investment type limit.

Authorized and Suitable Investments

Investments of City funds are governed by the California Government Code Sections 53600 et seq, as amended from time to time. The Table below represents the current California Government Code Sections 53600 et seq. investment requirements. The California Government Code Sections 53600 et seq does differentiate between General Law and Charter cities to determine authorized and suitable investments required by code.

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum par value per name	Credit/Minimum Quality Requirements
US Treasury Bills, Bonds and Notes	5 years	None	None	None
Federal Agency Securities	5 years	None	None	None
Local Agency Bonds	5 years	None	None	None
State of California Obligations	5 years	None	None	None
CA Local Agency Obligations	5 years	None	None	None
Federal Agency Securities	5 years	None	None	None
Bankers Acceptance Notes	180 days	0-40%	None	None
Mortgage Pass-Through Securities	5 years	None	None	None
County Pooled Investment Funds	N/A	None	None	None
Time Deposits	5 years	None	None	None
Commercial Paper	270 days	0-25%	10% per single issue	Shall be rated in a rating category of "A" or its equivalent
Repurchase Agreements	1 year	None	None	None
Reverse Repurchase Agreements	92 days	0-20%	None	Must be made with primary dealers of the Federal Reserve Bank or a Nationally or State Chartered bank, etc.
Municipal Mutual Funds	N/A	0-20%	10% per single issue	Multiple requirements including highest ranking by two nationally recognized rating agencies, must have fund advisor registered with the SEC, have more than \$500 million under management, etc.
Money Market Mutual Funds	N/A	0-20%	10% per single issue	Multiple requirements including highest ranking by two nationally recognized rating agencies, must have fund advisor registered with the SEC, have more than \$500 million under management, etc.
Collateralized Bank Deposits	5 years	None	None	None
Certificates of Deposit – Private Placement Certificate of Deposit Account Registry Service (CDARS) & Negotiable Certificates of Deposit	5 years	0-30%	None	None
Local Agency Investment Fund	N/A	None	\$50,000,000	None
Medium-term Corporate Bonds	5 years	0-30%	None	Shall be rated in a rating category of "A" or its equivalent

The authorized and suitable investments established by the City Council are generally more conservative than those established by California Government Code Sections 53600 et seq.

requiring additional diversification of risk and increased minimum quality requirements. Within the context of the limitations established by the City Council, the following investments are authorized, as further limited herein:

Authorized and suitable investments established by the City Council

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum par value per name	Credit/Minimum Quality Requirements
US Treasury Bills, Bonds and Notes	10 years – See Maximum Maturity requirements	0-75%	None	Full faith and credit of the United States Government
Federal Agency Securities	10 years – See Maximum Maturity requirements	0-70%	\$15,000,000	Implied guarantee of the US Government. Federal Agency Securities have an AAA rating.
Local Agency Bonds	10 years – See Maximum Maturity requirements	0-20%	\$5,000,000	Shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service such as S&P or Moodys.
State of California Obligations	10 years – See Maximum Maturity requirements	0-20%	\$5,000,000	Shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service such as S&P or Moodys.
CA Local Agency Obligations	10 years – See Maximum Maturity requirements	0-20%	\$5,000,000	Shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service such as S&P or Moodys.
Municipal Mutual Funds	N/A	0-20%	10% per single issue	Multiple requirements including highest ranking by two nationally recognized rating agencies, must have fund advisor registered with the SEC, have more than \$500 million under management, etc.
Certificates of Deposit – Private Placement Certificate of Deposit Account Registry Service (CDARS) & Negotiable Certificates of Deposit	5 years	0-30%	\$5,000,000 (Shall not exceed net worth of Issuing institution.	Only Senior Debt of domestic Banks, Savings & Loans, and Credit Unions with a rating of average or better by a recognized rating service; and pass a credit evaluation which may include such criteria as Community Reinvestment Act Rating, geographic location, market perception, loan diversity, management factors, and overall fiscal soundness. Private placement (CDARS) is further referenced below and in Section 53601.8 of the California Government Code as amended from time to time.
Repurchase Agreements	30 days	0-10%	\$2,000,000	Signed Security Loan Agreement in file. Reverse Repurchase Agreements are specifically not authorized under this investment policy.
Local Agency Investment Fund	N/A	0-60%	\$20,000,000 (per entity)	Investment of funds in the California LAIF which allows the State Treasurer to invest through the Pooled Money Investment Account
Medium-term Corporate Bonds	5 years	0-20%	2,000,000	Shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service such as S&P or Moodys.

Certificates of Deposit

As authorized in Government Code Section 53649, Certificates of Deposit are fixed term investments which are required to be collateralized from 110% to 150% depending on the specific security pledged as collateral in accordance with Government Code Section 53652.

Collateralization will be required for Certificates of Deposits in excess of the FDIC insured amount. The type of collateral is limited to City authorized investments. Evidence of compliance

with State Collateralization policies must be supplied to the City and retained by the City Treasurer as follows:

- Certificates of Deposits Insured by the FDIC: The City Treasurer may waive collateralization of a deposit that is federally insured.
- Certificates of Deposit in excess of FDIC Limits: The amount not federally insured shall be 110% collateralized securities or 150% mortgages market value of that amount of invested funds plus unpaid interest earnings.

The City's Investment Policy limits the percentage of Certificates of Deposit to 30% of the portfolio.

Certificates of Deposits – Private Placement (CDARS)

Section 53601.8 allows a local agency, to invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision(h) of Section 53601 do not, in total, exceed 30% of the City's funds that may be invested for this purpose.

U.S. Government Agency Securities and Federal Government Securities

The City may invest in securities issued by U.S. Government instrumentalities and agencies (commonly referred to as government sponsored enterprises or GSE's). These securities are not backed by the full faith and credit of the U.S. Government. Publicly owned GSE's include Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Student Loan Marketing Association (SLMA). Non-publicly owned GSE's include the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Land Bank (FLB) and Federal Intermediate Credit Bank (FICB). The maximum par value per issuer is \$15 million. In addition, no more than 70% of the portfolio may be invested in U.S. Government Agency Securities and Federal Government Securities

U.S. Treasury Bills, Notes, and Bonds and Government National Mortgage Associations (GNMA) securities

The City may invest in U.S. Treasury bills, notes, and bonds and GNMA securities directly issued and backed by the full faith and credit of the U.S. Government. The City's Investment Policy limits investments in U.S. Treasury issues and GNMA's to 75% of the portfolio.

State Treasurer's Local Agency Investment Fund (LAIF)

As authorized in Government Code Section 16429.1 and by State Treasurer's Local Agency Investment Fund procedures, local government agencies are each authorized to invest in this investment program administered by the California State Treasurer.

The City's investment in State Treasurer's Local Agency Investment Fund is allowable as long as the average maturity of its investment portfolio does not exceed three years, unless specific approval is authorized by the City Council. The City has two accounts with the Local Agency Investment Fund and limits investment to 60% of the portfolio with a maximum par value of \$20,000,000 per account per entity.

Corporate Notes

As authorized in Government Code Section 53601 (j), local agencies may invest in corporate notes. The notes must be issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any other state and operating in the United States. The City's Investment Policy allows investment in corporate notes authorized by the Government Code with the following limitations:

- Maturities shall not exceed five years from date of purchase
- Eligible notes shall be regularly quoted and traded in the marketplace
- Eligible notes shall be rated "A" or better at time of purchase
- Total investment shall not exceed 20% of the portfolio
- The maximum aggregate investment shall not exceed \$2 million face amount for each issuer.

Repurchase Agreements

A purchase of securities by the City pursuant to a Master Repurchase Agreement by which the seller will repurchase such securities on or before a specified date, or on demand of either party, and for a specified amount. Investments in repurchase agreements will be used solely as short term investments not to exceed 30 days and be collateralized by securities having a market value of at least 102% of the value of the repurchase agreement at all times during the term of the investment.

Prohibited Investments

Pursuant to California Government Code Section 53601.6, as amended from time to time, the City shall not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. In addition, the City shall not invest funds in any security that could result in zero interest accrual if held to maturity.

Collateralization

Collateralization will be required on two types of investments: Certificates of Deposit and Repurchase Agreements.

Negotiated Certificates of Deposit

Collateral for Certificates of Deposit (CD) and Negotiable Certificates of Deposit (NCD) must comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 (et seq.) and the Savings and Loan Association and Credit Union Deposit Law Government Code Section 16600 (et seq.)

Repurchase Agreements

In order to anticipate market changes and provide a level of security for all funds, the collateralization level for repurchase agreements will be 102% of market value of principal and accrued interest. The collateral cannot be mortgaged-backed securities.

Maximum Maturities

The City of Indian Wells will attempt to match its investments with anticipated cash flow requirements. To the extent possible, the City Treasurer shall maintain investments in the portfolio equal to the amount of two years current General Fund operating reserves maturing at no more than five (5) years from the date of purchase. Once this requirement is met, a maximum of 30% of the portfolio may be invested for more than five (5) years but not to exceed ten (10) years. Reserve funds from Bond proceeds may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

Internal Control

The City Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure 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. Accordingly, the City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

Maturity Structure and Performance

Investment performance is continually monitored and evaluated by the City Treasurer. Investment activity reports are generated on a monthly basis for presentation to the City Manger and City Council.

The weighted average maturity of the pooled portfolio shall not exceed four years and shall be designed to attain a market average rate of return comparable to the average one year US Constant Maturity Treasury (CMT). In addition to the four year maturity average, the portfolio shall be structured for liquidity purposes to maintain \$5,000,000 of invested funds maturing within 360 days.

Reporting

The City Treasurer shall prepare monthly Treasurer's Report including an investment portfolio report(s) that provides a clear picture of the status of the current investments. This portfolio report will be prepared in a manner that will allow the City Manager and the City Council to ascertain whether investment activities during the reporting period have deviated from the City's investment policy. The monthly Treasurer's Report will include the City portfolio, Fiscal Agent portfolio, and Bond Proceeds portfolio(s). The following information shall be required in each monthly investment portfolio report:

- A listing of individual securities held at the end of the reporting period
- Percentage of Portfolio by Investment Type
- Investments Stated Rate and Book Value
- Unrealized gains or losses resulting from appreciation depreciation by listing the cost and market value of securities over one-year in duration
- Average rate of return on City's investments
- Maturity aging by type of investment
- Market value of Securities (updated monthly)

Financial Assets and Investment Activity Not Subject To This Policy

The City's Investment Policy does not apply to the following:

- Cash and Investments raised from Conduit Debt Financing;
- Funds held in trust in the City's name in pension or other post-retirement benefit programs;
- Cash and Investments held in lieu of retention by banks or other financial institutions for construction projects;
- Short or long term loans made to other entities by the City or Agency; and Short term (Due to/from) or long term (Advances from/to) obligations made either between the City and its funds or between the City and Agency.

Investment of Bond Proceeds

The City's Investment Policy shall govern bond proceeds and bond reserve fund investments. California Code Section 5922 (d) governs the investment of bond proceeds and reserve funds in accordance with bond indenture provisions which shall be structured in accordance with the City's Investment Policy.

Arbitrage Requirement - The US Tax Reform Act of 1986 requires the City to perform arbitrage calculations as required and return excess earnings to the US Treasury from investments of proceeds of bond issues sold after the effective date of this law. These arbitrage calculations may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Investable funds subject to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations.

The City's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is the City's position to continue maximization of yield and to rebate excess earnings, if necessary.

Investment Policy Adoption

The City of Indian Wells Investment Policy shall be adopted by minute order of the City Council of the City of Indian Wells. The Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered for securities

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money and in inter-dealer markets.

COLLATERAL: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

COMPONENT UNIT: Legally separate entities whose activities are still in substance part of the government as a "financial reporting entity."

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Indian Wells. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COUPON: (a) the annual rate of interest that a bond's issuer promised to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., US Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL AGENCY SECURITIES: Securities issued by agencies of the federal government; e.g., Federal Home Loan Bank; Federal National Mortgage Association; Government National Mortgage Association; etc.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exports.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The Central Bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC, 12 Regional Banks and about 5,700 commercial banks that are members of the system.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulates and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. The security holder is protected by full faith and credit of the US Government. Ginnie Mae securities are backed by FHA, VA or FNMA mortgages. The term pass-throughs are often used to describe Ginnie Mae's.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase - reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

PORTFOLIO: Collection of securities held by an investor.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such a trustee, may invest money only in a list of securities selected by the state so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensation use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be long RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SEC RULE 15C3-1: See uniform net capital rule.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term US Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing US Treasury securities having initial maturities of from one to ten years.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as non-member broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Indian Wells City Council
Staff Report – Finance Department

March 20, 2014

**Receive and File the City Treasurer's Cash Balance and
Investment Report for December 2013**

RECOMMENDATION:

City Council Receive and File the City Treasurer's Cash Balance and Investment Report for the month of December 2013.

DISCUSSION:

Background:

The Treasurer's report presents the City's cash activity and investment portfolio on a monthly basis. The report provides reconciliation between investment balances and City ledger balances. The report provides information on the investment type, dates of maturities, costs, current market value of securities, and rates of interest.

The City's investment policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety, (2) liquidity and (3) yield. It is the policy of the City of Indian Wells to invest public funds in a manner which will provide the maximum security of the City's capital while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds; and beyond that, to maximize return within an acceptable and defined level of risk.

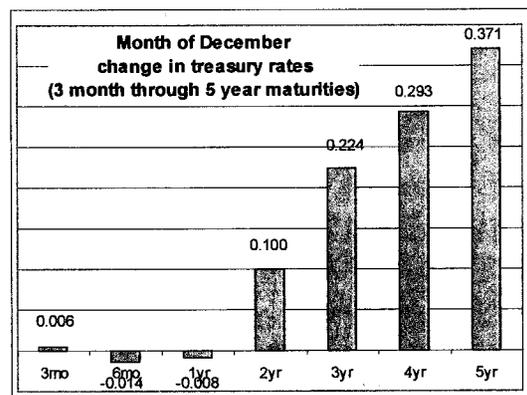
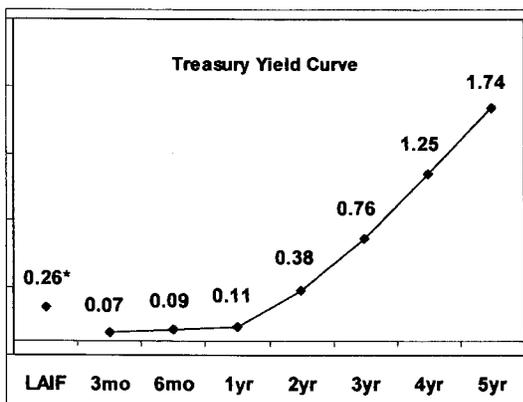
As a City Government, the City of Indian Wells is required to maintain a written investment policy in compliance with legal requirements of Government Code section 53600. Under the Government Code, the City is prohibited from investing in the equity markets like stocks, mutual funds, inverse floaters, or interest only strips; to name just a few. Consequently, the City's portfolio is not subject to the same volatility we have seen in the financial markets. While no portfolio is free from risk the primary objective of the City's portfolio is safety. Risk in the City's portfolio is carefully managed through our established policy. Investments of the City of Indian Wells are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City invests in: U.S. Treasuries, Federal Agency Securities, FDIC insured bank certificates of deposit, bonds, and overnight cash investments.

FISCAL IMPACT:

As of December 31, 2013, the City's cash and investments totaled \$36,386,442, of which 95% was invested in Federal Agency Issues, Treasury Securities, Medium Term Notes, Bank Certificates of Deposit (CDs), Municipal Securities and the Local Agency Investment Fund (LAIF). The City's portfolio earned a 1.4% rate of return and remains in compliance with all State laws and the City's Investment Policy.

Consistent with most municipal agencies and many private sector companies, the revenues received and the expenditures reflected within the month are not necessarily related to the current month. The increase or decrease to cash on a monthly basis is not a reflection of the health of the City as a whole. Cash flow citywide will vary month to month as taxes, assessments, and seasonal tourism revenue is received.

The investments reflected in this investment report are booked "Marked-to-Market", meaning the market value of City's investments is updated on a monthly basis. This method provides a clear depiction of the value of the City's portfolio on a monthly basis subject to the performance of the investment market. The City of Indian Wells maintains a buy and hold investment philosophy. While Mark to Market reporting is important to establish current market value it doesn't truly affect the City in that investments acquired by the City are held to maturity. Due to routine fluctuations in the marketplace, the City may have some investments with a current market value that is greater or less than recorded value. This difference has no effect on investment yield as the City intends to hold securities to maturity. Generally accepted accounting principles (GAAP) require that market gains and losses be reported as interest earnings or losses at year-end.



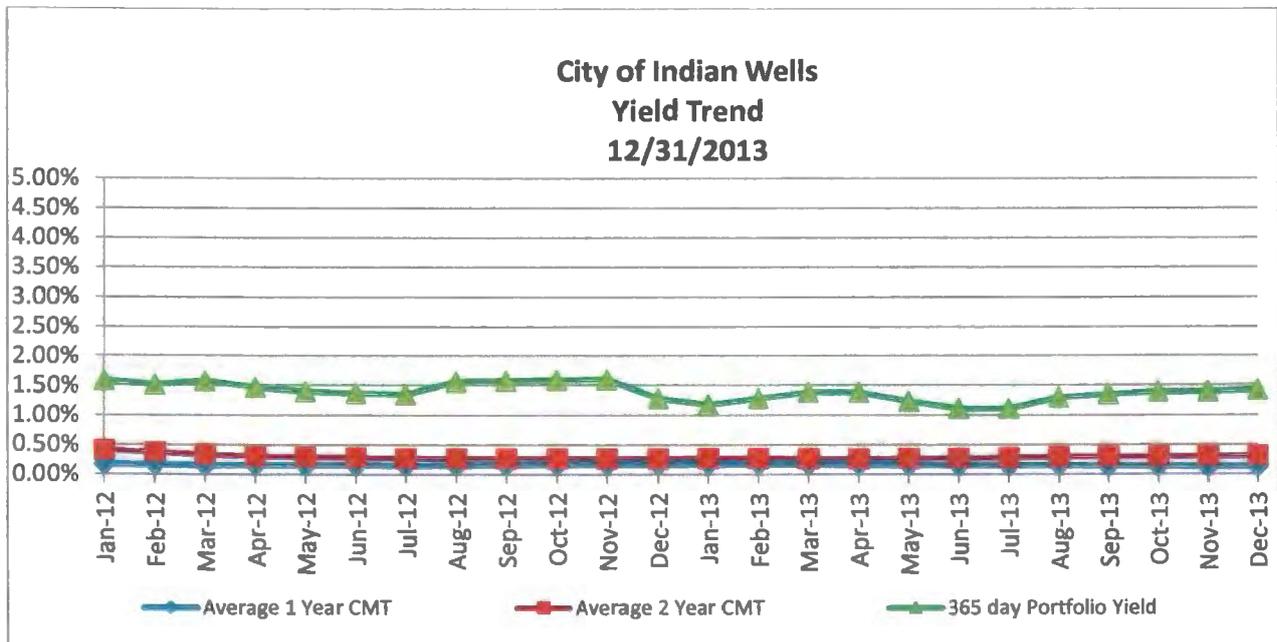
*Estimated LAIF apportionment rate.

Source: Bloomberg; rates as of market close 12/31/13.

Benchmarking Performance of the Portfolio

It's impossible to manage what you can't measure. Benchmarking is the process that appropriately compares and measures investment performance. Benchmarking the portfolio allows the City to track performance, manage investment and re-investment risk, and monitor duration relative to current markets. The City has chosen to benchmark the portfolio off the one and two year US Constant Maturity Treasury (CMT). These preferred benchmarks are consistent with the city's investment policy; authorizing investments, maturity structure, diversification, percentage limitations, and objectives of the portfolio.

Performance of the Portfolio



ATTACHMENT(S):

City Treasurer's Cash Balance and Investment Report for the month of December 2013

**The City of Indian Wells
Summary by Type
December 31, 2013**

City of Indian Wells
44-950 Eldorado Drive
Indian Wells CA 92210
(760)346-2489

Security Type	Number of Investments	Par Value	Remaining Cost	% of Portfolio	Average YTM 365	Average Days to Maturity
Bank Certificates of Deposit	12	3,000,000.00	3,000,000.00	8.24	1.233	1,061
Certificates of Deposit - S & L	1	250,000.00	250,000.00	0.69	1.267	39
Managed Pool Accounts - LAIF	2	1,408,166.20	1,408,166.20	3.87	0.264	1
Money Market Sweep/Checking Account	5	1,685,747.40	1,685,747.40	4.63	0.250	1
Medium Term Corporate Notes	8	8,000,000.00	8,052,940.00	22.11	2.618	891
Federal Agency Issues - Callables	15	22,000,000.00	22,022,558.00	60.47	1.188	1,583
Total and Average	43	36,343,913.60	36,419,411.60	100.00	1.429	1,242

109
6B

NET CASH & INVESTMENT SUMMARY DECEMBER, 2013

	December <u>2013</u>	December <u>2012</u>
GENERAL FUND		
101- GENERAL	\$ 2,270,846.02	\$ 3,936,388.96
TOTAL GENERAL FUND	<u>2,270,846.02</u>	<u>3,936,388.96</u>
 SPECIAL REVENUE FUNDS		
202 - TRAFFIC SAFETY	0.91	15,623.94
203 - PUBLIC SAFETY 1/2 CENT SALES TAX	6,489.76	4,659.14
204 - MEASURE "A"	36,875.54	44,210.07
209 - F.A.M.D. #1	1,633,621.03	1,334,541.79
210 - SCAQMD (VEHICLE REG.)	1,991.15	1,528.03
211 - AB 3229 COPS FUNDING	0.49	26,267.83
214 - GAS TAX 2103 MAINTENANCE	24,730.48	54,326.42
215 - GAS TAX 2105 MAINTENANCE	0.02	0.41
216 - GAS TAX 2106 CONSTRUCT/MAINT	0.36	0.93
217 - GAS TAX 2107 MAINTENANCE	0.91	0.27
218 - GAS TAX 2107.5 ENG./ADMIN	8,621.63	1,733.16
228 - EMERG. UPGRADE SERVICES	3,062,406.42	3,082,417.32
247 - AB 939 RECYCLING FUND	166,562.64	112,862.81
248 - SOLID WASTE	200,714.73	204,852.42
251 - STREET LIGHTING DISTRICT 2000-1	3,324.81	3,470.47
252 - HOUSING AUTHORITY	0.00	0.00
253- INDIAN WELLS VILLAS OPERATIONS	303,672.12	305,637.12
254- MOUNTAIN VIEW VILLAS OPERATIONS	330,586.00	332,724.00
256- HOUSING AUTHORITY	(19,944.12)	0.00
260 - IWGR OPERATIONS	598,249.68	568,602.98
271 - ELDORADO DRIVE LLMD	73,916.64	72,395.05
272 - MONTECITO/STARDUST LLMD	(2,024.80)	1,995.68
273 - CASA DORADO LLMD	3,378.55	2,602.19
274 - THE COVE LLMD	3,244.05	3,229.80
275 - SH 111/IWGR (ENTRANCE) LLMD	263,372.69	281,271.21
276 - CLUB/IW LANE LLMD	46,053.08	46,070.67
277 - COLONY LLMD	25,183.79	30,179.79
278 - COLONY COV ESTATES LLMD	50,410.12	47,925.98
279 - DESERT HORIZONS LLMD	51,571.17	43,672.81
280 - MOUNTAIN GATE LLMD	61,941.01	65,083.45
281 - MOUNTAIN GATE ESTATES LLMD	31,480.67	28,544.93
282 - VILLAGIO LLMD	163,805.22	156,703.72
283 - VAIDYA LLMD	28,148.71	28,316.36
284 - CLUB, SOUTH OF 111 LLMD	7,724.62	7,045.82
285 - MONTELENA LLMD	(3,832.33)	1,171.13
286 - SUNDANCE LLMD	3,238.97	873.16
287 - PROVINCE LLMD	59,599.24	57,410.72
288 - PROVINCE DBAD	359,982.54	332,195.64
TOTAL SPECIAL REVENUE FUNDS	<u>7,585,098.50</u>	<u>7,300,147.22</u>
 CAPITAL PROJECT FUNDS		
314 - PARK-IN-LIEU FEES	2,003.20	9,115.20
315 - CITYWIDE PUBLIC IMPROVEMENT FEE	27,452.26	81,020.26
316 - CAPITAL IMPROVEMENT	3,428,631.07	9,033,826.04
319 - ART IN PUBLIC PLACES	383,150.66	283,655.34
321 - HIGHWAY 111 CIRCULATION IMP FEE	9.70	9.70
TOTAL CAPITAL PROJECT FUNDS	<u>3,841,246.89</u>	<u>9,407,626.54</u>

CITY OF INDIAN WELLS
NET CASH & INVESTMENT SUMMARY DECEMBER, 2013
 PAGE 2

	<u>December</u> <u>2013</u>	<u>December</u> <u>2012</u>
REPLACEMENT FUNDS		
326 - INFRASTRUCTURE CAPITAL	6,947,201.00	6,992,146.00
327 - FF&E ROLLING STOCK CAPITAL	2,274,101.00	2,288,814.00
328 - GOLF RESORT CAPITAL	3,941,252.00	3,966,778.00
329 - HOUSING VILLAS CAPITAL	2,246,084.00	56,306.00
330 - FACILITIES CAPITAL	2,274,149.00	2,288,823.00
TOTAL REPLACEMENT FUNDS	<u>17,682,787.00</u>	<u>15,592,867.00</u>
SUCCESSOR AGENCY FUNDS		
453 - RDA (WHITewater)	1,067,799.64	(3,976.73)
456 - RDA OBLIGATION RETIREMENT	0.00	(2,587,321.91)
TOTAL SUCCESSOR AGENCY FUNDS	<u>1,067,799.64</u>	<u>(2,591,298.64)</u>
INTERNAL SERVICE FUNDS		
601 - OPEB BENEFIT FUND	475,954.66	667,429.57
TOTAL INTERNAL SERVICE FUNDS	<u>475,954.66</u>	<u>667,429.57</u>
RESERVE FUNDS		
602 - COMPENSATED ABSENCES	537,882.00	541,362.00
603 - SELF INSURANCE	120,532.00	762,939.00
TOTAL RESERVE FUNDS	<u>658,414.00</u>	<u>1,304,301.00</u>
TRUST & AGENCY FUNDS		
732 - SPECIAL DEPOSITS	1,223,203.01	254,634.30
760 - VISITOR COMMITTEE	325,165.75	409,482.53
TOTAL TRUST & AGENCY FUNDS	<u>1,548,368.76</u>	<u>664,116.83</u>
TOTAL ALL FUNDS	<u><u>35,130,515.47</u></u>	<u><u>36,281,578.48</u></u>
FISCAL AGENTS		
253 - NAT'L CORE INDIAN WELLS VILLAS	775,332.11	832,308.11
254 - NAT'L CORE MOUNTAIN VIEW VILLAS	757,665.90	579,034.75
260 - INDIAN WELLS GOLF RESORT	512,278.73	1,144,086.40
453 - UNION BANK OF CALIFORNIA TRUSTEE	780,709.92	788,689.98
TOTAL FISCAL AGENTS	<u>2,825,986.66</u>	<u>3,344,119.24</u>
TOTAL ALL FUNDS & FISCAL AGENTS	<u><u>\$ 37,956,502.13</u></u>	<u><u>\$ 39,625,697.72</u></u>

City of Indian Wells

Bank Reconciliation Report - City Held Cash

Finance Department

MONTH: **December 31, 2013**

Investment #	Investment Type	Investment Description	Book Value
Bank Checking & Sweep			
1		Pacific Western Bank - Sweep 45-301117	\$ 1,660,591.36
2		Pacific Western Bank - Accts. Payable 45-523411	0.00
3		Pacific Western Bank - Payroll 45-501752	0.00
4		Union Bank of CA - Sweep Investment 217-0000121	23,756.04
19		Petty Cash	1,400.00
			1,685,747.40
Managed Pool Accounts			
21		Local Agency Investment Fund - City 98-33-385	1,408,165.13
23		Local Agency Investment Fund - RDA 65-33-007	1.07
			1,408,166.20
Bank Certificates of Deposit			
281		Certificate of Deposit-Pacific Western Bank 126418	250,000.00
316		Certificate of Deposit-GE Capital Retail Bank 36161NYT9	250,000.00
317		Certificate of Deposit-Ally Bank 02005QF65	250,000.00
319		Certificate of Deposit-Discover Bank 254671BH2	250,000.00
320		Certificate of Deposit-GE Capital Financial Inc. 36160YMZ	250,000.00
329		Certificate of Deposit-Sallie Mae	250,000.00
330		Certificate of Deposit-SAFR National Bank	250,000.00
336		Certificate of Deposit-Wells Fargo Bank 94986TLX3	250,000.00
337		Certificate of Deposit-Am Ex Centurion 02587DKR8	250,000.00
338		Certificate of Deposit-Goldman Sachs Bank 38143A5L5	250,000.00
339		Certificate of Deposit-JP Morgan Chase 48124JSY5	250,000.00
348		Certificate of Deposit-Citicorp Bank 17284CJG0	250,000.00
349		Certificate of Deposit-Compass Bank 20451PBG0	250,000.00
			3,250,000.00
Medium Term Corporate Notes			
257		Medium Term Corporate Note 59217EBW3	999,708.07
278		Goldman Sachs Mid Term Corp Note 38141EA74	1,008,586.97
280		Bank of America Mid Term Corp Note 06051GED	1,005,741.66
296		Barclays Bank Corporate Note 06738JVS0	1,000,000.00
306		General Electric Cap Corp 36962G5U4	1,000,000.00
322		AT&T Inc. 00206RBF8	1,003,275.39
331		JP Morgan 46625HJG6	1,002,444.07
346		General Electric Cap Corp 36962G6W9	1,007,175.21
			8,026,931.37
Federal Agency Issues			
301		Federal Home Loan Mtg Corp 3134G3NW6	1,000,000.00
323		Federal National Mortgage 3136G0PN5	2,000,000.00
324		Federal Home Loan Mtg Corp 313G3RK8	2,009,306.91
325		Federal National Mortgage Assn 3135G0MX8	2,000,000.00
326		Federal Farm Credit 3133EAA81	2,000,000.00
332		Federal Home Loan Bank 313381YG4	2,000,000.00
333		Federal National Mortgage Assoc 3136G1AP4	1,000,000.00
334		Freddie Mac 3134G33S7	1,000,000.00
335		Fannie Mae 3136GICF4	1,000,000.00
340		Federal Home Loan Bank 313381YN9	1,000,000.00
341		Federal Farm Credit Bank 3133EC7L2	999,124.44
342		Federal Farm Credit Bank 3133ECDX9	998,646.34
344		Federal Home Loan Mtg Corp 3134G43H9	2,000,000.00
345		Federal National Mortgage Assn 313G0WN9	2,000,000.00
347		Federal National Mortgage Assn 3136G1FL8	1,008,518.91
			22,015,596.60
Total Pooled Cash and Investments			\$ 36,386,441.57
Fair Value Increase (over cost)			(415,792.47)
Outstanding items			
		Outstanding Warrants/Wire Transfers	(827,045.59)
		Reconciliation Item	(13,130.04)
		Reconciliation Item	0.00
		Credit Card in Transit	42.00
Total Outstanding Items			(840,133.63)
Reconciled Bank Balance			\$ 35,130,515.47
General Ledger Balance			\$ 35,130,515.47
			0.00

6B

112

City of Indian Wells			
Trustee Reconciliation Report - Cash and Investments with City Agents			
Finance Department			
MONTH: December 31, 2013			
Trustee Balance:			
Investment #	Investment Description		
	Housing Series 2003 AT Bonds		
	Blackrock Provident T-Fund	\$ 8.64	
36	Fidelity Institutional Money Markey Fund - Housing Surplus	0.00	\$ 8.64
	RDA Series 2003 A Bonds		
	Blackrock Provident T-Fund	\$ 4.98	\$ 4.98
	RDA Series 2006 A Bonds		
	Blackrock Provident T-Fund	\$ 6.88	\$ 6.88
	RDA Series 2010 A Bonds		
	Blackrock Provident T-Fund	\$ 780,685.26	\$ 780,685.26
	Other Trustees		
12 & 13	Series 2005 Tax Allocation Refunding Bonds - Escrow Fund	4.16	
6	Indian Wells Golf Resort	512,278.73	
7	Indian Wells Villas	775,332.11	
10	Mountain View Villas	\$ 757,665.90	\$ 2,045,280.90
	Total Cash and Investments with City Agents		\$ 2,825,986.66
	Fair Value Increase (over cost)		
	Reconciled Bank Balance		\$ 2,825,986.66
	General Ledger Balance		\$ 2,825,986.66
		6B	0.00



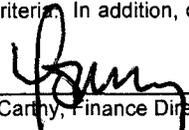
The City of Indian Wells
 Portfolio Management
 Portfolio Summary
 December 31, 2013

City of Indian Wells
 44-950 Eldorado Drive
 Indian Wells CA 92210
 (760)346-2489

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Bank Certificates of Deposit	3,000,000.00	3,003,065.75	3,000,000.00	8.24	1,475	1,061	1.216	1.233
Certificates of Deposit - S & L	250,000.00	250,000.00	250,000.00	0.69	1,096	39	1.250	1.267
Managed Pool Accounts - LAIF	1,408,166.20	1,408,166.20	1,408,166.20	3.87	1	1	0.260	0.264
Money Market Sweep/Checking Account	1,685,747.40	1,685,747.40	1,685,747.40	4.63	1	1	0.246	0.250
Medium Term Corporate Notes	8,000,000.00	8,113,920.00	8,026,931.37	22.06	1,683	891	2.583	2.618
Federal Agency Issues - Callables	22,000,000.00	21,474,510.00	22,015,596.60	60.50	1,979	1,583	1.172	1.188
Investments	36,343,913.60	35,935,409.35	36,386,441.57	100.00%	1,698	1,242	1.409	1.429
Cash and Accrued Interest								
Accrued Interest at Purchase		-1.00	-1.00					
Subtotal		-1.00	-1.00					
Total Cash and Investments	36,343,913.60	35,935,408.35	36,386,440.57		1,698	1,242	1.409	1.429

Total Earnings	December 31 Month Ending
Current Year	40,215.80
Average Daily Balance	36,512,954.04
Effective Rate of Return	1.30%

The above investments are consistent with the City's investment policy and allowable under current legislation of the State of California. Investments were purchased using safety, liquidity, and yield as criteria. In addition, cash flow from revenue and maturing investments will be sufficient to cover expenditures for the next six months. All securities are "Marked-to-Market" on a monthly basis.


 Kevin McCarthy, Finance Director

111
 6B

Reporting period 12/01/2013-12/31/2013

Run Date: 02/14/2014 - 10:34

No fiscal year history available

Portfolio CITY
 AP
 PM (PRF_PM1) 7.3.0
 Report Ver. 7.3.3

**The City of Indian Wells
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Bank Certificates of Deposit												
SYS317	317	Ally Bank		05/23/2012	250,000.00	251,772.50	250,000.00	1.250		1.233	873	05/23/2016
02587DKR8	337	American Express Centurion		02/06/2013	250,000.00	250,997.50	250,000.00	1.700		1.677	1,309	08/02/2017
17284CJG0	348	Citicorp Bank		07/24/2013	250,000.00	249,785.00	250,000.00	1.400		1.381	1,300	07/24/2017
20451PBG0	349	Compass Bank		07/24/2013	250,000.00	250,605.00	250,000.00	1.700		1.677	1,665	07/24/2018
SYS319	319	Discover Bank		05/23/2012	250,000.00	251,480.00	250,000.00	1.050		1.036	510	05/26/2015
SYS316	316	GE Capital Retail Bank		05/25/2012	250,000.00	252,385.00	250,000.00	1.800		1.800	1,240	05/25/2017
SYS320	320	GE Capital Financial inc		05/25/2012	250,000.00	250,272.50	250,000.00	0.800		0.789	146	05/27/2014
38143A5L5	338	Goldman Sachs Bank		02/06/2013	250,000.00	248,560.00	250,000.00	1.050		1.036	1,132	02/06/2017
48124JSY5	339	JP Morgan Chase		02/27/2013	250,000.00	247,002.50	250,000.00	1.125		1.110	1,510	02/19/2018
7865802B5	330	SAFR National Bank		08/28/2012	250,000.00	251,422.50	250,000.00	0.800		0.789	604	08/28/2015
795450NW1	329	Sallie Mae		08/15/2012	250,000.00	251,432.50	250,000.00	1.250		1.233	957	08/15/2016
94986TLX3	336	Wells Fargo Bank		01/30/2013	250,000.00	247,350.75	250,000.00	0.850		0.838	1,491	01/31/2018
Subtotal and Average			3,000,000.00		3,000,000.00	3,003,065.75	3,000,000.00			1.216	1,061	
Certificates of Deposit - S & L												
SYS281	281	Pacific Western Bank		02/09/2011	250,000.00	250,000.00	250,000.00	1.250		1.250	39	02/09/2014
Subtotal and Average			250,000.00		250,000.00	250,000.00	250,000.00			1.250	39	
Managed Pool Accounts - LAIF												
SYS21	21	LAIF - City			1,408,165.13	1,408,165.13	1,408,165.13	0.264		0.260	1	
SYS23	23	LAIF - Redevelopment			1.07	1.07	1.07	0.264		0.260	1	
Subtotal and Average			2,567,392.01		1,408,166.20	1,408,166.20	1,408,166.20			0.260	1	
Money Market Sweep/Checking Account												
SYS1	1	Pacific Western Bank			1,660,591.36	1,660,591.36	1,660,591.36	0.250		0.247	1	
SYS2	2	Pacific Western - Acct Payable		07/01/2012	0.00	0.00	0.00			0.000	1	
SYS3	3	Pacific Western-Payroll		07/01/2012	0.00	0.00	0.00			0.000	1	
SYS4	4	Union Bank-Checking			23,756.04	23,756.04	23,756.04	0.250		0.247	1	
SYS19	19	Petty Cash		07/01/2012	1,400.00	1,400.00	1,400.00			0.000	1	
Subtotal and Average			652,386.71		1,685,747.40	1,685,747.40	1,685,747.40			0.246	1	
Medium Term Corporate Notes												
00206RBF8	322	AT&T INC		06/21/2012	1,000,000.00	993,870.00	1,003,275.39	1.600		1.479	1,247	06/01/2017
06738JVS0	296	Barclays Bank PLC		10/27/2011	1,000,000.00	1,032,120.00	1,000,000.00	3.500	AA	3.452	1,030	10/27/2016
06051GED	280	Bank of America		02/02/2011	1,000,000.00	1,045,310.00	1,005,741.66	3.700		3.254	608	09/01/2015

116
69
B

**The City of Indian Wells
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Medium Term Corporate Notes												
36962G5U4	306	General Elec. Cap Crp		04/18/2012	1,000,000.00	1,000,010.00	1,000,000.00	1.200		1.200	467	04/13/2015
36962G6W9	346	General Elec. Cap Crp		05/01/2013	1,000,000.00	989,380.00	1,007,175.21	1.625		1.430	1,552	04/02/2018
38141EA74	278	Goldman Sachs Group Inc		02/02/2011	1,000,000.00	1,041,290.00	1,008,586.97	3.700	AA	3.072	577	08/01/2015
46625HJG6	331	J P Morgan		01/28/2013	1,000,000.00	991,220.00	1,002,444.07	1.800		1.713	1,485	01/25/2018
59217EBW3	257	MetLife		06/29/2009	1,000,000.00	1,020,720.00	999,708.07	5.125		5.068	160	06/10/2014
Subtotal and Average			8,027,377.84		8,000,000.00	8,113,920.00	8,026,931.37			2.583	891	
Federal Agency Issues - Callables												
3133EAA81	326	Fed. Farm Credit Bank		07/30/2012	2,000,000.00	1,988,460.00	2,000,000.00	0.780		0.769	1,125	01/30/2017
3133EC7L2	341	Fed. Farm Credit Bank		03/22/2013	1,000,000.00	945,450.00	999,124.44	1.290		1.289	1,990	06/14/2019
3133ECDX9	342	Fed. Farm Credit Bank		03/25/2013	1,000,000.00	914,260.00	998,646.34	1.840		1.835	2,591	02/04/2021
313381YG4	332	Fed. Home Loan Bank		02/20/2013	2,000,000.00	1,944,020.00	2,000,000.00	1.000		0.986	1,511	02/20/2018
313381YN9	340	Fed. Home Loan Bank		03/21/2013	1,000,000.00	966,210.00	1,000,000.00	0.750		1.856	2,417	08/14/2020
3134G3NW6	301	Fed. Home Loan Mtg Corp		02/27/2012	1,000,000.00	1,001,370.00	1,000,000.00	1.050	AAA	1.036	1,153	02/27/2017
3134G3RK8	324	Fed. Home Loan Mtg Corp		06/29/2012	2,000,000.00	2,003,120.00	2,009,306.91	1.000		0.774	803	03/14/2016
3134G33S7	334	Fed. Home Loan Mtg Corp		01/24/2013	1,000,000.00	967,090.00	1,000,000.00	1.000		0.986	1,657	07/16/2018
3134G43H9	344	Fed. Home Loan Mtg Corp		04/30/2013	2,000,000.00	1,940,720.00	2,000,000.00	1.060		1.045	1,580	04/30/2018
3136G0PN5	323	Fed. Nat'l Mortgage Assoc		06/27/2012	2,000,000.00	1,979,240.00	2,000,000.00	1.250		2.219	2,186	12/27/2019
3135G0MX8	325	Fed. Nat'l Mortgage Assoc		07/26/2012	2,000,000.00	2,000,020.00	2,000,000.00	0.750		0.740	937	07/26/2016
3136G1AP4	333	Fed. Nat'l Mortgage Assoc		01/24/2013	1,000,000.00	984,370.00	1,000,000.00	0.700		1.094	1,482	01/22/2018
3136G1CF4	335	Fed. Nat'l Mortgage Assoc		01/30/2013	1,000,000.00	968,200.00	1,000,000.00	1.000	AAA	0.986	1,671	07/30/2018
3135G0WV9	345	Fed. Nat'l Mortgage Assoc		04/30/2013	2,000,000.00	1,940,340.00	2,000,000.00	1.000		0.986	1,580	04/30/2018
3136G1FL8	347	Fed. Nat'l Mortgage Assoc		04/26/2013	1,000,000.00	931,640.00	1,008,518.91	1.820		1.660	2,430	08/27/2020
Subtotal and Average			22,015,797.48		22,000,000.00	21,474,510.00	22,015,596.60			1.172	1,583	
Total and Average			36,512,954.04		36,343,913.60	35,935,409.35	36,386,441.57			1.409	1,242	

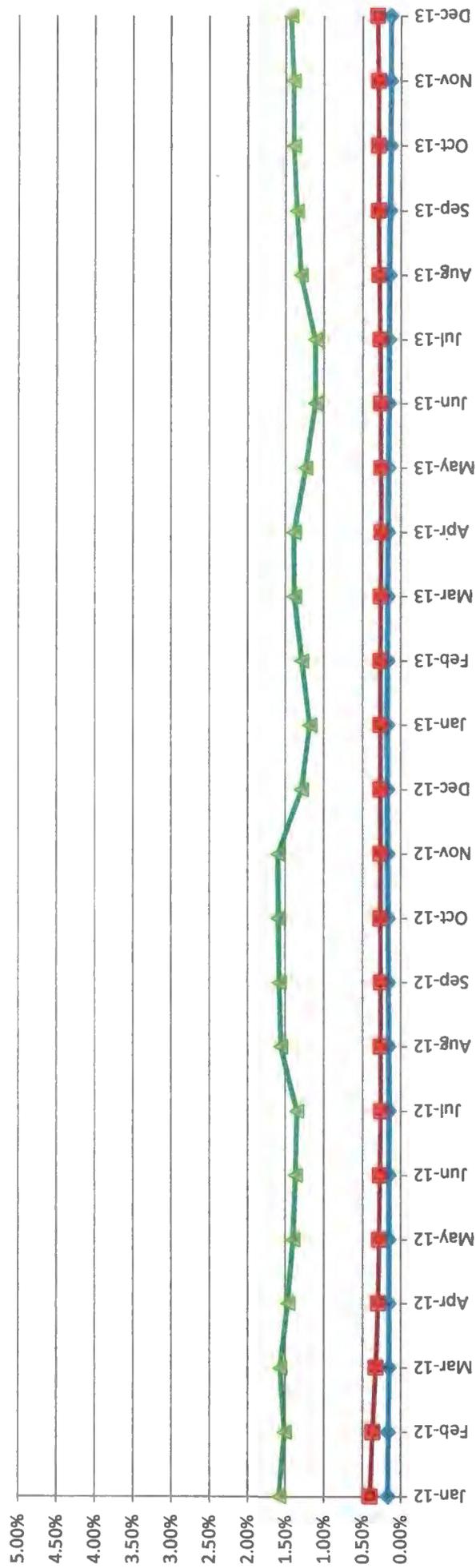
116
6B

**The City of Indian Wells
Portfolio Management
Portfolio Details - Cash
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
		Average Balance	0.00								
				Accrued Interest at Purchase		-1.00	-1.00				0
				Subtotal		-1.00	-1.00				
		Total Cash and Investments	36,512,954.04		36,343,913.60	35,935,408.35	36,386,440.57			1.409	1,242

117
68

**City of Indian Wells
Yield Trend
12/31/2013**

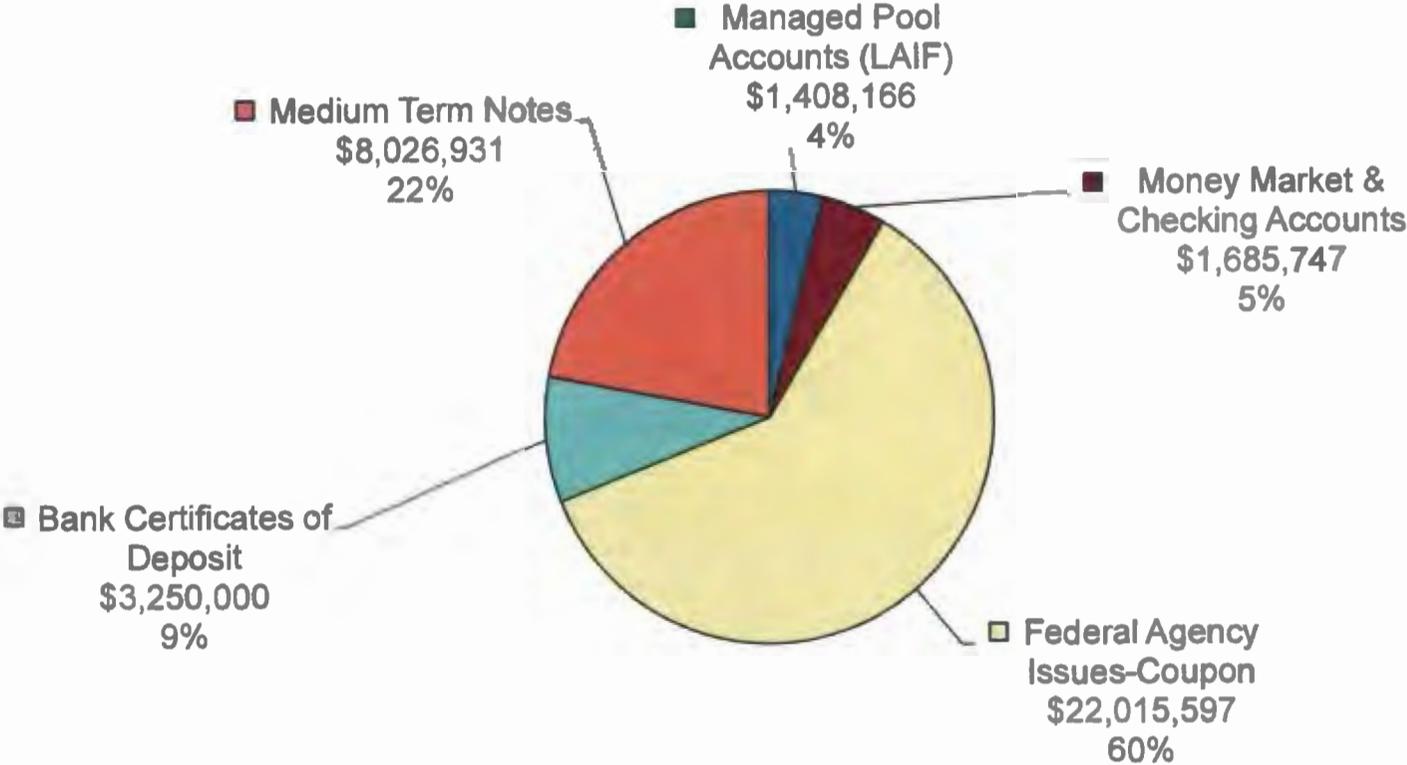


365 day Portfolio Yield

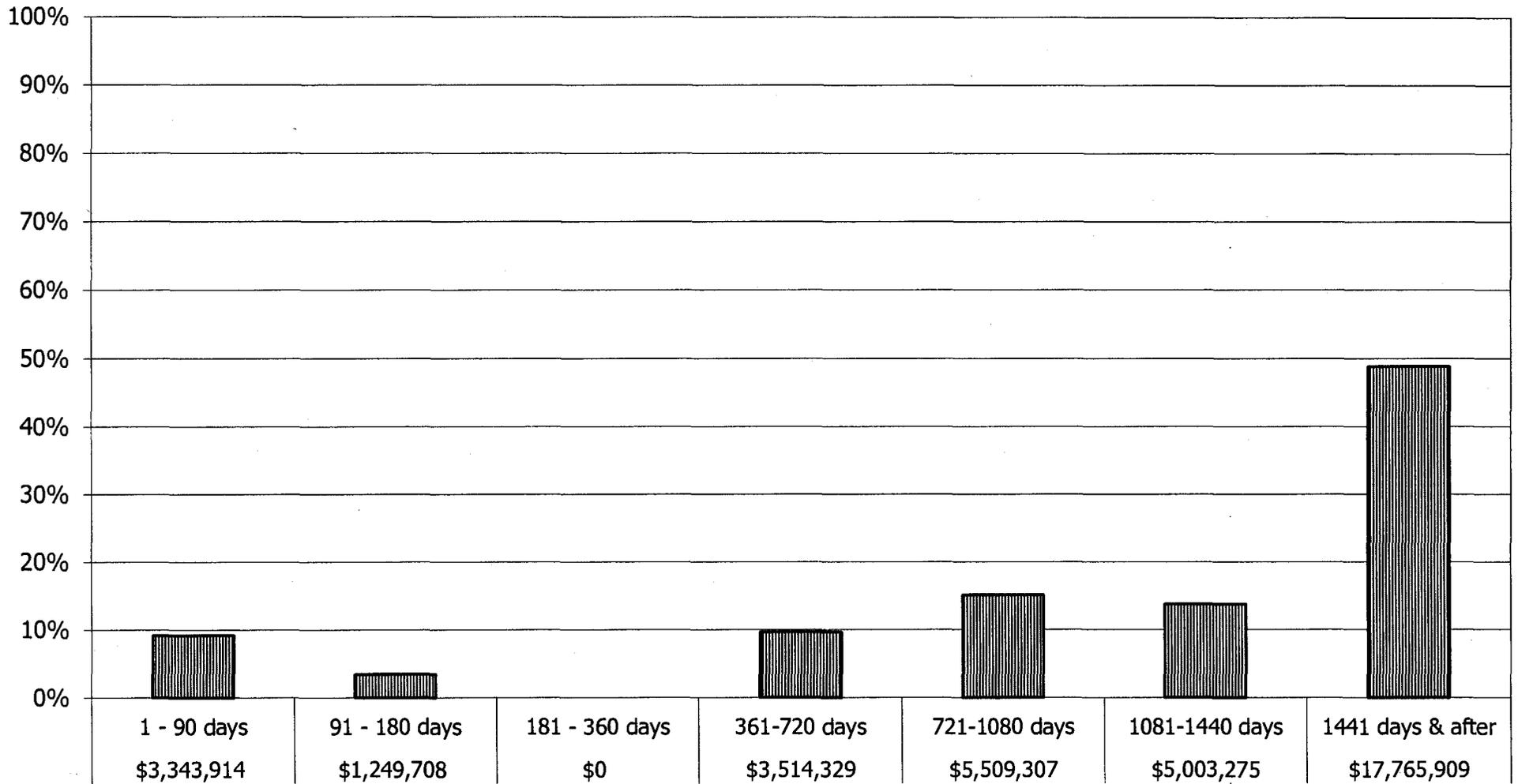
Average 2 Year CMT

Average 1 Year CMT

City of Indian Wells Sector Diversification as of 12/31/2013



City of Indian Wells
Aging of Maturing Investments at 12/31/2013
\$36,386,442



120
6B



**Housing Series 2003 AT Bonds
Portfolio Management
Portfolio Summary
December 31, 2013**

City of Indian Wells
44-950 Eldorado Drive
Indian Wells CA 92210
(760)346-2489

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Sweep/Checking Account	8.64	8.64	8.64	100.00	1	1	0.358	0.363
Investments	8.64	8.64	8.64	100.00%	1	1	0.358	0.363

Total Earnings	December 31 Month Ending
Current Year	0.00
Average Daily Balance	8.64
Effective Rate of Return	0.00%

Kevin McCarthy

Kevin McCarthy, Agency Treasurer

121
6B

Reporting period 12/01/2013-12/31/2013

Run Date: 02/14/2014 - 10:58

No fiscal year history available

Portfolio 03AT
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3

**Housing Series 2003 AT Bonds
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Money Market Sweep/Checking Account												
SYS36	36	2003 AT Bonds Housing Surplus			0.00	0.00	0.00	2.410		2.377	1	
SYS12	12	2003 AT Bonds Interest Reserve			2.68	2.68	2.68	0.410		0.404	1	
SYS13	13	2003 AT Bonds Principal Reserv			4.96	4.96	4.96	0.410		0.404	1	
SYS11	11	2003 AT Bonds Reserve		07/01/2012	1.00	1.00	1.00			0.000	1	
SYS1	1	Fidelity Institutional Money M			0.00	0.00	0.00	2.640		2.604	1	
SYS10	10	UBC Cost Of Issuance Escrow		07/01/2012	0.00	0.00	0.00			0.000	1	
Subtotal and Average			8.64		8.64	8.64	8.64			0.358	1	
Total and Average			8.64		8.64	8.64	8.64			0.358	1	

122
6B

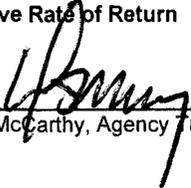


**RDA Series 2003 A Bonds
Portfolio Management
Portfolio Summary
December 31, 2013**

City of Indian Wells
44-950 Eldorado Drive
Indian Wells CA 92210
(760)346-2489

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Sweep/Checking Account	4.98	4.98	4.98	100.00	1	1	0.328	0.333
Investments	4.98	4.98	4.98	100.00%	1	1	0.328	0.333

Total Earnings	December 31 Month Ending
Current Year	0.00
Average Daily Balance	4.98
Effective Rate of Return	0.00%


Kevin McCarthy, Agency Treasurer

123
6B

Reporting period 12/01/2013-12/31/2013

Run Date: 02/14/2014 - 10:57

No fiscal year history available

Portfolio 03A
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3

**RDA Series 2003 A Bonds
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep/Checking Account												
SYS12	12	2003 A Bonds Reserve			1.00	1.00	1.00	0.001		0.001	1	
SYS14	14	2003 A Bonds Principal			2.38	2.38	2.38	0.420		0.420	1	
SYS13	13	2003 A Bonds Interest			1.60	1.60	1.60	0.410		0.410	1	
SYS1	1	Blackrock Provident T-Fund			0.00	0.00	0.00	0.001		0.001	1	
SYS11	11	UBC Cost Of Issuance Escrow		07/01/2012	0.00	0.00	0.00			0.000	1	
Subtotal and Average			4.98		4.98	4.98	4.98			0.333	1	
Total and Average			4.98		4.98	4.98	4.98			0.333	1	

121
68

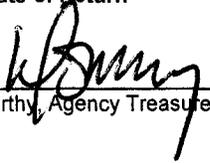


**2006 A Bonds
Portfolio Management
Portfolio Summary
December 31, 2013**

City of Indian Wells
44-950 Eldorado Drive
Indian Wells CA 92210
(760)346-2489

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Sweep/Checking Account	6.88	6.88	6.88	100.00	1	1	0.346	0.350
Investments	6.88	6.88	6.88	100.00%	1	1	0.346	0.350

Total Earnings	December 31 Month Ending
Current Year	0.00
Average Daily Balance	6.88
Effective Rate of Return	0.00%


Kevin McCarthy, Agency Treasurer

125
6B

Reporting period 12/01/2013-12/31/2013

Run Date: 02/14/2014 - 11:24

No fiscal year history available

Portfolio 06A
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3

**2006 A Bonds
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep/Checking Account												
SYS13	13	2006A Good Faith Deposit			0.00	0.00	0.00	5.080		5.080	1	
SYS15	15	2006 A Bonds Reserve			1.00	1.00	1.00			0.000	1	
SYS14	14	2006 A Bonds Interest			4.04	4.04	4.04	0.410		0.410	1	
SYS12	12	UBC Cost Of Issuance Escrow			0.00	0.00	0.00	5.020		5.020	1	
SYS10	10	Fidelity Institutional Money M			0.00	0.00	0.00	5.360		5.360	1	
SYS17	17	Principal Account			1.84	1.84	1.84	0.410		0.410	1	
Subtotal and Average			6.88		6.88	6.88	6.88			0.350	1	
Total and Average			6.88		6.88	6.88	6.88			0.350	1	

126
68



**RDA Series 2010 A Bonds
Portfolio Management
Portfolio Summary
December 31, 2013**

City of Indian Wells
44-950 Eldorado Drive
Indian Wells CA 92210
(760)346-2489

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Sweep/Checking Account	780,685.26	780,685.26	780,685.26	100.00	1	1	0.000	0.000
Investments	780,685.26	780,685.26	780,685.26	100.00%	1	1	0.000	0.000

Total Earnings	December 31 Month Ending
Current Year	0.00
Average Daily Balance	780,678.55
Effective Rate of Return	0.00%

Kevin McCarthy, Agency Treasurer

127 6B

Reporting period 12/01/2013-12/31/2013

Run Date: 02/14/2014 - 11:27

No fiscal year history available

Portfolio 010A
CP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3

**RDA Series 2010 A Bonds
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep/Checking Account												
SYS1	1	2010 A Bonds Reserve		07/01/2012	780,684.06	780,684.06	780,684.06			0.000	1	
SYS14	13	2010 A Bonds Principal		07/01/2012	0.64	0.64	0.64			0.000	1	
SYS4	4	2010 A Bonds Interest			0.56	0.56	0.56	0.530		0.530	1	
SYS7	7	Local Agency Investment Fund			0.00	0.00	0.00	0.530		0.530	1	
SYS2	2	Blackrock Provident T-Fund		07/01/2012	0.00	0.00	0.00			0.000	1	
SYS3	3	UBC Cost Of Issuance Escrow		07/01/2012	0.00	0.00	0.00			0.000	1	
		Subtotal and Average	780,678.55		780,685.26	780,685.26	780,685.26			0.000	1	
		Total and Average	780,678.55		780,685.26	780,685.26	780,685.26			0.000	1	

128
6B



**City of Indian Wells
Portfolio Management
Portfolio Summary
December 31, 2013**

City of Indian Wells
44-950 Eldorado Drive
Indian Wells CA 92210
(760)346-2489

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Managed Trustee Accounts	4.16	4.16	4.16	0.00	1	1	1.523	1.544
Checking Accounts with Fiscal Agent	2,045,276.74	2,045,276.74	2,045,276.74	100.00	1	1	0.739	0.750
Investments	2,045,280.90	2,045,280.90	2,045,280.90	100.00%	1	1	0.739	0.750

Total Earnings	December 31 Month Ending
Current Year	1,286.06
Average Daily Balance	2,343,711.72
Effective Rate of Return	0.65%

Kevin McCarthy 3/13/2014

 Kevin McCarthy, Finance Director

129
6B

Reporting period 12/01/2013-12/31/2013

Run Date: 03/13/2014 - 08:34

No fiscal year history available

Portfolio FA
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3

**City of Indian Wells
Portfolio Management
Portfolio Details - Investments
December 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Managed Trustee Accounts												
SYS1	1	Union Bank of California			0.00	0.00	0.00	5.110		5.040	1	
SYS11	11	Union Bank of California			1.00	1.00	1.00	5.110		5.040	1	
SYS12	12	Union Bank of California			1.76	1.76	1.76	0.420		0.414	1	
SYS13	13	Union Bank of California			1.40	1.40	1.40	0.410		0.404	1	
SYS14	14	Union Bank of California		07/01/2012	0.00	0.00	0.00	5.110		5.040	1	
SYS15	15	Union Bank of California		07/01/2012	0.00	0.00	0.00	5.110		5.040	1	
SYS16	16	Union Bank of California		07/01/2012	0.00	0.00	0.00	5.110		5.040	1	
SYS2	2	Union Bank of California			0.00	0.00	0.00	5.110		5.040	1	
SYS3	3	Union Bank of California			0.00	0.00	0.00	4.950		4.882	1	
SYS4	4	Union Bank of California			0.00	0.00	0.00	4.950		4.882	1	
SYS5	5	Union Bank of California			0.00	0.00	0.00	4.950		4.882	1	
SYS8	8	Union Bank of California			0.00	0.00	0.00	4.950		4.882	1	
Subtotal and Average			4.16		4.16	4.16	4.16			1.523	1	
Checking Accounts with Fiscal Agent												
SYS6	6	The Golf Resort at Indian Well		07/01/2012	512,278.73	512,278.73	512,278.73			0.000	1	
SYS7	7	Indian Wells Villas			775,332.11	775,332.11	775,332.11	1.000		0.986	1	
SYS10	10	Mountain View Villas			757,665.90	757,665.90	757,665.90	1.000		0.986	1	
Subtotal and Average			2,343,707.56		2,045,276.74	2,045,276.74	2,045,276.74			0.739	1	
Total and Average			2,343,711.72		2,045,280.90	2,045,280.90	2,045,280.90			0.739	1	

130
6B

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		TROON RESTAURANT HOLDINGS, LLC		
		03002290	RESIDENT PAVILION PARTY FOOD,BEVERAGE, BALLOONS,HEATERS,ROPES & GOLF CART LIGHTS	25,274.07	
		03002320	CITY COUNCIL STRATEGIC PLANNING MEETING LUNCH FOR FEB 12, 2014	1,155.54	
		03002317	CITY COUNCIL STRATEGIC PLANNING MEETING DINNER FOR FEB 11, 2014	1,114.69	
		03002333	CITY COUNCIL MEETING LUNCH FOR FEB 20, 2014	442.71	
		03002319	CITY COUNCIL STRATEGIC PLANNING MEETING LUNCH FOR FEB 11, 2014	358.39	
		03002321	CITY COUNCIL STRATEGIC PLANNING MEETING BREAKFAST FOR FEB 12, 2014	98.82	28,444.22
	3/4/2014		CALPERS RETIREMENT SYSTEM		
		0844	OPEB FUNDING FOR FEB 28, 2014	26,085.82	26,085.82
	3/4/2014		SIGN A RAMA		
		62392	REPLACE IW CLUB TOWER SIGNAGE WITH INDIAN WELLS GOLF RESORT SIGNAGE	14,251.51	14,251.51
	3/20/2014		DESERT AIR CONDITIONING, INC.		
		137497	INSTALL (4) REPLACEMENT HVAC UNITS AT 45-200 CLUB DRIVE SUITE A & D	7,307.82	7,307.82
	3/20/2014		CHAPMAN COAST ROOF		
		1056	CIVIC CENTER & 45200 CLUB DRIVE BUILDINGS PREVENTATIVE ROOF MAINTENANCE SERVICE	6,322.50	6,322.50
	3/20/2014		RA STRUCTURAL ENGINEERING		
		B00-010-955-1	50741 DESERT ARROYO TRL PLAN CHECK SERVICES FOR JAN 15-FEB 6, 2014	3,445.00	
		B00-010-307-1	74689 DESERT ARROYO TRL PLAN CHECK SVCS FOR MAY 3, 2013-FEB 5, 2014	1,820.00	
		B00-011-041-1	75653 VALLE VISTA PLAN CHECK SERVICES FOR FEB 7-11, 2014	390.00	
		IW-M107	BUILDING DEPT PLAN CHECK MILEAGE FOR SEPT 13, 2013-FEB 5, 2014	121.20	
		IW-M106	BUILDING DEPT PLAN CHECK MILEAGE FOR JUN 14, 2013-SEPT 12, 2013	121.20	5,897.40
	3/20/2014		HEPTAGON SEVEN CONSULTING,INC.		
		201402005	IW VILLAGE RULE 20B UTILITY UNDERGROUNDING MGMT SVCS FOR FEB 1-FEB 23, 2014	5,535.00	5,535.00
	3/20/2014		LSL CPA'S		
		8296	ADMISSIONS TAX FINANCIAL AUDIT SERVICES FOR 2013	5,067.00	5,067.00

131
6C

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		RIVERSIDE COUNTY FLOOD CONTROL		
		FC0000014190	IW SHARE WHITEWATER NPDES MUNICIPAL STORMWATER PUBLIC EDUCATION FOR FY 2013/14	4,887.39	4,887.39
	3/20/2014		PARADIGM		
		O-131083	MAR 2014 ALASKA AIRLINES MAGAZINE CITY ADVERTISEMENT	4,242.00	4,242.00
	3/20/2014		CLEANSTREET		
		73494	CITYWIDE STREET SWEEPING FOR FEB, 2014	3,702.43	3,702.43
	3/20/2014		COMMOTION PROMOTIONS, LTD.		
		17379	(2,500) 6X6 PROMOTIONAL MICROFIBER CLOTH TOWELS FOR 2014 BNP PARIBAS OPEN	3,528.37	3,528.37
	3/4/2014		DELTA DENTAL		
		BE000749896	DENTAL INSURANCE FOR MAR 2014	3,492.04	3,492.04
	3/20/2014		COACHELLA VALLEY WATER DIST.		
		155641-422578	44980 COOK ST UTILITIES FOR FEB, 2014	447.63	
		155761-422706	INCA DRIVE UTILITIES FOR FEB, 2014	414.36	
		156361-423526	HWY 111 LANDSCAPE UTILITIES FOR FEB, 2014	358.38	
		313547-845300	MILES AVE EAST OF WARNER TRL UTILITIES FOR FEB, 2014	246.22	
		281233-740500	76625 HWY 111 UTILITIES FOR FEB, 2014	218.29	
		153215-419808	MILES AVE/WARNER TRL UTILITIES FOR FEB, 2014	214.30	
		281269-740542	OSAGE TRL LOT 30 UTILITIES FOR FEB, 2014	174.54	
		281271-740546	45-410 COOK ST UTILITIES FOR FEB, 2014	124.84	
		324083-740422	SANDPIPER DR/MANITOU UTILITIES FOR FEB, 2014	90.68	
		155581-422504	COOK ST CENTER MEDIAN UTILITIES FOR FEB, 2014	85.52	
		152991-419528	HWY 111 UTILITIES FOR FEB, 2014	82.86	
		155805-422752	HWY 111 EAST OF CLUB DR UTILITIES FOR FEB, 2014	82.78	
		152067-418436	44-860 ELDORADO DRIVE UTILITIES FOR FEB, 2014	61.44	
		152073-418442	44-950 ELDORADO DRIVE UTILITIES FOR FEB, 2014	55.68	
		314309-846198	75420 MANSFIELD DR UTILITIES FOR FEB, 2014	51.34	
		152071-418440	44-500 INDIAN WELLS LANE UTILITIES FOR FEB, 2014	51.34	
		314511-846428	44500 INDIAN WELLS LN UTILITIES FOR JAN, 2014	49.10	

132
66

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
		542759-418520	44-950 ELDORADO DR COMMUNITY GARDEN UTILITIES FOR FEB, 2014	47.00	
		152069-418438	FIRE STATION #55 UTILITIES FOR FEB, 2014	44.62	
		152175-418598	44502 ELDORADO DR UTILITIES FOR FEB, 2014	41.40	
		152599-419102	45318 INDIAN WELLS LN UTILITIES FOR FEB, 2014	35.80	
		314329-846220	45585 ELDORADO DR UTILITIES FOR FEB, 2014	33.56	
		152173-418596	ELDORADO DR SE CORNER OF OSAGE TRL UTILITIES FOR FEB, 2014	27.96	
		134443-394192	44010 SUPERIOR COURT UTILITIES FOR FEB, 2014	27.16	
		314503-846420	OSAGE TRL MEDIAN WEST OF PAWNEE UTILITIES FOR FEB, 2014	26.84	
		152575-419066	45200 CLUB DR UTILITIES FOR FEB, 2014	25.93	
		314499-846416	OSAGE TRL LOT 4 UTILITIES FOR FEB, 2014	23.48	
		308623-839674	INDIAN WELLS LANE MEDIANS UTILITIES FOR FEB, 2014	19.00	
		281261-740534	44-860 ELDORADO DR UTILITIES FOR FEB, 2014	15.00	
		281263-740536	44-950 ELDORADO DRIVE UTILITIES FOR FEB, 2014	10.00	3,187.05
	3/20/2014		PWLC, II, INC.		
		87479	IWGR WHITEWATER CHANNEL LANDSCAPE MAINTENANCE FOR MAR, 2014	2,696.00	
		87499	HWY 111 EAST & WEST MEDIANS OFF COOK STREET LANDSCAPE MAINTENANCE FOR MAR, 2014	355.00	3,051.00
	3/20/2014		PERFECT IMAGES JANITORIAL INC.		
		25853	CIVIC CENTER & CLUB DR BUILDING JANITORIAL SVCS FOR FEB, 2014	3,045.00	3,045.00
	3/20/2014		J.H. THOMSPON & SONS, INC.		
		7655	HANDICAP RAMP AND INSTALLATION ON NORTH WEST CORNER OF HWY 111 & COOK STREET	3,000.00	3,000.00
	3/20/2014		JOE A. GONSALVES & SON		
		24265	LEGISLATIVE ADVOCACY SERVICES FOR MAR, 2014	3,000.00	3,000.00
	3/20/2014		LUMPKIN, RUSSELL L.		
		DTD 2/28/14	BUILDING INSPECTION, PLAN REVIEW, PERMIT ISSUANCE & CODE ENFORCEMENT SVCS	2,976.00	2,976.00
	3/20/2014		GRAPHTEK INTERACTIVE		
		8268-1	NEWSLETTER DESIGN, LAYOUT & PROJECT MANAGEMENT SERVICES FOR ARP 2014 ISSUE	2,500.00	
		8134-1	DESIGN & LAYOUT FOR FAMD SUMMARY COVER SHEETS	300.00	
		8206-1	MARCH 2014 DON DIEGOS NEWSLETTER AD REFORMAT SVC FROM 1/4 PAGE TO 1/2 PAGE AD	125.00	2,925.00

133
66

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		SMITHSON ELECTRIC, INC.		
		56612	INSTALL (4) 6' CIRCLE TRAFFIC LOOPS AT HWY 111 & COOK STREET	2,780.00	2,780.00
	3/20/2014		PALM SPRINGS DESERT RESORTS		
		69	2014 RESTAURANT WEEK CITY SPONSORSHIP	2,500.00	2,500.00
	3/20/2014		PRINTING PLACE		
		140398	PRINT (5,000) 8-PAGE MARCH, 2014 NEWSLETTERS	2,398.00	2,398.00
	3/20/2014		HIGH TECH MAILING SERVICES		
		28398	NEWSLETTER MAILING, UPDATING MAILING LIST, IMPRINT ADDRESSES FOR MAR, 2014	2,351.62	2,351.62
	3/20/2014		WEX BANK		
		35982982	PW VEHICLE FLEET FUEL SUPPLY FOR FEB, 2014	2,193.94	2,193.94
	2/28/2014		WAUSAU TILE INC.		
		536865	(8) CUSTOM PARK BENCHES FOR CIVIC CENTER WALK OF HONOR-30% DOWN PAYMENT	1,937.66	1,937.66
	3/20/2014		RBF CONSULTING		
		870555	HWY 111 WIDENING PHASE III POST DESIGN/CONSTRUCTION MGMT FOR SEP 30, 13-FEB 2,14	1,820.00	1,820.00
	3/20/2014		DESERT ELECTRIC SUPPLY		
		S2067302.001	GREEN, WHITE, BLACK, RED BUILDING WIRE FOR MILES AVE/TENNIS GARDEN TREE LIGHTING	580.08	
		S2066688.001	PVC FEMALE ADAPTERS, CONDUITS & STRAPS FOR MILES AVE/TENNIS GARDEN TREE LIGHTING	482.13	
		S2067744.002	SEALING CONNECTOR PACKS, & BUILDING WIRE FOR TENNIS GARDEN LIGHTING OFF MILES	438.58	
		S2067744.001	PVC CONDUIT, CEMENT, CONNECTOR SEALING PACK FOR MILES AVE/TENNIS GARDEN LIGHTING	165.33	
		S2065446.001	ELECTRICAL BOX AND LID FOR HWY 111 PHASE 3 LIGHTING SUPPLIES	40.90	
		S2068196.001	5-LB DUCT SEAL FOR TENNIS GARDEN LIGHTING OFF MILES AVENUE	17.76	1,724.78
	3/20/2014		HONDA YAMAHA OF REDLANDS		
		30090	2007 HONDA DEPUTY MOTORCYCLE TIRE REPLACEMENT & 16K MILE SERVICE	1,577.50	1,577.50
	3/4/2014		UNION SECURITY INSURANCE CO.		
		4015595	SHORT/LONG TERM DISABILITY FOR MAR 2014	1,537.55	1,537.55

131
69

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		B.G. STRUCTURAL ENGINEERING		
		917.354	78-200 MILES AVENUE PLAN CHECK SVCS-ENGINEER, ARCHITECTURE, ADMINISTRATION	612.50	
		917.341	46-535 ELDORADO DRIVE PLAN CHECK SVCS-ENGINEER, ARCHITECTURE, ADMINISTRATION	275.00	
		917.355	45-580 VIA CORONA PLAN CHECK SVCS-ENGINEER, ARCHITECTURE, ADMINISTRATION	237.50	
		917.345	74-585 WREN DRIVE PLAN CHECK SVCS-ENGINEER, ARCHITECTURE, ADMINISTRATION	237.50	
		917.357	45200 CLUB DR A & D PLAN CHECK SVCS-ENGINEER, ARCHITECTURE, ADMINISTRATION	175.00	1,537.50
	3/20/2014		MINUTEMAN PRESS		
		29506	CITY NEWSLETTER ADVERTISING INSERT PRINTING FOR MAR, 2014	1,462.72	1,462.72
	3/20/2014		OMEGA INDUSTRIAL SUPPLY, INC		
		SI36362	MEGA SAFE & POW DEGREASER FOR PUBLIC WORKS DEPT	805.22	
		SI36488	YEAR SUPPLY OF MUSCLEMAN & ROUGH MAN TRUCK CLEANING WIPES FOR PUBLIC WORKS DEPT	496.25	1,301.47
	3/20/2014		MAIN STREET SIGNS		
		18196	(9) CITY STREET SIGNS & (6) CONSTRUCTION FLAGS	1,284.08	1,284.08
	3/20/2014		INLAND LIGHTING SUPPLIES, INC.		
		160788A	(30) LANDSCAPE LIGHTING FIXTURES FOR LLMD AREAS	1,053.00	1,053.00
	3/20/2014		CISLO & THOMAS LLP		
		467494	TRADEMARK LEGAL SERVICES FOR JAN, 2014	1,015.00	1,015.00
	3/20/2014		TIME WARNER CABLE		
		8448410760148720	CITY HALL INTERNET SERVICES FOR MAR 6-APR 5, 2014	889.00	889.00
	3/4/2014		VISION SERVICE PLAN - (CA)		
		121858900001	VISION INSURANCE FOR MAR 2014	854.24	854.24
	3/20/2014		MAXIMUM SECURITY		
		85625	CITY HALL/PW BLDG/CLUB DR BURGLAR & FIRE ALARM SVCS FOR APR-JUN, 2014	840.00	840.00
	3/20/2014		CORELOGIC INFORMATION		
		81115834	REALQUEST ONLINE REAL ESTATE DATA FOR FEB, 2014	825.00	825.00

135
69

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		HOME DEPOT		
		3973276	(10) 4X6X10 PRESSURE TREATED LUMBER POST FOR CITYWIDE STREET SIGNS	411.70	
		3023139	SANDPAPER & BOLTS FOR FABRICATION OF CITY MANGER'S CONFERENCE TABLE	247.01	
		7104785	SOCKET SET, ADAPTERS, DRILL BITS & SCREWS FOR CITY SIGNAGE	158.24	816.95
	3/20/2014		VINTAGE ASSOCIATES		
		SI-141937	INSTALLATION OF NEW IRRIGATION LINES AT HWY 111 & COOK STREET	735.00	735.00
	3/20/2014		MCKINNEY, WADE G.		
		DTD 2/19/14	CCMF BOARD MEETING FLIGHT EXPENSE FOR MAY 1-2, 2014	271.00	
		REIMB	FOOD AND BEVERAGE FOR DEPARTMENT HEAD RETREAT ON FEB 26 TO FEB 28, 2014	239.77	
		REIMB	DEPARTMENT HEAD RETREAT LUNCH MEETING FOR FEB 26, 2014	113.58	
		REIMB	FOOD FOR DEPARTMENT HEAD RETREAT FOR FEB 26 TO FEB 28, 2014	51.34	
		REIMB	FOOD FOR DEPARTMENT HEAD RETREAT FOR FEB 26 TO FEB 28, 2014	42.01	
		REIMB	(2) BAGS OF ICE FOR DEPARTMENT HEAD RETREAT FOR FEB 26 TO FEB 28, 2014	11.86	729.56
	3/20/2014		SIMPLOT PARTNERS		
		208031291	COATED BERMUDA GRASS, PARTEE BLEND, FIRE ANT BAIT & MED BOD FOR HWY 111 & COOK	665.85	665.85
	3/20/2014		STAPLES		
		3223073313	COPY PAPER, DISPOSABLE DUSTER, FEBREZE, PENCILS, DISINFECTANT WIPES & SUPER GLUE	198.29	
		3223073314	END-TAB FASTENER FOLDERS & LOTION	142.81	
		3223073312	ADVIL, ALLERGY MEDICINE, ROLODEX & PELLEGRINO WATER	138.46	
		3223620642	(1) 25-PACK CD REFILL PAGES & COFFEE CREAMER SUPPLY	53.55	
		3223620640	ANTIBIOTIC OINTMENT FOR FIRST AID SUPPLY	30.99	564.10
	3/4/2014		STANDARD INSURANCE COMPANY		
		643033	LIFE INSURANCE/AD&D FOR MAR 2014	529.82	529.82
	3/20/2014		JOHN DEERE LANDSCAPES		
		67210585	SWING TUBING, SPRIAL BARB TEE, ELBOWS & GOOF PLUGS IRRIGATION SUPPLIES	210.03	
		67148295	SDI DRIPLINE IRRIGATION LANDSCAPE SUPPLIES FOR CITY GENERAL FUND AREA	190.21	
		67103161	IRRIGATION VALVE BOX & COVER, ROUND GREEN FOR COOK/HWY 111 PHASE 3 PROJECT	62.13	
		67215257	LIGHT BULBS FOR CITY GENERAL FUND LANDSCAPE SUPPLIES	26.89	489.26

186
09

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		CANON FINANCIAL SERVICES, INC		
		13578780	CW300 & SCEXPN WIDE FORMAT COPIER/SCANNER LEASE FOR MAR, 2014	447.12	447.12
	3/20/2014		BIO-TOX LABORATORIES		
		28258	IW POLICE DRUG TESTING SVCS FOR JAN, 2014	447.00	447.00
	3/20/2014		SOUTHERN CALIFORNIA EDISON CO.		
		2-10-366-7440	44-210 1/2 COOK & 76-105 1/2 FRED WARING UTILITIES FOR FEB, 2014	129.07	
		2-10-366-7580	44-950 ELDORADO, 45-826 IW LN, ELDORADO/FW & PORTOLA/VINTAGE UTILITIES FOR FEB	96.88	
		2-36-295-8456	MILES AVE & WARNER TRL UTILITIES FOR JAN, 2014	86.66	
		2-25-128-1648	IW VILLAGE HOA #3 LIGHTING FOR FEB, 2014	21.64	
		2-25-185-7439	IW VILLAGE HOA #2 LIGHTING FOR FEB, 2014	21.64	
		2-35-530-3157	FAIRWAY DR & WILLIAMS RD STREET LIGHT UTILITIES FOR FEB, 2014	10.85	
		2-25-127-1755	IW VILLAGE HOA #1 LIGHTING FOR JAN, 2013	1.01	
		2-25-410-4201	IW VILLAGE HOA #5 LIGHTING FOR JAN, 2013	0.65	368.40
	3/20/2014		MARK CIESLIKOWSKI PHOTOGRAPHY		
		2999	TENNIS GARDENS SHOOTING FEE & DVD BURNING PHOTOGRAPHY SVC FOR FEB 25, 2014	341.60	341.60
	3/20/2014		SOUTHERN CALIFORNIA GAS CO.		
		16312760008	44950 ELDORADO DRIVE CITY HALL UTILITIES FOR JAN 31-MAR 4, 2014	113.51	
		16102760622	44900 ELDORADO DRIVE FIRE STATION UTILITIES FOR JAN 31-MAR 4, 2014	84.61	
		04162524872	45200 CLUB DR. UTILITIES FOR JAN 22-FEB 21, 2014	81.32	
		15892760008	44860 ELDORADO CORP YARD UTILITIES FOR JAN 31-MAR 4, 2014	52.95	332.39
	3/20/2014		KUSTOM SIGNALS, INC.		
		493253	(1) PROLASER III REPAIR SERVICE & SHIPPING COST	263.50	263.50
	3/20/2014		VERIZON CALIFORNIA		
		341-3179	CITY HALL FIRE/ALARM PHONE LINE SERVICE FOR FEB 25-MAR 24, 2014	154.14	
		346-0407	CITY HALL FAX SERVICE FOR FEB 19 TO MAR 18, 2014	104.03	258.17
	3/20/2014		PRUDENTIAL OVERALL SUPPLY		
		20825731	CITY TOWEL, MATS & AIR FRESHENER SUPPLIES FOR FEB 19, 2014	137.22	
		20829534	CITY TOWEL, MATS & AIR FRESHENER SUPPLIES FOR FEB 26, 2014	109.79	247.01

187
69

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
	3/20/2014		AMERICAN FORENSIC NURSES		
		64441	(5) PUBLIC SAFETY BLOOD DRAW TESTING SERVICE	200.00	
		64379	(1) PUBLIC SAFETY BLOOD DRAW TESTING SERVICE	40.00	240.00
	3/20/2014		TROPICAL PLANT SERVICES		
		20262	INDOOR PLANT MAINTENANCE SERVICE FOR FEB, 2014	205.00	205.00
	3/20/2014		INNOVATIVE DOCUMENT SOLUTIONS		
		135373	STAPLES SUPPLY FOR IMAGERUNNER 7105 COPIES	201.90	201.90
	3/20/2014		PALM DESERT ACE HARDWARE		
		183109	HWY 111 & MILES TRAFFIC SIGNAL NUTS, BOLTS & DRILL BITS MAINTENANCE SUPPLIES	161.57	
		182802	CLAMPS, NUTS, BOLTS & BUNGEE CORDS TO MOUNT WATER COOLER ONTO CITY TRUCK	10.82	172.39
	3/20/2014		KEITH HULL'S POOL SERVICE, INC		
		14220200	WALK OF HONOR/CITY ENTRY FOUNTAINS MAINT FOR FEB, 2014	150.00	150.00
	3/20/2014		MSA SYSTEMS, INC.		
		SGM4948-2	(1) Z-SELECT MOTORCYCLE TICKET WRITER RECEIPT LABELS	143.47	143.47
	3/20/2014		TIME CLOCK		
		LM79685.15.50	DATE/TIME STAMPER ANNUAL MAINTENANCE SERVICE CONTRACT FOR APRIL 2014-APRIL 2015	128.00	128.00
	3/20/2014		FIRST CHOICE SERVICES		
		948462	COFFEE SUPPLY FOR FEB 26, 2014.	114.27	114.27
	3/20/2014		AROUND-THE-CLOCK		
		140300106101	AFTER HOURS PHONE ANSWERING SERVICE FOR MAR 10-APR 6, 2014	107.75	107.75
	3/20/2014		JUDICIAL DATA SYSTEMS CORP.		
		4325	PARKING CITATIONS REVIEWS/HEARING PROCESSING ADMINISTRATION FEES FOR JAN, 2014	100.00	100.00
	3/20/2014		VERIZON WIRELESS		
		9720747115	CITY, CSO & BURGLARY SURPRESSION UNIT CELLULAR PHONES FOR JAN 26-FEB 25, 14	85.97	85.97
	3/20/2014		STAPLES		
		26013	(8) BINDERS FOR STRATEGIC PLANNING RETREAT	60.39	

138
69

**CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST**

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
		08859	(1) PACK OF 1098 MORTGAGE INTEREST TAX FORMS FOR FINANCE DEPT	14.03	74.42
3/20/2014			NAPA AUTO PARTS		
		119550	(1) GREASE GUN TOOL FOR PUBLIC WORKS DEPT	66.41	66.41
3/20/2014			IMPERIAL IRRIGATION DISTRICT		
		50579115	78560 VISTA DEL SOL #A BRIDGE LIGHTING UTILITIES FOR JAN 24-FEB 24, 2014	53.99	53.99
3/20/2014			CDW GOVERNMENT, INC.		
		JX81907	(2) 3.3 FEET OF C2G USB MICRO B CABLES FOR TECHNOLOGY DEPT	41.65	41.65
3/4/2014			UNITED WAY OF THE DESERT		
		352000006506	PAYROLL EMPLOYEE CONTRIBUTIONS FOR FEB 28, 2014	40.00	40.00
3/20/2014			BIRCH COMMUNICATIONS, INC.		
		15503422	LONG DISTANCE PHONE SERVICE FOR FEB 21-MAR 20, 2014	32.22	32.22
3/20/2014			TCC SALES		
		11774	EXTERIOR FLAT PAINT & (1) PAINT GALLON FOR PUBLIC WORKS DEPT	26.67	26.67
3/20/2014			LCC RIVERSIDE COUNTY DIVISION		
		D.HANSON	LEAGUE OF CA CITIES RIVERSIDE COUNTY DIVISION GENERAL MEETING FOR MAR 10, 2014	25.00	25.00
3/20/2014			RIVERSIDE COUNTY AUDITOR/		
		JAN14	CITY CITATION COLLECTIONS REIMBURSEMENT FOR JAN, 2014	25.00	25.00

75 checks in this report

TOTAL CITY WARRANTS 44809-44883: 181,100.45

681
69

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
Wires :					
1417	3/5/2014		CALIFORNIA PUBLIC EMPLOYEES		
		100000014234310	MEDICAL INSURANCE FOR MAR 2014	60,122.40	60,122.40
1416	3/4/2014		INTERNAL REVENUE SERVICE		
		95-2489139	FWT, FICA & MEDICARE FOR FEB 28, 2014	33,950.98	33,950.98
1418	3/5/2014		CALPERS RETIREMENT SYSTEM		
		6392517834	PAYROLL CONTRIBUTIONS FOR FEB 28, 2014	8,379.54	8,379.54
1415	3/5/2014		ICMA		
		CONTRIBUTIONS	401A, 457 & ROTH IRA FOR FEB 28, 2014	7,928.92	7,928.92
1419	3/4/2014		CALIFORNIA, STATE OF		
		925-0060-2	SDI & SWT DEPOSIT FOR FEB 28, 2014	6,987.78	6,987.78
2837	2/27/2014		INDIAN WELLS EMPLOYEE ASSOC.		
		2379795	PAYROLL EE DUES FOR FEB 28, 2014	154.00	154.00
PAYROLL WIRE DISBURSEMENTS 1415-1419 & 2837:					117,523.62

140
6C

CITY OF INDIAN WELLS
03/20/2014 MEETING WARRANT LIST

CHECK #	DATE	INVOICE #	VENDOR NAME/DESCRIPTION	INVOICE AMT	CHECK TOTAL
---------	------	-----------	-------------------------	-------------	-------------

EFT 12593-12983	75,724.65
2840-2841	2,663.93
Total Net Payroll 03/14/14	78,388.58

TOTAL CITY DISBURSEMENTS: 377,012.65

Note: Warrants 44809-44817 were issued prior to City Council approval.

CC/MA ACTION 3 MTG. DATE: 3-20-14
 APPROVED DENIED REC./FILE CONT.
 OTHER
 VOTE: YES 5 NO 0 ABSTAIN

141
6C

Indian Wells City Council
Staff Report – Finance

March 20, 2014

Approve Third Addendum to Golf Course Management Agreement with Troon Golf, LLC

RECOMMENDATIONS:

City Council **APPROVES** the Third Addendum to Golf Course Management Agreement with Troon Golf, LLC; and

AUTHORIZES and **DIRECTS** the City Manager to execute the addendum on behalf of the City.

DISCUSSION:

Background:

The City Council implemented a new strategic plan which included \$2,250,000 in capital improvements to safeguard the City's long-term financial sustainability at the Indian Wells Golf Resort. The improvements provided for increased visitor capacity and were designed to increase gross revenues and bottom line performance. The improvements included remodeling and rebranding of the upstairs restaurant, remodeling of the downstairs café, and the construction of a 5,000 square foot Pavilion capable of seating more than 400 guests. Financial sustainability of the Indian Wells Golf Resort (IWGR) is a top priority of the City Council. A viable self-sustaining operation at the IWGR is necessary to protect the General Fund.

Troon Golf used its expertise to develop the strategic plan, oversee the construction, and is now implementing the plan. The current agreement with Troon Golf is set to expire on May 31, 2015. The City Council directed staff to negotiate and extension to ensure the contract to insure key personnel stayed in place for the implementation of the strategic plan.

Analysis:

At the Golf Resort strategic planning workshop, the Council directed Staff to negotiate an extension of the existing management agreement predicated on the following: new five year term consistent with the implementation of the strategic plan, removal of annual incentive fee, and removal of Golf Resort employee liability to the City. Staff met with the Finance Committee to develop the initial set of deal points necessary to approve an extension of the existing management agreement.

On January 27, 2014, the Finance Committee reviewed the third addendum to the Management Contract with Tim Schantz, Executive Vice President with Troon Golf and approved the modifications to the agreement.

On February 25, the Indian Wells Golf Advisory Committee met to review the third addendum to the Management Contract with Troon Golf. Mr. Schantz was in attendance to answer questions and provide additional information. The Indian Wells Golf Advisory Committee made one change to the Finance Committee's original recommendation. The term of the third addendum was decreased from June 30, 2021 to June 30, 2019 and a three year extension, to June 30, 2022, was added based upon mutual consent of both parties.

The Indian Wells Golf Advisory Committee recommended the two year reduction to the third addendum because the committee felt a termination date of June 30, 2019 was more in-line with the City Council's original strategic plan at the Golf Resort. The three year optional extension, from June 30, 2019 to June 30, 2022, was added by the Golf Advisory Committee as an option for the City to consider based upon Troon's performance. Mr. Schantz agreed to the changes as recommended by the Golf Advisory Committee.

The third addendum to the management agreement includes the following six (6) modifications:

1. Changes the current agreement to a calendar year basis effective January 1, 2014.
2. Extends the agreement from May 31, 2015 to June 30, 2019 consistent with the implementation of the strategic plan. The agreement will automatically terminate unless renewed.
 - a. The Agreement may extend for an additional term of three (3) years through June 30, 2022 upon mutual agreement by the City and Troon.
 - b. Troon shall provide written notice to City on or about June 30, 2018 regarding the June 30, 2019 expiration date of the Agreement.

- c. City shall respond to Troon's written notice on or before September 30, 2018, notifying Troon of its intention relating extending the Management Agreement and Restaurant Lease Agreement.
3. Effective January 1, 2014, Troon agrees to indemnify and hold harmless City and its officials, officers, employees, agents and volunteers from and against any and all claims, demands, actions, lawsuits, proceedings, damages liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses relating to all Golf Resort employees.
4. Effective January 1, 2014, the annual incentive fee will be eliminated.
 - a. Based upon the Golf Resort's fiscal year 2013/14 budget assumptions, Troon could have potentially earned \$63,672 as an annual incentive fee under the current agreement.
 - b. Under this new agreement the annual incentive fee will no longer be paid.
5. Effective January 1, 2014, the annual management fee will increase from \$260,000 to \$285,000 and will stay a "fixed" amount through December 31, 2015.
 - a. Beginning January 1, 2016 and continuing through January 1, 2019, the annual management fee will be subject to the annual consumer price index (CPI) for all urban Consumers in Los Angeles, Riverside, and Orange Counties, California.
 - b. The management fee shall increase by the lesser of (a) CPI, or (b) a 3% cap.
6. Effective January 1, 2014, Troon will grant the City a "Most Favored Nations (MFN)" clause in the category of: Daily fee resorts with gross revenues over \$10,000,000 within the continental United States.
 - a. Essentially, this means Troon will ensure the City enjoys the lowest management fees as a percentage of gross revenues of any club it manages in this category. This MFN clause refers to Troon's current daily fee resorts as well as future opportunities.
 - i. The percentage is simple to calculate: If gross revenues at the Golf Resort are \$14,250,000 and the management fee is \$285,000, then the facility percentage would be two percent (2%) [i.e. $285,000/14,250,000$].

- b. If Troon re-negotiated with a current daily fee/resort golf facility or was presented with the opportunity to manage another daily fee/resort golf facility within the continental United States with annual gross revenues equal to or greater than Ten Million Dollars (\$10,000,000) at a lower percentage fee currently enjoyed by the City, Troon would be required to adjust City's fees to the lower applicable percentage as of the date of entering into the agreement with the other party.

ATTACHEMENTS:

1. Agreement Summary – Troon Golf Course Management & Restaurant Lease
2. Agreement Summary – Third Addendum
3. Third Addendum to the Golf Course Management Agreement with Troon Golf
4. Memo from Troon Corporate Support

AGREEMENT SUMMARY

GOLF COURSE MANAGEMENT AGREEMENT (and Restaurant Lease Agreement)

Parties: City of Indian Wells and Troon Golf, LLC

Responsible
Department(s): Finance

Background:

In June, 2009, the City and Troon Golf entered into a three year agreement for Troon Golf to take over the management and operation of the Golf Resort at Indian Wells. The City and Troon Golf also entered into a related Restaurant Lease Agreement to govern the management of food and beverage operations at the Golf Resort. The Agreement has been amended twice to extend the original term and it currently expires on May 31, 2015.

Contract Terms:

The Agreement and Lease set forth the terms and conditions pursuant to which Troon Golf operates the Golf Course at Indian Wells as follows:

- Troon Golf is responsible for the management of all Golf Course operations and the Agreement sets forth standards for:
 - (i) the management of Golf Resort personnel;
 - (ii) the maintenance of the Golf Course and the facilities;
 - (iii) the enforcement of rules and regulations regarding use of the facilities;
 - (iv) the operation of the pro shop and the food and beverage concessions;
 - (v) the marketing of the facilities; and
 - (vi) the management and administrative services related to the Golf Course, including the use of Troon Golf's national purchasing and administrative infrastructure.

7 A

146

- Troon Golf is responsible for the development of the annual plan, which is subject to approval by the City. The City is generally responsible for all costs related to the operation of the Golf Resort as provided for in the annual plan.
- All Golf Resort personnel are employed by Troon Golf, however, the City retains responsibility for the costs associated with such personnel, including salary and benefits, and for certain employment related liability.
- Troon Golf is paid an annual base fee for the management of the Golf Course in the amount of \$260,000 per year. Troon Golf is also eligible to be paid an annual incentive fee of 3.5% of gross revenues provided that certain minimum gross revenue targets (\$9 million for the Golf Resort and \$4 million for food and beverage operations) are met.
- Troon Golf is required to follow certain procedures with respect to the operating accounts, accounting books and records and other financial matters in connection with the use of City funds to Golf Resort revenues.
- Troon Golf is required to indemnify the City with respect to liability resulting from the negligence or willful misconduct of Troon and for employee claims that directly result from the misconduct of Troon management personnel.
- The City generally indemnifies Troon Golf for liability arising in connection with the normal operation of the Golf Resort which is not directly attributable to the fault or acts of Troon. The insurance requirements to protect against liability claims are also specified in detail.
- The Agreement provides for the rights of the parties with respect to default and termination and places certain obligations on Troon Golf for the orderly transition of the Golf Resort operations following any termination.

AGREEMENT SUMMARY

THIRD ADDENDUM TO GOLF COURSE MANAGEMENT AGREEMENT

Parties: City of Indian Wells and Troon Golf, LLC

Responsible
Department(s): Finance

Background:

In June, 2009, the City and Troon Golf entered into a three year agreement for Troon Golf to take over the management and operation of the Golf Resort at Indian Wells. The City and Troon Golf also entered into a related Restaurant Lease Agreement to govern the management of food and beverage operations at the Golf Resort. The Agreement has been amended twice to extend the original term and it currently expires on May 31, 2015. The Third Addendum is intended to extend the term further and to provide for certain changes in compensation and liability for employment claims.

Contract Terms:

The Third Addendum makes the following changes to the Agreement/Lease:

- The term of the Agreement and Lease are extended through June 30, 2019, with an option to extend the term an additional three years to June 30, 2022 upon the mutual agreement of the City and Troon;
- The annual base fee payable to Troon Golf is changed from \$260,000 to \$285,000, and starting in 2016, the annual base fee calculation will increase by the cost of living increase (if any) capped at 3%;
- The annual incentive fee has been removed and will not be applicable commencing in the current 2013-2014 operational year;
- Troon Golf will now be responsible for all employee related liability associated with the Golf Resort personnel. The only exception is if Troon Golf reports a hazardous condition to the City which requires repair and the City refuses to allocate the funding. The City has agreed to provide an additional \$15,000 in the annual budget for additional employment related insurance coverage; and
- Troon Golf has agreed to give the City the benefit of any better pricing negotiated with similarly situated golf facilities operated by Troon Golf.

**THIRD ADDENDUM
TO
GOLF COURSE MANAGEMENT AGREEMENT**

THIS THIRD ADDENDUM TO INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT (the "**Third Addendum**") is executed as of January 1, 2014, by and between the **CITY OF INDIAN WELLS**, a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City and Troon are parties to that certain Indian Wells Resort Golf Course Management Agreement dated as of June 1, 2009 ("**Agreement**") and that certain Restaurant Lease Agreement dated as of June 1, 2009 ("**Lease**").

B. On May 1, 2012, City and Troon entered into that certain First Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2014. On March 21, 2013, City and Troon entered into that certain Second Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2015.

B. City and Troon desire to extend the term of the Agreement and the Lease and make other revisions to the Agreement in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by this reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Effective Date. The Effective Date of this Third Addendum shall be January 1, 2014.

3. Definition of Management Fee. The definition of "Management Fee" in Section 1.1 is hereby deleted and shall hereafter mean the Annual Base Fee.

4. Extension of Term. The Term of the Agreement and Lease (pursuant to the Second Addendum) expires on May 31, 2015. Section 6.1 of the Agreement and Section 1.1 of the Lease (as amended) shall be amended by deleting the reference to "May 31, 2015" as the termination date and inserting "June 30, 2019" as the termination date in its place. The Agreement may extend for an additional term of three (3) years to and including June 30, 2022 upon mutual agreement of City and Troon. Troon shall provide written notice to City on or about

June 30, 2018 regarding the June 30, 2019 expiration date of the Agreement and Lease and thereafter, City shall respond to Troon's written notice on or before September 30, 2018, notifying Troon of its intent to renew or not renew the Agreement and Lease. In the event the term is extended to June 30, 2022, the Agreement and Lease may be extended for additional successive terms of three years each by complying with the process described above. Specifically, Troon shall provide City with written notice approximately one year in advance of the expiration date of the extended term and City shall respond to such notice on or before ninety days after receipt of the written notice from Troon.

5. Annual Base Fee. Section 7.1 of the Agreement shall be deleted in its entirety and replaced with the following:

"Commencing on January 1, 2014, City shall pay to Troon a base fee (the "**Annual Base Fee**") equal to Two Hundred Eighty Five Thousand Dollars (\$285,000) per full Operational Year (pro-rated for any partial Operational Year). The Annual Base Fee shall be paid in equal monthly installments of \$23,750 each, with such payments to be made in advance on the first (1st) day of each month during the Term. The Annual Base Fee shall be comprehensive of all of Troon's administrative expenses. Except as expressly set forth herein (e.g. Section 3.10 regarding Centralized Services), in the Annual Plan, or as otherwise approved by City, no administrative expenses or additional overhead or other direct or indirect costs of Troon shall be billed directly or indirectly to the Golf Resort. Beginning on January 1, 2016 and on each January 1 thereafter, the Annual Base Fee amount for the immediately preceding Operational Year shall be increased by the lesser of (a) three percent (3%), or (b) the amount of the percentage increase, if any, in the CPI for the immediately preceding Operational Year. For purposes hereof, "CPI" means the Consumer Price Index for All Urban Consumers (1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics. If such index shall be discontinued, then it shall mean such substitute index as shall be designated by Troon, and approved by Owner, which approval shall not be unreasonably withheld."

6. Annual Incentive Fee. Section 7.2 of the Agreement shall be deleted in its entirety. No Annual Incentive Fee shall be payable to Troon for the 2013-2014 Operational Year or any year thereafter.

7. Employees. Article V of the Agreement shall be deleted in its entirety and replaced with the following:

"5.1 Golf Resort Employees. Troon shall use established procedures, techniques and programs to hire and evaluate qualified employees. Subject to the obligation of Troon to observe applicable laws regarding such matters, the Annual Plan, and the City's right (as set forth in this Agreement) to approve the hiring or termination of any Executive Employee, and other terms of this Agreement, Troon shall have the authority to hire, establish Compensation and benefits for, promote, discharge, and supervise all employees in accordance with guidelines and employment policies (which shall include, without limitation, policies

regarding safety in the workplace, equal employment opportunities, and job discrimination) proposed by Troon and agreed to by the City. Troon acknowledges and agrees that the City approval of policies and procedures is intended to ensure Troon Golf Quality Standards and compliance with Troon's obligations pursuant to this Agreement and that Troon remains responsible for Golf Resort employees. As set forth with particularity elsewhere in this Agreement, including the Annual Plan, City shall be responsible for the payment of all costs and expenses incurred in connection with or relating to Golf Resort employees which are provided by Troon in accordance with the terms of this Agreement.

5.2 Liability for Golf Resort Employees; Indemnity. Troon shall be solely responsible for any employment related liability, fine, penalty or award (including the cost of defense and attorney fees) with respect to claims, demands, arbitration or litigation brought by an employee or employees of Troon at the Golf Resort for any reason, including without limitation, (a) employment claims arising out of the improper acts or omissions of a Troon employee; (b) the failure of an Executive Employee to properly supervise the Golf Resort employees or properly administer employment practices in accordance with the Golf Resort employment manual approved by City; or (c) the violation of federal, state or local laws, ordinances or regulations governing the employment or working conditions of the employees at the Golf Resort (collectively, "Claims"). Troon agrees to indemnify, defend and hold harmless City and its officials, officers, employees, agents and volunteers from and against any and all Claims. Except for the proceeds of any insurance coverage described in Section 9.1, Troon shall not be entitled to any reimbursement by City for Claims. As consideration for Troon's assumption of increased liability for its employees as set forth herein, Troon and City agree that City will pay to Troon an amount equal to Fifteen Thousand Dollars (\$15,000) per full Operational Year for insurance deductible funding. The annual insurance deductible funding expense shall be a Golf Resort Expense as defined in the Agreement.

5.3 Exclusions. In no event shall Troon be required to implement any policy or procedure with respect to operation of the Golf Resort which Troon reasonably believes would result in employee liability or a violation of applicable labor laws provided that Troon provides written notification of such objection in writing. Furthermore, Troon shall not be responsible for any Damages to the extent that such Damages are the result of working conditions at the Golf Resort which were identified in writing as non-compliant by Troon and the City failed to provide the requisite funding to remedy such conditions after written notice to City which clearly identifies that Troon disclaims liability pursuant to this Article V.

5.4 Restaurant Lease. Troon acknowledges that the obligations of Troon pursuant to this Article V shall apply to all employees who are engaged in F/B Operations pursuant to the Restaurant Lease Agreement between the City and Troon."

8 Troon's Indemnity. Section 11.1 of the Agreement shall be deleted in its entirety and replaced with the following:

"11.1 Troon's Indemnity. Troon agrees to indemnify and hold harmless City and its officials, officers, employees, agents and volunteers from and against any and all claims, demands, actions, lawsuits, proceedings, damages liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses;

(a) which result from any act or omission constituting active or passive negligence (including acts or omissions that do not meet industry standards), gross negligence, fraud or willful misconduct by a Troon employee; or

(b) which result from any action taken by Troon or a Troon employee relating to the Golf Resort (i) that is expressly prohibited by this Agreement, or (ii) that is not within the scope of Troon's duties under this Agreement, or (iii) that is not within Troon's delegated authority under this Agreement; or

(c) subject to Article V above, which result from Troon's material breach of any covenant or obligation contained in this Agreement. For purposes of this Section, the term "material" shall mean any breach resulting in liability in excess of \$5,000.00.

Troon's indemnity obligations under this Section 11.1 shall not apply to Claims which are covered by the indemnity in Section 5.2 or to any acts taken (or omissions not taken) either at the written direction of City or with the approval of City, provided, however, that the approval of the Annual Plan, or any other general operating policy or procedure by City shall not be interpreted as "direction" or "approval" of a specific act or omission unless such act or omission is clearly and unambiguously contemplated thereby."

9. Competitive Pricing. The following provision shall be inserted in the Agreement as follows:

"16.13 Competitive Pricing. Beginning on January 1, 2014 and continuing throughout the remaining Term of this Agreement, should Troon and/or its Affiliates, without the prior written consent of City, enter into, amend or renew any agreement to manage any other daily fee/resort golf facility within the continental United States that (i) has annual gross revenues greater than Ten Million Dollars (\$10,000,000) and (ii) the ratio (expressed as a percentage) of the annual base management and incentive fee under such agreement to the annual gross revenues (determined in a manner consistent with Gross Revenues) of such other facility is less than the ratio (expressed as a percentage) of the annual Management Fee under this Agreement to the annual Gross Revenues of the Facility (the "**Facility Percentage**") then City will have its Management Fee reduced to such lower fee for the remainder of the Term. Troon shall warrant annually that it has complied with this undertaking. For example, if, at the applicable time of determination, the annual Base Management Fee under this

Agreement is \$285,000 and the annual Gross Revenues of the Facility are \$13,000,000, then the Facility Percentage would be two percent (2%) [i.e., 285,000/13,000,000]. If Troon were presented with the opportunity to manage another daily fee/resort golf facility within the continental United States with annual gross revenues equal to or greater than Ten Million Dollars (\$10,000,000) and the negotiated Facility Percentage was lower than 2% (2% is used for purposes of this example only) for such facility, Troon would be required to adjust City's fees to the lower applicable percentage as of the date of entering into the agreement with the other party."

10. No Other Changes

Except as set forth in this Third Addendum, all terms and conditions of the Agreement and the Lease shall remain in full force and effect during the Term.

IN WITNESS WHEREOF, the City and Troon have executed this Third Addendum as of the date first above written.

"CITY"

"TROON"

CITY OF INDIAN WELLS,
a California Municipal Corporation

TROON GOLF, L.L.C.,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

Approved as to form:

By: _____
Stephen P. Deitsch, City Attorney



INDIAN WELLS
GOLF RESORT

Troon Corporate Support

Indian Wells Golf Resort

February 5, 2014

TROON®

Executive Summary

Troon golf brings Value, Bench strength, standards of quality, expertise and knowhow, and Worldwide Brand recognition to the Indian Wells Golf Resort.

Troon prides itself on providing operational excellence and "problem solving" to its clients. As a Troon managed facility, Indian Wells Golf Resort has access to functional expertise in the following areas:

- Golf Operations
- Food & Beverage Operations
- Agronomy
- Sales & Marketing
- Design & Development
- Procurement
- Retail
- Human Resources
- Risk Management
- Legal
- Technology
- Finance & Accounting

Value Analysis

Golf Operations

John Easterbrook, Executive Vice President, Operations leads our operations team and oversees our Golf Operations, Food and Beverage, Agronomy, Sales and Marketing and Design and Development departments. The primary corporate contact for Indian Wells is Carl Bielstein, Vice President, Operations and Carl is responsible for the engagement and coordination of the on-site team's access to Troon's resources.

As a result of strategic planning sessions with Troon Golf Operations we were able to consolidate the biggest targets as part of the plan of attack in Golf Operations.

Bullet points of Strategic plan for Golf

- 10 minute earlier tee time to increase rounds
- Platinum card twosome to foursome increase of players
- Holding of Resort tee times till 24 hours out to increase availability for Resort guests
- Increase of wholesale times by use of sliding scale. Reward based on volume
- Increased merchandise sales for tournament groups by way of online store enhancement as well as proactive work with planners during the sales process.

Food and Beverage Operations

John Bartilomo, Vice President of Food and Beverage and Carlos Acosta, Director - Corporate Food & Beverage, are the two resources for the food and beverage operation at Indian Wells. John or Carlos make multiple visits each year and work closely with Scott Winant, Steve and the F&B team.

Bullet points of Strategic Plan for Food and Beverage

- Vue Restaurant concept change and repositioning
- Complete re-do of all Furniture fixture and equipment in Vue Restaurant
- New Pavilion addition to increase banquet business
- Concept changed re-do of Café for more impulse buy, increased sales and ADR
- Decrease of kitchen labor and Food costs in COG

Agronomy

Jeff Spangler, Senior Vice President of Agronomy and Dave Nichols, Vice President of Agronomy, are the agronomy resource for Indian Wells. Jeff and or Dave make multiple visits each year and are in regular communication with Brian and the team at Indian Wells.

- Constant oversight and continuous work with our Director of Agronomy to continue to produce the results our guests have come to expect at both golf courses.

Sales & Marketing

Dolf May, Manager of Troon Golf Sales & Marketing, is the primary resources for Indian Wells Golf Resort. Dolf assists in the development, implementation and management of sales and marketing strategies for the club.

- Oversight both during initial planning stages as well as launch of the strategic plan for the resort.

Bullet points of Strategic Plan for Sales and Marketing

- Re-launch Party for Concept change
- Repositioning of Restaurant
- Launch of Pavilion and increase of market share for Tournament and Social events with Pavilion
- Re-naming of primary restaurant

Design & Development

The design and development team assists with any major capital improvements to the clubhouse or golf course.

Troon Design & Development Personnel:

- Jim Bellington, Senior Vice President Development Services
- Cindy Anderson, Vice President Clubhouse Design and Development
- Ron Despain, Vice President Golf Course Development
- Jeff Polling, Director Golf Course Construction
- John Prengaman, Project Manager Clubhouse Design and Development

Strategic Plan Bullet points:

- Assisted with vetting out and making recommendations for contractor selection for building Pavilion
- Assist with design recommendations for Vue restaurant and Café.
- Wrote contractual agreement for irrigation changes needed on current site of the Pavilion building.

Procurement

Charlene Gallob, Vice President Procurement leads the procurement programs for Troon.

Troon negotiates purchasing programs with all major club vendors. Sysco, Club Car, Toro and Jonas are examples of vendors who provide Troon managed facilities significant savings.

Retail

Kristin Goulet, Director Retail Operations assists with merchandise planning and purchases for the golf shop.

Human Resources

All Indian Wells Golf Resort associates are employed by Troon. The associate files are kept in Scottsdale and a team of Human Resource experts are available to the on-site management staff. All payrolls are managed through the corporate office and all associates are e-verified before they start with Troon. The following are descriptions of the different areas of Human Resources:

- Payroll Administration - includes processing of bi-weekly payroll, including check printing and distribution; remittance of state and federal taxes, administration and processing of garnishments, issuance of W-2's, and other procedures related to the maintenance of payroll records.
- Human Resources Administration - includes administration of company policy/procedure, new hire paperwork, maintenance of personnel records, verification of legal status, legal compliance, investigations, management development and coaching, staffing/recruitment, counseling and disciplinary action, unemployment, and termination issues.
- Employee Benefits Administration – includes the management of the employee health insurance, dental, eye and other plans.
- Human Resources Compliance - includes the provision of Troon's standardized materials for conducting compliance training (e.g. standards implementation, safety (including OSHA compliance), and harassment prevention), recruitment, and administration of employee reward and recognition programs.

Troon Human Resources Personnel:

- Pete Wong, Vice President
- Brooke Beaudoin, Generalist
- Ginny Lofrese, Recruiter
- Chelsea Gilmore, Administrator
- Jill Virden, File Room Administrator
- Lynn Sommers, Benefits Manager
- Kristy Hainline, Benefits Administrator
- Monique Wetli, Manager - Human Resources Development
- Jen Schaeffer, Learning & Development Manager, Property Training
- Toni Freeman, Payroll Director
- Diane Leingang, Payroll Specialist

Risk Management

Indian Wells Golf Resort has general liability, fraud and workers comp insurance under the Troon insurance program. Property coverage is procured through the city. The risk management team at the corporate office assists Indian Wells with claims and managing

the overall insurance of the club. The insurance is bid out annually by the team and typically results in a 15% savings relative to current insurance program in place.

Troon Risk Management Personnel:

- Bob Provost, Senior Director, Risk Management
- Jason Provost, Risk Management Analyst
- Katie Powell, Claims Manager

Strategic Plan interaction and assistance:

- Troon called upon insurance carriers to do a safety analysis in an effort to comply with safety concerns on the present bridge.

Legal

Jay McGrath, Executive Vice President & Chief Administrative Officer and Jeff Hansen, Vice President, Associate General Counsel are the resources for specific legal items, such as contracts, leases and other agreements.

Technology

Indian Wells Golf Resort is a part of the Troon computer network. The maintenance of the network is administered by the technology professionals at the corporate office. The oversight of technology includes:

- Access to a computer application "help desk"
- Access controls (user ID administration)
- Systems design/engineering
- Systems management methodologies
- Management of enterprise applications and enterprise connectivity
- Assistance from a regional technology manager to coordinate the implementation of new and upgraded technologies
- Oversight of hardware/software procurement
- Establishment of strategic technology goals
- Monitoring service satisfaction.

Troon Technology Personnel:

- Rick Gepilano, Vice President Technology
- Todd Lineberger, Regional Technology Manager
- Roman Trugillo, Network Engineer
- Alfred Griffith, Field Systems Engineer
- Sarah Johansen, Technical Support Coordinator

Finance & Accounting

Troon provides comprehensive Accounting oversight services from the corporate office through our Regional Controller group. Our Finance team provides all of the services of the "Internal Audit Oversight" as well as the following:

- Supervises all day-to-day property accounting operations at the facility.
- Directly manages Property Accountant and related staff including interviewing, hiring, training, evaluating, and disciplining associates.

- Implements policies and procedures for the Property Accounting function, including compliance of all company standards relating to quality of products and services.
- Provides weekly, monthly, quarterly and annual reports to property owners and management for use in making operational decisions.
- Completes monthly review of all departmental income statements and balance sheet reconciliations.
- Ensures that financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP).
- Identifies and explains significant variances from budgeted results and analyzes trends in financial results for internal management reports.
- Assists the property with external audits.
- Assesses and makes recommendations with respect to accounting related technology requirements.

Troon Finance & Accounting Personnel:

- Ruth Engle, Executive Vice President Chief Financial Officer
- Megan Stallone, Senior Vice President, Finance
- Pam Walsh, Director, Property Accounting
- Kelly DeBruin, Regional Controller

The Bottom Line

Troon's value proposition provides Indian Wells operational excellence and problem solving, combined with reducing costs (where appropriate) and increasing revenues, without compromising the guest experience. The access to systems, metrics, standards, staffing, resources, expertise and generalized problem solving capabilities, customized to Indian Wells' needs and identity, is what is "purchased" in return for the management fee and other costs incurred. Inherent in the business model is that Troon works for, and at the direction of the city, as that direction is provided by the City Manager's office and the City Council. The city always retains ultimate control. Troon's goal in its engagement with the city is to execute its value proposition and by doing so create a sustainable path to financial stability.

Indian Wells Strategic Plan results:

- Produce a profit to become self-sustainable for the resort inclusive of future capital.

CC/HA ACTION _____ MTG. DATE: 3-20-14
APPROVED _____ DENIED _____ REC/FILE _____ CONT. _____
OTHER REVIEW SUGGESTIONS, Compare
VOTE: YES _____ NO _____ ABSTAIN _____

Indian Wells City Council

*to other City's regulations, bring
back to Council at a future date
March 20, 2014*

Staff Report – Community Development

with possible alternatives.

**Discussion and Direction Regarding Draft Ordinance
Regulating Food Trucks**

RECOMMENDATION:

City Council provides **DIRECTION** to staff concerning the proposed provisions, as presented in the draft ordinance, and any possible revisions, deletions and additions.

DISCUSSION:

Background:

The County of Riverside recently adopted an ordinance that permits food truck operations within the County. A City ordinance is recommended in response to the Riverside County ordinance to ensure that the City regulates and prohibits or restricts food trucks to the extent permitted by applicable law. Based on legal interpretation of current case law, the City most likely cannot prohibit food trucks from operating outright within a public right-of-way. Cities can, however, impose time, place and manner restrictions. Cities have more discretion when it comes to private property and may prohibit food trucks from operating on private property outright. The following summary has been drafted with input from the City Attorney's Office, with the caveat that there have been several court cases that have recently been filed by food truck operators challenging restrictions imposed on them by various cities.

Summary:

It is important to distinguish between regulating food trucks within the public right-of-way and other public or private property. Under the California Vehicle Code, cities are prevented from completely banning food trucks due to State preemption as determined by the courts. However, they may impose reasonable time, place and manner regulations. In contrast, cities can prohibit food trucks on other public and private property.

Restrictions in the Public Right-of-Way

The City most likely cannot ban food trucks from generally operating within the public right-of-way. Rather, under California Vehicle Code section 22455, the City is limited to regulating the time, place and manner of food trucks. Similarly, Health & Safety Code section 114315 recognizes cities have the ability to "by ordinance or resolution, adopt additional requirements for public safety regulating the type of vending and the time, place, and manner of vending from vehicles upon any street." In fact, this section of the Health and Safety Code imposes a time limitation on food trucks, in that all food trucks parking for over an hour in a single location are required to be located within 200 feet of an approved and readily available toilet and hand washing facility, unless otherwise approved by the County Health Department, to ensure that restroom facilities are available to food truck employees.

The exact scope of this time, place and manner authority is currently being litigated in a number of jurisdictions. In fact, a local food truck group, Southern California Mobile Food Vendors (SCMFV), and an associated law firm have been suing Southern California cities, alleging their ordinances are too restrictive. Until the courts provide more detail regarding what is and what is not permissible, the exact scope of cities' ability to regulate food trucks operating within the right-of-way is unclear.

Below is a list of the types of regulations that range from permissible to not permissible:

Permissible

- Cities can require food trucks to obtain business licenses and City permits and comply with County health requirements.
- Cities can enforce generally applicable parking laws (e.g., parking restrictions on Highway 111 could be applied).
- Cities can require food trucks to comply with other applicable laws (e.g., prohibit trucks from littering or discharging waste into storm drains).
- Cities can most likely impose reasonable curfews (e.g., no parking between the hours of 12:00 a.m. and 6:00 a.m. in commercial and industrial zones and between 10:00 p.m. and 6:00 a.m. in residential zones).
- Cities can most likely impose reasonable time restrictions (e.g., trucks must move at least once every two hours).
- Cities can most likely impose reasonable locational requirements (e.g., (1) within 10 feet from any entrance of any open business, (2) within 25 feet of any street intersection controlled by a traffic light, crosswalk, or stop sign, (3) within 25 feet of a bus stop and (4) within 300 feet of an open public school).

- Cities can most likely require food trucks to maintain insurance protecting the City as an additional insured for claims related to operations on the public right-of-way.

Most Likely Not Permissible

- Cities most likely cannot ban food trucks from parking in the right-of-way.
- Cities most likely cannot ban food trucks for operating within areas of the City, including banning food trucks from all residential streets within the City.

Restrictions in Other Public and Private Property

In contrast to the public right-of-way, the City has very broad discretion to regulate food trucks operating on other public or private property. In fact, this can include a ban on all vendors.

Proposed Draft Ordinance

The attached draft ordinance is based on a model ordinance circulated by Riverside County with input from SCMFV. To ensure the City restricts and regulates food trucks to the extent possible, additional requirements have been added as deemed reasonable and appropriate by Staff. Included in the draft ordinance are all regulations identified above as "Permissible." The one exception is that the time restriction beyond general parking requirements has not been added. Until the permissible scope of such a regulation is indicated by the courts, time restrictions pose a risk for the City and are susceptible to challenge. In addition, trucks that vend prepackaged foods are exempt from the provisions of this ordinance, mainly to allow servicing of construction sites.

Staff has also included a separate site permit process for food trucks operating on all private and City owned property to properly regulate their operation and mitigate any potential impacts. The draft ordinance exempts food trucks from the site permit provision if they are approved as part a Temporary Use Permit (TUP) process for special events or are participating in a City sponsored event. Below is a list of the draft requirements included in the ordinance (*indicates provisions that were added by the City to the County's model ordinance):

- Ban of food trucks on private and City property with exceptions for (1) trucks in the public right-of-way and (2) those operating under a site permit or TUP, or as part of a City sponsored event*;

Staff is recommending allowing food trucks on private property with approval of a site permit or TUP to allow food trucks where they are a desired component of the event, for instance at:

- *Tennis Garden events;*
 - *Gerald Ford School events (non-school days);*
 - *Southwest Community Church events;*
 - *Hotel/Resort events;*
 - *Country Club events; and*
 - *Private party events.*
- Food trucks must obtain a City permit* and business license;
 - Food trucks must comply with reasonable locational requirements: a minimum of ten (10) feet from a business entrance to allow for unobstructed access to the business, if on private property and approved by the commercial center *; twenty-five (25) feet from intersections, twenty-five (25) feet from a bus stops*; and three hundred (300) feet from any school during school hours only, unless the school/school district has authorized the operation within 300 feet;

The City of Palm Desert's food truck ordinance (originally approved in 1992), considered by their City Council on March 13, requires a seven hundred and fifty (750) foot buffer from any eating and drinking establishment, or concession stand open at a public park. Indian Wells staff and City Attorney believe establishing a buffer requirement from any specific business type would most likely conflict with anticompetitive laws, would not be deemed to constitute a reasonable time, place and manner restriction, and would not be enforceable if challenged. With this in mind, staff would like direction from the City Council on whether to add a food truck buffer and if a buffer is desired, then for the Council to recommend a buffer distance from eating and drinking establishments or commercial centers in general.

- Food trucks subject to reasonable curfew hours*;
- Staff is proposing food trucks may not stand or park in the public right of way between the hours of 12:00 a.m. and 6:00 a.m. in commercial zones and between 10:00 p.m. and 6:00 a.m. in residential zones.*
- Food trucks must obtain insurance to protect the City*;
 - Food trucks must obtain County and other required health permits*;
 - No alcohol beverage, general merchandise or commercial sales other than food are permitted*;
 - No amplified music is permitted*; and

- No sandwich board or other signs are permitted on the ground in the area or on the mobile food truck facility. All signs located on the exterior of the mobile food facility shall be secured at all times that the mobile food facility is moving.*

Environmental:

The proposed Municipal Code change does not have the potential for causing a significant effect on the environment. Therefore, the project is exempt from the provisions of the California Environmental Quality Act (CEQA) per Section 15061(b)(3) of the guidelines – Review for Exemption.

Fiscal Impact:

No significant change to the City revenue or expenditures are expected as a result of the Municipal Code change.

ATTACHMENTS:

1. Draft Ordinance
2. Riverside County Model Ordinance

DRAFT ORDINANCE

"Chapter 8.42 MOBILE FOOD FACILITIES

Sections:

- 8.42.010 Definitions.**
- 8.42.020 Mobile Food Facility on Public or Private Property.**
- 8.42.030 Mobile Food Facility in the Right of Way.**
- 8.42.040 Mobile Food Facility Permit.**
- 8.42.050 Mobile Food Facility Permit Issuance and Denial.**
- 8.42.060 Violations and Penalties.**

8.42.010 Definitions.

For purposes of this chapter, the following words or phrases shall have the following meanings:

"Food or food products" means any type of edible victuals or beverage.

"Mobile food facility" means any self-propelled, motorized device or vehicle by which any person or property may be propelled or moved upon a highway, excepting a device moved exclusively by human power, or which may be drawn or towed by a self-propelled, motorized vehicle, from which food or food products are sold, offered for sale, displayed, bartered, exchanged or otherwise given. Mobile food facility shall not include any vehicle only vending prepackaged food provided that the owner or operator of the vehicle has obtained all applicable state, local and City permits and approvals.

"Prepackaged Food" means any properly labeled and processed food, prepackaged to prevent any direct human contact with the food product upon distribution from the manufacturer, and prepared at an approved source.

"Vend" or "vending" means to sell, offer for sale, display, barter, exchange, or otherwise give food or food products from a mobile food facility.

"Vendor" means a person who vends, including an employee or agent of a vendor.

8.42.020 Mobile Food Facility on Public or Private Property.

(a) No mobile food facility may vend or locate on any private property or City property except as permitted in section 8.42.030 or this section.

(b) Mobile food facilities may vend or locate on private property with written permission from the property owner pursuant to a site permit issued under this section or if approved as part of a Temporary Use Permit (TUP) for a special event as outlined in Section 21.60.060 (Temporary Uses). In addition, any mobile food facility participating

78
165

DRAFT ORDINANCE

in a City sponsored event shall not be required to obtain a site permit or TUP and may vend as part of the City sponsored event.

(c) Mobile food facilities wishing to obtain a site permit to vend on private property located in a non-residential zone or City property outside of the public right-of-way shall file a written request to do so at least ten (10) days prior to the requested date of vending. Such request may be made on a form prescribed by the Community Development Director and shall include, at a minimum, the location, date, and time of the requested vending. Mobile food facilities may request, and the Community Development Director may grant, a site permit covering multiple dates and times and locations. No application for a site permit shall be accepted unless the application is accompanied by a fee in an amount set by City Council resolution.

(d) The Community Development Director shall evaluate and consider any request for a site permit. The Community Development Director may approve, conditionally approve or deny the request consistent with the requirements of this chapter and the public health, safety, and welfare. The Community Development Director's decision may be appealed in the same manner as a mobile food facility permit.

(e) Violation of any site permit shall be grounds for suspension or revocation of a mobile food facility permit. A site permit may be suspended or revoked in the same manner as a mobile food facility permit.

8.42.030 Mobile Food Facility in the Right of Way.

A vendor may locate its mobile food facility in the public right-of-way as long as the vendor adheres to the following standards and conditions:

(a) The vendor has a valid mobile food facility permit and business license from the City.

(b) The mobile food facility is in full compliance with all parking and Vehicle Code provisions which apply to the location at which it is parked.

(c) The mobile food facility does not obstruct pedestrian or vehicular traffic.

(d) Vending is prohibited on the exposed street and/or vehicular traffic side of the mobile food facility.

(e) The vendor shall not distribute any item from the mobile food facility in a manner that causes any person to stand in that portion of the street that is between the vehicle and the center of the street.

(f) The vendor shall not encroach onto a public sidewalk with any part of its mobile food facility or any other equipment or furniture related to the operation of its business.

DRAFT ORDINANCE

(g) The mobile food facility has a valid permit, certificate or other required approval from the Riverside County Department of Health.

(h) All food products sold or provided from the mobile food facility shall comply with all applicable food labeling requirements established by the State of California and the vendor must obtain all required permits, including without limitation, health permits, to sell or provide such items.

(i) No alcohol beverage, general merchandise or commercial sales other than food are permitted.

(j) No amplified music is permitted.

(k) No sandwich board or other signs are permitted on the ground in the area or on the mobile food facility. All signs located on the exterior of the mobile food facility shall be secured at all times that the mobile food facility is moving.

(l) No vendor may engage in vending or otherwise operate a mobile food facility:

(1) Within ten (10') feet from the outer edge of any entrance of any business on private property during the hours such business is open to the public. This prohibition may be waived with the written consent of such business. For purposes hereof, the term "entrance" includes but is not limited to doors, vestibules, driveways, outdoor dining area entries, and emergency exits.

(2) Within twenty-five (25') feet of any street intersection controlled by a traffic light, crosswalk, or stop sign.

(3) Within twenty-five (25') feet of a bus stop.

(4) Unless permitted in writing by the principal of the applicable public school, within three hundred (300') feet of the nearest property line of any property on which a public school building is located, between the hours of 7:00 a.m. and 5:00 p.m. of any school day. For purposes of this section, "public school" shall be defined as a school governed or operated by a unified school district or other similar public entity. Any mobile food facility having received written permission to operate within three hundred (300') feet of a public school shall provide to the Community Development Director of the City a copy of such permission upon request by any City official or employee.

(m) A mobile food facility may not stand or park in the public right of way between the hours of 12:00 a.m. and 6:00 a.m. in commercial and industrial zones, and between 10:00 p.m. and 6:00 a.m. in residential zones.

DRAFT ORDINANCE

(n) No vendor shall engage in vending unless he or she maintains a clearly designated litter receptacle in the immediate vicinity of the mobile food facility, marked with a sign requesting use by patrons. Prior to leaving the location, the vendor shall pick up, remove and dispose of all trash generated by the vendor's operation located within a twenty-five-foot (25') radius of the mobile food facility's location. This does not include picking up trash in the street in an unsafe manor.

(o) The vendor shall also maintain insurance, as deemed acceptable in the reasonable discretion of the City, and provide to the City written certification thereof, against liability for death or injury to any person and damage to property as a result of ownership, operation, or use of its mobile food facilities.

(p) The vendor shall not discharge any liquid (e.g. water, grease, oil, etc.) onto or into City streets, storm drains, catch basins, or sewer facilities. All discharges shall be contained and properly disposed of by the vendor.

(q) Mobile food facilities shall comply with all applicable state and local laws.

8.42.040 Mobile Food Facility Permit.

(a) No mobile food facility or vendor may vend in the City without first obtaining and having in his or her possession an annual mobile food facility permit issued by the City's Community Development Director in accordance with this chapter.

(b) To receive a mobile food facility permit, a vendor must complete a permit application on the form approved by the City and file it with the City. The applicant must provide the following information:

(1) Applicant's full name and address.

(2) Proof of applicant's identity.

(3) Proof of insurance coverage satisfactory to City.

(4) A brief description of the type of food products to be sold. This shall include the nature, character and quality of the product.

(5) The location and/or streets where the applicant plans to vend.

(6) If applicant is employed by another to vend, the name and business address of the employer.

(7) A description of the vending vehicle, including logo and color scheme, its registration number, and its license number.

DRAFT ORDINANCE

- (8) A copy of the valid Riverside County Department of Health permit.
 - (9) A copy of the applicant's City business license.
 - (10) A certification that he or she complies with all local, state and federal laws regarding food product vending, including this chapter.
- (c) No application for a new or renewed mobile food facility permit shall be accepted unless the application is accompanied by a fee in an amount set by City Council resolution.

8.42.050 Mobile Food Facility Permit Issuance and Denial.

(a) Upon receipt of a written application for a mobile food facility permit, the Community Development Director shall conduct such investigation as he or she deems appropriate to determine whether a mobile food facility permit should be approved. A permit shall be approved, conditionally approved, or denied within thirty calendar days of the filing of an application. The mobile food facility permit shall be approved unless one of the following findings is made:

(1) The applicant has knowingly made a false, misleading or fraudulent statement of fact to the City in the application process.

(2) The application does not contain the information required by this chapter.

(3) The applicant has not satisfied the requirements of this chapter.

(b) The City may condition the approval of any mobile food facility permit to ensure compliance with this chapter and other applicable laws.

(c) Any mobile food facility permit shall be valid for the term of one (1) year. Upon the expiration of the mobile food facility permit, an application for renewal shall be filed in a like manner as an application for an original mobile food facility permit, and such renewal permit shall be approved or conditionally approved only when the requirements for the issuance of an original permit are met.

(d) Any mobile food facility permit may be suspended or revoked by the Community Development Director for failure to comply with the terms and conditions of this chapter. Such suspension or revocation shall be made with written notice to the permit holder, stating the grounds for the revocation and the procedures for appealing the same. The permit holder may appeal this decision by filing a written request for appeal with the City Clerk within fifteen (15) days of the date of the notice. Any revocation or suspension shall be stayed during the pendency of the appeal unless the immediate public health or safety requires otherwise. The hearing on the appeal shall be held within sixty (60) calendar days of the appeal request unless otherwise agreed to by the parties. The City

DRAFT ORDINANCE

Council may conduct the hearing or designate a hearing officer, consistent with applicable law, to do so. The City Council's or hearing officer's decision shall be final.

(e) A mobile food facility permit shall not be assignable or transferable.

8.42.060 Violations and Penalties.

All penalties for violations of this chapter shall be as set forth in Chapter 1.16 General Penalty of the Indian Wells Municipal Code. The penalties provided in Chapter 1.16 are cumulative to any other penalty provided by law."

Sample Food Truck Ordinance for Cities

Authority

These ordinances are adopted pursuant to the authority granted to the City of _____ by Section 22455 of the California Vehicle Code, which permits local authorities to regulate the type of vending and the time, place and manner of vending from vehicles upon the street in order to promote public safety.

Definitions

For purposes of this chapter, the following words or phrases shall have the following meanings:

- A. "Food or food products" means any type of edible victuals or beverage.
- B. "Mobile food vendor" means person that operates or assists in the operation of Mobile Food Facility as defined by the California Retail Food Code: "Any vehicle used in conjunction with a commissary or other permanent food facility upon which food is sold or distributed at retail."
- C. "Vend" or "vending" means to sell, offer for sale, display, barter, exchange, or otherwise give food or food products from a Mobile Food Facility.
- D. "Vendor" means a person who vends, including an employee or agent of a vendor.
- E. "Mobile Food Facility" means any self-propelled, motorized device or vehicle by which any person or property may be propelled or moved upon a highway, excepting a device moved exclusively by human power, or which may be drawn or towed by a self-propelled, motorized vehicle, from which food or food products are sold, offered for sale, displayed, bartered, exchanged or otherwise given.

Mobile food vendors in the right of way.

A mobile food vendor may locate its vehicle in the public right-of-way as long as the mobile food vendor adheres to the following standards and conditions:

- A. The Mobile Food Facility is in full compliance with all parking and Vehicle Code provisions which apply to the location at which it is parked.
- B. The Mobile Food Facility does not obstruct pedestrian or vehicular traffic.
- C. Vending is prohibited on the exposed street and/or traffic side of the Mobile Food Facility.
- D. The mobile food vendor shall not distribute any item from the Mobile Food Facility in a manner that causes any person to stand in that portion of the street that is between the vehicle and the center of the street.
- E. The mobile food vendor shall not encroach onto a public sidewalk with any part of its Mobile Food Facility or any other equipment or furniture related to the operation of its business.
- F. The mobile food vendor shall not keep, maintain or operate any Mobile Food Facility upon any public street within three hundred feet (300') of the nearest property line of any property on which a school building is located between the hours of 7:00 a.m. and 5:00 p.m. of any school day. This

7B

171

prohibition will not apply if the school principal gives the mobile food vendor written permission to park on school property. The mobile food vendor shall provide a copy of that authorization to the City within five (5) days of its receipt.

G. The mobile food vendor has a valid business license from the City.

H. The mobile food vendor has a valid permit, certificate of other required approval from the XXXXXX County Department of Health.

I. All food products sold or provided from the Mobile Food Facility shall comply with all applicable food labeling requirements established by the State of California and the mobile food vendor must obtain all required permits, including without limitation, health permits, to sell or provide such items.

J. No mobile food vendor shall engage in vending unless he or she maintains a clearly designated litter receptacle in the immediate vicinity of the Mobile Food Facility, marked with a sign requesting use by patrons. Prior to leaving the location, the mobile food vendor shall pick up, remove and dispose of all trash generated by the mobile food vendor's operation located within a twenty-five-foot (25') radius of the mobile food vendor's location. This does not include picking up trash in the street in an unsafe manor.

K. The Mobile Food Facility shall not operate within twenty-five feet (25') of any street intersection controlled by a crosswalk, traffic light, or stop sign.

Compliance with state and local laws.

A. Mobile food vendors shall comply with all applicable state and local laws.

B. This chapter is not intended to be enforced against pedestrian food vendors or against food vendors who operate human powered push carts and other non-self-propelled vehicles. Such vendors may be regulated by other chapters in this Code of by other state or local laws.

CCMA ACTION _____ MTG. DATE: 3-20-14
APPROVED DENIED _____ REC/FILE _____ CONT: _____
OTHER _____
VOTE: YES 5 NO 0 ABSTAIN _____
as amended
March 20, 2014

Indian Wells City Council
Staff Report – City Clerk

Adopt Resolution Amending the City Council Policy Manual

RECOMMENDATION:

City Council **ADOPTS** Resolution Bill No. 2014-01 amending the City Council Policy Manual by adding Chapter 2.17, adding Section 2.11.090, and amending various sections in Titles 2 and 3.

DISCUSSION:

Background:

Since the Council adopted the restated City Council Policy Manual ("Policy Manual") in late 2012, the Council has directed staff to prepare additional policies for rhetorical e-mails and the release of attorney-client privileged information. The Council has also directed Staff to prepare minor revisions to the chapter relating to appointment of residents to Commissions, Committees and Boards and the chapter relating to Council Members assignments to Outside Organizations, Regional Authorities and City Committees. Staff has made a few minor revisions to those chapters concerning Meeting Agendas and Conduct of Meetings.

The Fair Political Practices Commission has provided clarification in relation to ticket distribution policies in general. The City Attorney's office has prepared revisions to sections 2.10.020, 2.10.030, 2.10.060, 2.10.100 of the City's policy concerning Distribution of City-Controlled Tickets to City Officials.

Finally, the Policy Manual would be amended to address SB 751 in relation to publicly reporting any legislative body action taken and the associated votes. Staff has made the necessary revisions to sections 3.03.130 and 3.07.120 of the Policy Manual.

CC/MA ACTION _____ MTG. DATE: 3-20-14
APPROVED DENIED _____ REC/FILE _____ CONT: _____
OTHER _____
VOTE: YES 5 NO 0 ABSTAIN _____
no amended
March 20, 2014

Indian Wells City Council
Staff Report – City Clerk

Adopt Resolution Amending the City Council Policy Manual

RECOMMENDATION:

City Council **ADOPTS** Resolution Bill No. 2014-01 amending the City Council Policy Manual by adding Chapter 2.17, adding Section 2.11.090, and amending various sections in Titles 2 and 3.

DISCUSSION:

Background:

Since the Council adopted the restated City Council Policy Manual ("Policy Manual") in late 2012, the Council has directed staff to prepare additional policies for rhetorical e-mails and the release of attorney-client privileged information. The Council has also directed Staff to prepare minor revisions to the chapter relating to appointment of residents to Commissions, Committees and Boards and the chapter relating to Council Members assignments to Outside Organizations, Regional Authorities and City Committees. Staff has made a few minor revisions to those chapters concerning Meeting Agendas and Conduct of Meetings.

The Fair Political Practices Commission has provided clarification in relation to ticket distribution policies in general. The City Attorney's office has prepared revisions to sections 2.10.020, 2.10.030, 2.10.060, 2.10.100 of the City's policy concerning Distribution of City-Controlled Tickets to City Officials.

Finally, the Policy Manual would be amended to address SB 751 in relation to publicly reporting any legislative body action taken and the associated votes. Staff has made the necessary revisions to sections 3.03.130 and 3.07.120 of the Policy Manual.

Summary:

The City Attorney's office and staff have prepared the following revisions to the City Council Policy Manual:

- Amended Section 2.10.020, Definitions
- Amended Section 2.10.030, General Provisions
- Amended Section 2.10.060, Specific Governmental or Public Purpose for Ticket Distribution
- Amended Section 2.10.100, Disclosure Requirements
- Added Section 2.11.090, Response to Rhetorical E-mails
- Added Chapter 2.17, Attorney-Client Privileged Information
- Amended Section 3.02.040, Development of Agenda
- Amended Section 3.02.090, Order of Business on the Agenda
- Typo Section 3.03.085, Public Comment Period
- Amended Section 3.03.130, Voting Procedures
- Amended Section 3.07.030, Role of Ex-Officio Member
- Amended Section 3.07.110, Membership of Current Commissions, Committees and Boards
- Amended Section 3.07.120, Policy for Selection and Appointment of Resident Members
- Amended Section 3.08.020, Procedure for Council Member Assignments

FISCAL IMPACT:

The proposed additions and revisions have no fiscal impact.

ATTACHEMENT:

1. Resolution Bill No. 2014-01

RESOLUTION BILL NO. 2014-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INDIAN WELLS, CALIFORNIA, AMENDING THE CITY COUNCIL POLICY MANUAL

WHEREAS, the City Council of the City of Indian Wells (the "City Council") has determined that policies guiding its operation should be memorialized in a policy manual; and

WHEREAS, the City Council adopted Resolution No. 2012-40 which amended and restated the City Council Policy Manual on November 15, 2012; and

WHEREAS, the City Council desires to add a section addressing rhetorical e-mails, add a chapter relating to the release of attorney-client privileged information and amend various sections in Title 2 (Administrative) and Title 3 (Legislative) in the City Council Policy Manual; and

WHEREAS, the added section and chapter, and the amended sections of the City Council Policy Manual, are attached hereto as Exhibit "A."

NOW, THEREFORE, the City Council of the City of Indian Wells **RESOLVES** as follows:

SECTION 1. The City Council **APPROVES** the amendments to the City Council Policy Manual, as set forth in Exhibit "A."

SECTION 2. This Resolution shall take effect upon adoption.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Indian Wells, California, at a regular meeting held on this 20th day of March, 2014.

TED J. MERTENS
MAYOR

CERTIFICATION FOR RESOLUTION BILL NO. 2014-01

I, Wade G. McKinney, City Clerk of the City Council of the City of Indian Wells, California, **DO HEREBY CERTIFY** that the whole number of the members of the City Council is five (5); that the above and foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the City Council of the City of Indian Wells on the 20th day of March, 2014, by the following vote:

AYES:
NOES:

ATTEST:

APPROVED AS TO FORM:

WADE G. MCKINNEY
CITY MANAGER/CITY CLERK

STEPHEN P. DEITSCH
CITY ATTORNEY

Exhibit "A"

**CITY OF INDIAN WELLS
CITY COUNCIL POLICY MANUAL**

"City" shall mean and refer to the City of Indian Wells and any other affiliated agency created or activated by the Indian Wells City Council.

"City Official" shall mean and refer to every member, elected officer, appointed officer, employee or consultant of the City, as that term is defined by Government Code Section 82048 and FPPC Regulation 18701. This term shall include, without limitation, any City board, commission or committee member or other appointed official or employee required to file an annual Statement of Economic Interests (FPPC Form 700). For the purposes of this Policy, this term shall also include a spouse serving a public purpose by accompanying a City Official to an Event and thereby serving as an ambassador of the City.

"Event" shall mean an event, show or performance for entertainment, amusement, recreational or similar purpose for which a Ticket is required to gain admission.

"FPPC" shall mean and refer to the California Fair Political Practices Commission.

"Immediate Family" shall mean and refer to spouse and dependent children as defined in Government Code section 82029.

"Policy" shall mean and refer to this "Ticket Distribution Policy".

"Spouse" shall mean a husband or wife, domestic partner, or similar significant other.

"Ticket" shall mean and refer to a "ticket and/or pass" to an Event.

"Ticket Administrator" shall mean and refer to the City Manager or his/her designee.

2.10.030 General Provisions.

- 1) No Right to Tickets: The use of a Ticket is a privilege extended by the City and not the right of any person to which the privilege may from time to time be extended.
- 2) Limitation on Transfer of Tickets: Tickets distributed to City Officials pursuant to this Policy shall not be transferred to any other person, except to members of such City Official's immediate family or no more than one guest solely for their attendance at the event. Under no circumstances may either the City Official or a member of his or her immediate family sell or further transfer any Ticket provided under this Policy.
- 3) Return of Tickets: Any City Official may return any Ticket unused to the City for redistribution pursuant to this Policy.

- 4) Prohibition Against Sale of or Receiving Reimbursement for Tickets: No individual who receives a Ticket pursuant to this Policy shall sell or receive reimbursement for the value of the Ticket.
- 5) No Earmarking of Ticket Given to City: No Ticket gratuitously provided to the City by an outside source and distributed by the City to, or at the behest of, a City Official pursuant to this Policy shall be earmarked by the original source for use by a particular City Official or a specific class of City Officials.
- 6) Limitation on Use: Any ticket or pass is deemed to serve a public purpose if distributed to a City Official, other than an elected official, for the City Official's personal use in order to support general employee morale, to encourage retention, or to reward public service, if the ticket or pass is acquired by the City: (i) pursuant to a contract to use public property, (ii) because the City controls the event, or (iii) by purchase at fair market value. For purposes of this paragraph, "personal use" means use by the City Official, his or her family, or no more than one guest. Nothing in this section limits the receipt, distribution and behest of tickets or passes by elected officials for any of the other public purposes stated in Section 2.10.060.

2.10.040 Ticket Administrator.

- a) Designation of Ticket Administrator: The City Manager or his/her designee shall be the "Ticket Administrator" for purposes of implementing the provisions of this Policy.
- b) Authority: The Ticket Administrator has the sole authority, in his or her discretion, to establish procedures for the distribution of Tickets supplemental to and in accordance with this Policy. All requests for tickets from City Officials which fall within the scope of the Policy shall be made in accordance with the procedures established by the Ticket Administrator.
- c) Implementation of Policy: The Ticket Administrator or his or her designee is hereby designated as having primary responsibility for distributing Tickets in his or her discretion to a reasonable number of City Officials in a manner that will best serve the City's interests and to persons whose attendance at a particular Event serves a specific governmental or public purpose.
- d) Revoking/Suspending Ticket Privileges: The Ticket Administrator, in his or her sole discretion, may revoke or suspend the Ticket privileges of any person who violates any provision of this Policy or the procedures established by the Ticket Administrator for the distribution of Tickets in accordance with this Policy.

- e) Attendance: If available, the Ticket Administrator shall attend all events to which the City obtains control of Tickets as the City's primary staff representative.

2.10.050 Official Duties and Ceremonial Roles.

Tickets provided to City Officials as part of their official duties, or Tickets provided so that the City Official can perform a Ceremonial Role must be reported on FPPC Form 802.

2.10.060 Specific Governmental or Public Purpose for Ticket Distribution.

The City Council has determined that there are certain times where a City Official's attendance serves a valid public purpose which benefits the City. The following is a list of the type of reasons which meet this requirement. The list is intended to be illustrative rather than exhaustive. The City may provide Tickets to or at the behest of a City Official for Events which serve any of the following public or governmental purposes:

- a) Promote, evaluate, and provide management and/or official oversight of City-controlled, sponsored or supported events, activities, or community programs at City venues, including but not limited to evaluation of the venue, quality of performance and compliance with City policies, agreements and other requirements.
- b) Support sponsorship agreements involving Events where the City specifically seeks to enhance the City's reputation both locally and regionally by serving as hosts or sponsors providing the necessary opportunities to meet and greet visitors, dignitaries, residents and guests.
- c) Where the City, as a form on consideration for a written contract, has required that a certain number of Tickets be made available for City use.
- d) Promote local and regional businesses, economic development and tourism activities within the City, including conventions and conferences.
- e) Enhance City recognition, visibility, and/or profile on a local, state, national or worldwide scale.
- f) Foster open government by City Official appearances, participation and/or availability at business and/or community events.
- g) Improve intergovernmental relations by encouraging the members of the City Council, City staff, and their guests, where appropriate, to attend functions and events with the public officials of other entities, thereby fostering an open dialogue and better understanding of intergovernmental issues.

- h) Increase public exposure to, and awareness of, the various public recreational, cultural, community and education facilities available to the public within the City.
- i) Promote business activity with the City and/or highlight the achievements of local residents and businesses.
- j) Promote business growth and development within the City, including economic development and job creation opportunities.
- k) Facilitate outreach and recognition programs for veterans, teachers, emergency services, medical personnel, community organizations and other civil service occupations.
- l) Encourage or reward significant academic, athletic, or public service achievements by Indian Wells students, residents or businesses.
- m) Promote community resources and private facilities, including charitable and nonprofit organizations facilities, available for use by City residents.
- n) Promote, support and/or show appreciation for programs and services rendered by non-profit organizations benefiting Indian Wells residents.
- o) Encourage volunteers to become members of City commissions, committees and boards and reward volunteer public service.
- p) Attract and retain highly qualified employees in City service, recognize or reward meritorious service by a City employee, and/or promote enhanced City employee performance or morale.
- q) The following is a non-exclusive list of specific business, community and nonprofit Events in the City, where a City Official's presence has been determined to serve a valid public purpose. This list is not intended to be exhaustive, but is merely illustrative of the types of Events where the distribution of tickets has been clearly authorized:
 - 1. BNP Paribas Open
 - 2. Desert Town Hall Lecture Series
 - 3. Indian Wells Arts Festival
 - 4. Doctor George Car Show

2.10.100 Disclosure Requirements.

It shall be the duty of the Ticket Administrator or his or her designee to ensure the City's compliance with Section 18944.1(d) of the California Code of Regulations pertaining to the reporting of the distribution of Tickets by a public agency to officials or officers of the City. The City shall complete a record of a Ticket distributed under this Policy on FPPC Form 802, including all the information as required under Section 19844.1. The form shall be maintained as a public record. ~~Within thirty (30) days after the Ticket distribution, the~~ The forms shall be maintained as a public record, be subject to inspection and copying under Section 81008(a), ~~and The forms must~~ be forwarded to the FPPC for posting on its website.

records of the City maintained in the course of business, and thus available for public disclosure und the Public Records Act.

Finally, be aware of the prohibition of using the City's e-mail system for political reasons.

2.11.070 LOCAL BALLOT MEASURES.

At times, initiatives that affect Council policy may be placed on the ballot. There are restrictions regarding what actions the City may take on ballot measures. Specifically, state statues prohibit the City from using its personnel, equipment, materials, buildings, or other resources to influence the outcomes of elections. What the City can do is distribute information for the purpose of informing the public of the facts of an issue.

2.11.080 ELECTION PERIOD PROHIBITION.

If the Mayor, Mayor Pro Tem or council member is seeking re-election, and are engaged in their City Council roles, they should not be placing photos or likenesses in City buildings during the election period, which is sixty (60) days prior to Election Day. It may be perceived as an unfair advantage over the other candidates.

2.11.090 RESPONSE TO RHETORICAL E-MAILS

It is the policy of the City Council not to respond to rhetorical e-mails. The Council does encourage residents and other interested parties to pose questions requesting factual information or requests for public records.

CHAPTER 2.17
ATTORNEY-CLIENT PRIVILEGED INFORMATION

Sections:

2.17.010 Release of Attorney-Client Privileged Information

2.17.010 RELEASE OF ATTORNEY-CLIENT PRIVILEGED INFORMATION.

Attorney-client privileged information includes all information transmitted in confidence between the City Attorney’s Office, on the one hand, and the City, Mayor, Council, Department Heads, and Staff, on the other hand. The release of attorney-client privileged information is prohibited without the prior approval of the Council. Prior to the release of any attorney-client privileged information, the person considering the release must apprise the Council of the nature and scope of the release and obtain the Council’s formal approval. Under special circumstances where it is not feasible or advisable to obtain Council approval due to the Council’s meeting schedule or other good cause, the City Manager may alone authorize release of attorney-client privileged information, provided that the City Manager then promptly informs Council of such release.”

3.02.020 PURPOSE OF THE AGENDA.

The purpose of an agenda is to provide a framework within which an open, public meeting can be conducted and to comply with all legal requirements for actions of the Council. An agenda should set the stage for the Council to conduct business; present items or proposals for council members to consider matters on which action is required; provide well organized information on which council members can base their decisions; facilitate the deliberations and actions of the Council and make it easier for them to conduct the business which has been brought before them; provide guidelines which allow for efficient conduct of the meeting; and provide an appropriate means for public comments and inquiry of the Council.

3.02.030 CRITERIA FOR MATTERS COVERED.

The Council shall consider only ordinances, resolutions, motions, proclamations, presentations, or matters which affect the conduct of the business of the City or its corporate powers or duties as a municipal corporation and the Council shall consider only ordinances, resolutions, or motions supporting or disapproving any legislation or action pending in the Legislature of the State of California, the Congress of the United States or before any officer or agency of said State or nation when such proposed legislation or action, if adopted, will affect the conduct of the municipal business or the powers and duties of the City or its officers or employees as such. Communications on matters not meeting these criteria shall be provided to the Council on an information basis only.

3.02.040 DEVELOPMENT OF AGENDA.

The Council adopts a yearly meeting calendar identifying meeting dates and cancellations to aid members and staff with planning and scheduling. A tentative "future agenda items" calendar that reflects an estimate of when various items will be scheduled over the next calendar year is made available to the Council. A complete agenda packet is available to the public on the City's website no later than noon on the Monday preceding the meeting. A tentative Council calendar is also available on the City's website showing the Council meeting dates and planned agenda items for at least two (2) meetings in advance.

It is the practice for Staff to submit reports for the upcoming meeting ~~by noon~~ on the ~~Tuesday-Wednesday of the~~two weeks preceding the meeting. Given this agenda development schedule, it is difficult for staff to prepare a comprehensive staff report when the Council requests, at a Council meeting, that a report be prepared for consideration at the next meeting. Staff requires at least one week to prepare a report requested by the Council, necessitating the item be scheduled two meetings out. Complex staff reports will require more time to prepare and an estimated time of completion can be provided to the Council. The ability to schedule new agenda items depends on the nature of item, the

3.02.070 CONTINUING OF AGENDA ITEMS.

The majority of the Council can continue an item on the agenda due to applicant scheduling issues, staff requiring additional time to research an issue, or when insufficient time is available to address the matter thoroughly.

3.02.080 COMMUNICATIONS RECEIVED AFTER AGENDA DISTRIBUTION.

All writings, documents, or electronic communications relating to any item on the agenda received after distribution of the Council agenda packet and prior to the Council meeting, shall be distributed by the City Clerk to the entire Council, made available for public inspection during normal business hours at City Hall in the agenda binder located in the lobby, and posted on the City's website.

Residents providing writings or documents to the Council during the meeting should present ten (10) copies to the City Clerk for distribution and placing in the official record.

3.02.090 ORDER OF BUSINESS ON THE AGENDA.

Regular business of the Council shall be taken up for consideration in substantially the following order. The Council may, at any time, by simple majority of those present, vote to consider items in a different order.

(a) Approved Format. The approved format includes:

- A. Call to Order, Pledge of Allegiance, and Roll Call
- B. Approval of Final Agenda
- C. Approve Council Minutes
- D. Proclamations and Presentations
- E. Public Comments and Response to Prior Public Comments
- F. Public Hearings
- G. Ordinances
- H. Consent Calendar
- I. General Business
- J. Successor Agency Items
- K. City Manager Reports and Staff Comments
- L. Council Member Reports & Comments
- M. City Attorney Reports & Comments
- ~~N. Council/Staff Requests for Future Agenda Items and Analytical Work~~
- ~~O. Recess to Housing Authority Meeting~~
- ~~NP. Adjourn or Recess to Closed Session~~
- ~~OQ. Adjourn or Recess to Next Meeting Date~~

3.03.085 PUBLIC COMMENT PERIOD.

Every agenda posted for any regular or special meeting shall contain an item consisting of an opportunity for the public to address the Council on items of interest to the public within the Council's subject matter jurisdiction. In addition to receiving comment from the public during the Public Comment period, the Mayor shall have the discretion to recognize persons from the audience who wish to address the Council on a particular agenda item, at the time that item is considered by the Council. See Section 3.02.070-090 E Public Comments and Responses to Prior Public Comments for specifics and Chapter 3.04 Rules of Decorum for Members of the Public at Meetings.

3.03.090 PUBLIC HEARINGS.

Matters which are required to be heard in a noticed public hearing shall be conducted by the Mayor in such a manner as to afford due process.

(a) Time for Consideration.

Matters noticed to be heard by the Council shall commence at the time specified in the notice of hearing, or as soon thereafter as is reasonably possible, and shall continue until the same has been completed or until other disposition of the matter has been made.

(b) Continuance of Public Hearings.

Any hearing being held or noticed or ordered to be held by the Council may, by order or notice of continuance, be continued or re-continued to any subsequent meeting in the manner provided for adjourned meetings.

(c) Opening the Public Hearing.

When a matter for public hearing comes before the Council, the Mayor shall open the public hearing. Upon opening the public hearing, the Mayor shall request that staff present the staff report and any other relevant evidence, but the presentation of the staff report prior to the formal opening of the public hearing shall not prevent its consideration as evidence. Any such evidence shall be made a part of the record of the public hearing.

(d) Public Testimony.

The Mayor shall thereupon inquire if there are any persons present who desire to address the Council on the matter.

(b)(3) Abstention Votes.

Except in the cases of a described conflict of interest, in the event that one less than the necessary number of "aye" votes has been cast, then an "abstain" vote shall constitute concurrence and the Clerk shall set forth in the minutes that the matter was passed pursuant to this rule.

(b)(4) Declaration of Result.

After every vote the Mayor shall declare the result and on all but consensus votes, shall note, for the record, the number of votes for or against the question.

(c) Related Motions.

Once a main motion is properly brought before the Council and seconded, related motions may be employed in addressing the main motion.

(c)(1) Form and Precedence.

These motions take precedence over the main motion and, if properly made and seconded, must be resolved before the main motion can be acted upon. If a main motion is pending, no related motion except as stated below, may be made and any such motion may be declared out of order by the Mayor.

(c)(2) Categories of Related Motions.

Related motions fall into two categories: Subsidiary Motions and Motions of Privilege, Order, or Convenience. Despite the pendency of a main motion or a Subsidiary Motion thereto, any member of the Council or the Mayor may make a Motion of Privilege, Order, or Convenience, which once made takes precedence.

3.03.130 VOTING PROCEDURES

~~When present, all council members are to vote. Failure of a seated member to orally express a vote constitutes an affirmative vote. If voting is by voice vote, the Mayor shall declare the result and note for the record all "aye" votes, all "no" votes and any abstentions. The Council may also vote by roll call vote or visual display. Regardless of the manner of voting, the results reflecting all "ayes", "noes" and "abstentions" must be clearly set forth for the record.~~

Council members may declare general consensus at the discretion of the Mayor, if there are no negative votes or objections.

~~Upon the request of any council member, a roll call vote will be taken and recorded.~~

A tie vote is equivalent to a motion that has failed. The Mayor may publicly explain the effect of the tie vote for the audience or may direct a staff member to do so.

3.03.140 COUNCIL MEMBER COMMENT PERIOD.

In addition to receiving comment from the public, there is a specific item on the agenda for receiving general comments, announcements, and/or suggestions from council members. These matters may not be discussed and if they do not concern an item on the agenda, shall be handled by the Mayor according to the same procedures set out for Public Comment. No action may be taken on such matters without their being placed on a subsequent agenda. See section 2.13.030 for reporting requirements in relation to City business travel.

3.03.150 APPEALS; CONTINUANCES.

Any person appealing an action of a City Commission or City Staff to the Council has a right to one (1) postponement of the initial hearing scheduled on the appeal. After exhaustion of this right, the appeal shall be considered withdrawn. This procedure shall not limit the ability of the Council to continue a hearing which has commenced to a subsequent meeting to receive additional public testimony or information from City Staff.

3.03.160 RECONSIDERATION OF A COUNCIL ACTION.

Provided that no intervening right will be prejudiced, a council member who voted with the majority on a question may move the reconsideration of that question at the same meeting in which the decision which is the subject of the motion was made or at the next following meeting on the condition that it's placed on that meeting agenda. After a motion for reconsideration is acted upon, no other similar motion to reconsider may be made on that matter without unanimous consent of the Council.

A reconsideration motion made by a member of the Council voting in the minority shall not be allowed except when made more than one (1) year after the date of the original action.

The Council has determined that council members should not lobby commissioners, committee or board members for particular votes. However, council members may attend meetings in their unofficial capacity as residents and request that commissioners, committee or board members consider certain issues during their deliberations, or may do so in unusual instances in their capacity as council members to reflect the views of the Council as a body. Council members should not engage in advocacy before a commission, committee or board on any matter which will likely thereafter come before the council at a public hearing.

Council members choosing to attend commission, committee or board meetings should be sensitive to the fact that they are not participating members of the body. Council members have the rights, and only the rights, of ordinary citizens with respect to commissions, committees or boards – including the right to write to and speak to the commission, committee or board during public comment periods.

3.07.030 ROLE OF EX-OFFICIO MEMBER.

Members of the Council are assigned to serve in an ex-officio capacity to various City committees. The purpose of the ex-officio assignment is to facilitate communication between the Council and the advisory body and to help to increase the Council’s familiarity with the membership, programs and issues of the advisory body. In fulfilling their ex-officio assignment, members will attend committee meetings to observe the activities and maintain communication with the committee.

Ex-officio members should be sensitive to the fact they are non-voting members of the committee, ~~as State law expresses that no member of the Council shall serve as a voting member of any city commission, committee or board.~~ Being an ex-officio member bestows no special right with respect to the commission, committee or board business.

3.07.040 STAFF INVOLVEMENT WITH ADVISORY BODIES.

Staff support and assistance is typically provided to commissions, committees and boards. However, advisory bodies do not have authority over City employees. While staff may work closely with advisory bodies, staff members remain responsible to their immediate supervisors and ultimately the City Manager and Council. The members of the commission, committee or board are responsible for the functions of the advisory body.

Staff support often includes preparation of an agenda and its’ posting in compliance with the Brown Act. Staff also prepares reports providing background on an issue, alternatives, a recommendation, and appropriate support materials, if necessary. Advisory body members should have sufficient information to reach decisions based upon a clear explanation of the issues.

3.07.110 MEMBERSHIP OF CURRENT COMMISSIONS, COMMITTEES AND BOARDS.

Current City standing commissions, committees and boards subject to appointment procedures of this Chapter 3.07 are:¹

Planning Commission	5 Members
Architecture and Landscape Committee	5 Members ²
Marketing Committee	12 Members ³ including 2 Councilmembers
Community Activities Committee	7 <u>6</u> Members including 2 <u>1</u> Councilmembers
Golf Resort Advisory Committee	7 Members ⁵ including 2 Councilmember
Grants-in-Aid Committee (on hiatus)	7 <u>6</u> Members ⁴ including 2 <u>1</u> Councilmembers

Current outside organizations or regional authorities subject to appointment procedures of this Chapter 3.07 are:

Joslyn Senior Center Board	Either 1 Council Member or other registered voter
Coachella Valley Mosquito & Vector Control	Either 1 Council Member or other registered voter

¹ The I WIN Commission was deactivated by the City Council on October 19, 1995. The Arts Commission was deactivated by Council on January 19, 1995. Golf Course Committee was formed on December 5, 2002, and disbanded on September 20, 2007. The Golf Resort Clubhouse Committee was formed on April 16, 2009 and was disbanded on December 16, 2010.

² The Architecture and Landscape Committee [ALC] was increased from a membership of 2 Staff and 1 Planning Commissioner on December 16, 1993 to 3 residents and 1 ex-officio Arts Commissioner by the City Council. On January 19, 1995, the number of residents was increased to 5.

³ On January 15, 1998, Council changed the number of Citizens-at-Large on the Advertising and Marketing Committee from 3 to 4. On November 7, 2002 the Council reorganized the Advertising and Marketing Committee to the Marketing Committee and eliminated Citizens-at-Large participation from the Committee.

⁴ The Grants-in-Aid Committee and Arts-in-Public Places Committee were formed on February 19, 2004.

⁵ The Golf Resort Advisory Committee was formed on September 20, 2007.

⁶ The Community Center Ad Hoc Committee was formed on February 4, 2010 and disbanded on December 15, 2011.

3.07.120 POLICY FOR SELECTION AND APPOINTMENT OF RESIDENT MEMBERS.

In order to secure broad and knowledgeable representation on the City's commissions, committees, and boards, it is desirable that a standard policy be formulated for selection to these bodies.

(a) Eligibility Criteria.

All members of a commission, committee or board shall be registered voters of the City, unless an exception is provided for by the Council. Also the membership of such bodies be representative of the entire community insofar as possible, and members on such commissions, committees, and boards shall be willing to serve as a civic responsibility and without compensation.

(b) Term Limitations.

Except for council members whose term on a commission, committee or board shall be one (1) year unless reappointed by the Council, the following provisions apply to appointees. Appointees are limited to two (2) consecutive two-year terms of membership on a specific commission, committee or board, including a partial term. An appointee may not be reappointed to the same commission, committee or board after completion of two consecutive terms, including a partial term. After serving a maximum of two two-year terms (including a partial term), an appointee shall not be reappointed to the same commission, committee or board unless at least one year has elapsed between the expired term limit and the effective date of commencement of the new term. Notwithstanding any provision to the contrary, an appointee shall not be precluded at anytime following completion of service on a commission, committee or board from being appointed to another commission, committee or board without the lapse of time between appointments. Term limits will be applied prospectively, commencing with appointments made on or after January 1, 2009. Notwithstanding any provision to the contrary, if a committee is placed on hiatus by City Council action, the appointee's term is considered active and continuous; therefore any period of time the committee is on hiatus is include as part of appointee's term.

(c) Outreach Efforts.

Staff will employ one or more of the following methods of outreach to attract applications from qualified candidates: (1) send letters to persons who previously have applied for a City appointment for any commission, committee or board, and who wish to be notified of open positions, and to other individuals who have expressed interest in notification of such openings (list to be maintained by City Clerk's office); (2) place notice of vacancies in the City's newsletter, and/or in a separate flyer; (3) publish notice of vacancies in a local newspaper; or (4) place notice on the City's website.

70

(d) Application Process.

Each applicant shall be given an application packet that will include: an informational document including the eligibility criteria for appointment and a description of the role and responsibilities of the commission, committee or board members; frequency, time, and location of meetings; Code of Ethics, Fair Political Practices Commission (FPPC) financial disclosure requirements; and reference to California open meetings law.

The information to be provided by the applicant shall include name, address, telephone number, number of years as a resident in the City, work/professional experience, qualifications for appointment, and reasons for wishing to serve.

(e) Selection Process.

As a part of the selection/appointment process applicable to proposed members other than council members, the Council may interview in open session of a Council meeting, any or all of the individuals submitting applications, as determined by the Council, in its discretion. After candidates, if any, have been interviewed, council members will confer as a group to discuss appointments.

(f) Voting Procedure.

In a regularly scheduled or special Council meeting, the Council shall vote for members, other than council members, by completing ballots listing all the candidates for a particular commission, committee, or board. The City Clerk shall publicly display the ballots for each vote at the Council meeting and include in the minutes the names of all the candidates that appear on the ballot, as well as detail the votes cast by each council member for each commission, committee or board appointment.

(g) Appointment Requirements.

The following requirements apply to the schedule for filling vacancies created by the expiration of a term or vacancies created by a resignation requiring an appointment for the remainder of that term.

(g)(1) Council Appointments List.

Pursuant to Government Code 54972, a "Council Appointments List" shall be prepared annually listing all members of the City's commissions, committees and boards, the dates of their appointment, the expiration date of their terms, and the necessary qualifications for the positions.

**CHAPTER 3.08
OUTSIDE ORGANIZATIONS, REGIONAL AUTHORITIES
AND CITY COMMITTEES**

Sections:

- 3.08.010 Appointments of Council Members to Outside Organizations, Regional Authorities and City Committees.
- 3.08.020 Procedure for Council Member Assignments.
- 3.08.030 Reporting Responsibilities of Appointees.
- 3.08.040 Representational Responsibilities of Appointees.
- 3.08.050 Current Appointments.
- 3.08.060 Staff Involvement in City Committees.

3.08.010 APPOINTMENTS OF COUNCIL MEMBERS TO OUTSIDE ORGANIZATIONS, REGIONAL AUTHORITIES AND CITY COMMITTEES.

The City of Indian Wells has numerous relationships with outside organizations and regional authorities, such as the League of California Cities and the Coachella Valley Association of Governments (CVAG). The City Council annually assigns, pursuant to the "Draft" system set forth in section 3.08.020, one or more Council Members, as applicable, to serve as the City's representative on the governing bodies of such organizations and authorities. Alternates appointed to these outside organizations have the same authority as the primary appointee when the appointee is absent. Once a council member has been assigned to participate in an outside organization or regional authority, separate approval is not needed to participate in a subcommittee of that organization or regional authority. The Council also annually assigns, pursuant to the "Draft" system set forth in section 3.08.020, council members to serve on City standing committees. Finally, the Council from time to time assigns council members to serve on City ad hoc committees without using the "Draft" system (See Chapter 3.10).

3.08.020 PROCEDURE FOR COUNCIL MEMBER ASSIGNMENTS.

Annually or as vacancies occur, the City Clerk shall present to the Council a list of such outside organizations, regional authorities and City standing committees, and the names of council members currently assigned to them. The Council shall attempt to spread the various council member assignments so that each council member fairly shares the responsibility of representing or conducting business for the City. At the time of assigning council members to such outside organizations, authorities and City standing committees, the Council shall first review the list of all such organizations, regional authorities and City standing committees. The Council shall then review the policies and procedures pertaining

to the assignment of individual council members to such bodies prior to making assignments (as described below).

The Council shall then vote to assign council members to such outside organizations, authorities and City standing committees. Assignments may thereafter be exchanged by affected council members at any time without need for approval by the entire Council.

The City utilizes what is commonly called the "Draft" system to assign council members to outside organizations, regional authorities and City standing committees. The "Draft" is based on seniority of the council members' consecutive years of service. In the case where two or more council members have been initially elected on the same date, the council member receiving more votes shall be deemed to have seniority. Each council member, in order of seniority, selects one (1) choice of assignment followed in turn by the other council members' choices, until all positions have been filled.

The Mayor shall automatically have priority right to serve on the CVAG Executive Committee. The Mayor and Mayor Pro Tem shall also automatically serve on the Council Standing Personnel Committee and Tee Standing Committee. For purposes of the "Draft", the Mayor and/or Mayor Pro Tem may place their assignment on the CVAG Executive Committee, Personnel Standing Committee and Tee Standing Committee as their selection at any stage or in any of their turns in the "Draft". Ad hoc committees comprised solely of council members are not subject to the "Draft".

Concerning the foregoing council member assignments, council members serve as "non-voting" members on their assigned City commissions, committees and boards, including any ad hoc committee that includes resident members." For those years that there is/are no new council member(s), the Council in its sole discretion can chose to retain the existing assignments for another year, make some modifications to the existing assignments, or utilize the "draft" for council member assignments.

3.08.030 REPORTING RESPONSIBILITIES OF APPOINTEES.

All council members representing the City on outside organizations, regional authorities and City committees should summarize their activities at Council meetings during Council Members' reports. If the City reimburses a council member his/her actual and necessary expenses incurred in such representation, he/she shall give a report on the meetings he/she attended at the expense of the City at the next regular meeting of the City Council.

Indian Wells City Council

Staff Report – City Clerk

March 20, 2014

Discussion and Direction Relating to Second Quarter Special Meeting Schedule

RECOMMENDATION:

City Council provides **DIRECTION** as to the proposed second quarter special meeting schedule and any other Council meeting schedule related matter.

DISCUSSION:

Provided for Council consideration is a listing of the proposed special meetings for the second quarter of 2014. Staff is requesting comments and direction from the Council on these tentative special meeting dates.

Date	Time	Type of Meeting	Status
April 3	10:00 a.m.	Special – Study Session	Proposed
	1:30 p.m.	Formal	Confirmed
April 17	1:30 p.m.	Formal	Confirmed
	6:00 p.m.	State of the City	Confirmed
May 1	10:00 a.m.	Special – Closed Session	Proposed
	1:30 p.m.	Formal	Confirmed
May 15	10:00 a.m.	Special – Study Session	Proposed
	1:30 p.m.	Formal	Confirmed
May TBD	TBD	Special – Marketing/Tourism Strategic Workshop	
June 5	10:00 a.m.	Special – Closed Session	Proposed
	1:30 p.m.	Formal	Confirmed
June 19	10:00 a.m.	Special – Closed Session	Proposed
	1:00 p.m.	Quarterly Housing Authority	Confirmed
	1:30 p.m.	Formal	Confirmed

Successor Agency

Staff Report – Finance

March 20, 2014

Adopt Resolution Authorizing the Issuance of Series 2014 Refunding Bonds in Order to Refund Certain Outstanding Bonds of the Dissolved Redevelopment Agency of the City of Indian Wells

RECOMMENDATIONS:

Successor Agency **ADOPTS** Resolution Bill SA No. 2014-03 authorizing the issuance of Series 2014 Refunding Bonds in order to refund certain outstanding bonds of the dissolved Redevelopment Agency of the City of Indian Wells; and

APPROVES the Indenture of Trust relating thereto, authorizing sale of bonds, approving the Official Statement and providing other matters properly relating thereto

REPORT IN BRIEF:

Since August 2013, the Successor Agency has been working with Riverside County's financing team to structure the issuance of the Refunding Bonds through the Riverside County Public Financing Authority (the "Authority") and prepare the form of key legal documents and reports required by the Dissolution Legislation (AB 26 1X and AB 1484) and approval of the refunding pursuant to Health and Safety Code Section 34180(b). The goal of the refunding is to save taxpayer money by reducing net interest expense.

On January 16, 2014 the Successor Agency approved Resolution SA No.2014-04 approving certain documents and actions needed to authorize the refunding of the bonds. On January 29, 2014 the Oversight Board approved Resolution OB No. 2014-01 approving the Successor Agency's actions and documents. The State Department of Finance (the "DOF") is currently reviewing the refunding plan and approval is expected in April.

The Authority will also approve the bond issuance in early April and upon final approval by the State move forward with the refunding bond sale. The Bond sale is expected to be completed and closed by early May.

The net savings will primarily benefit the County, the special districts and the school districts. The City will share in 5% of the savings and benefit indirectly by increasing available taxes to these entities. Under current market conditions there are approximately \$2.3 million in present value savings or \$300,000 per year through 2022, the term of the existing 2003 Bonds. This reflects an improvement from January of 2014. A detailed analysis is also presented in the attached refunding plan.

DISCUSSION:

Background:

Assembly Bill No. 1X 26 (AB 1X 26) adopted on December 29, 2011, dissolved Redevelopment Agencies, and established Successor Agencies and Oversight Boards to assist in the wind down of the former redevelopment agencies. On June 27, 2012, AB 1484 was enacted to clarify and amend AB 1X 26. Section 34177.5, part of AB 1484, allows for the refinancing of certain redevelopment agency obligations to achieve debt service savings.

The former Indian Wells Redevelopment Agency has two bond series that can achieve savings under current rates, the Series 2003 A Bonds and the A-T Bonds. Currently, there are \$7,175,000 in Series A Bonds outstanding and \$26,565,000 in Series A-T Bonds. Both Series of 2003 Bonds are currently refundable for savings and can be redeemed upon 30 days' notice. The refunding will refund all the Series 2003 Bonds outstanding. The dissolved Redevelopment Agency has other outstanding series of bonds including the \$8,945,000 Series 2005, the \$ 62,230,000 Series 2006, and the \$10,055,000 Series 2010.

On September 16, 2013, the Oversight Board, pursuant to Health and Safety Code Section 34177.5(f), directed the Successor Agency to prepare to issue bonds (the "Refunding Bonds"), which bonds may be sold to a joint powers authority pursuant to the Mello-Roos Local Bond Pooling Act (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code) following a determination by the Successor Agency to participate in the County of Riverside Refunding Program, to refund all or a portion of the 2003 A and A-T Bonds.

On January 16, 2014 the Successor Agency approved Resolution SA No. 2014-01 approving certain documents and actions needed to authorize the refunding of the bonds. On January 29, 2014 the Oversight Board at a subsequent meeting approved Resolution OB No. 2014-01 approving the Successor Agency's actions and documents. The State Department of Finance is currently reviewing the refunding plan and approval is expected in April with final approval and a bond sale by the Authority shortly thereafter.

Health & Safety Code Section 34177.5 (a)(1) describes the conditions that are necessary to issue refunding bonds:

"For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance."

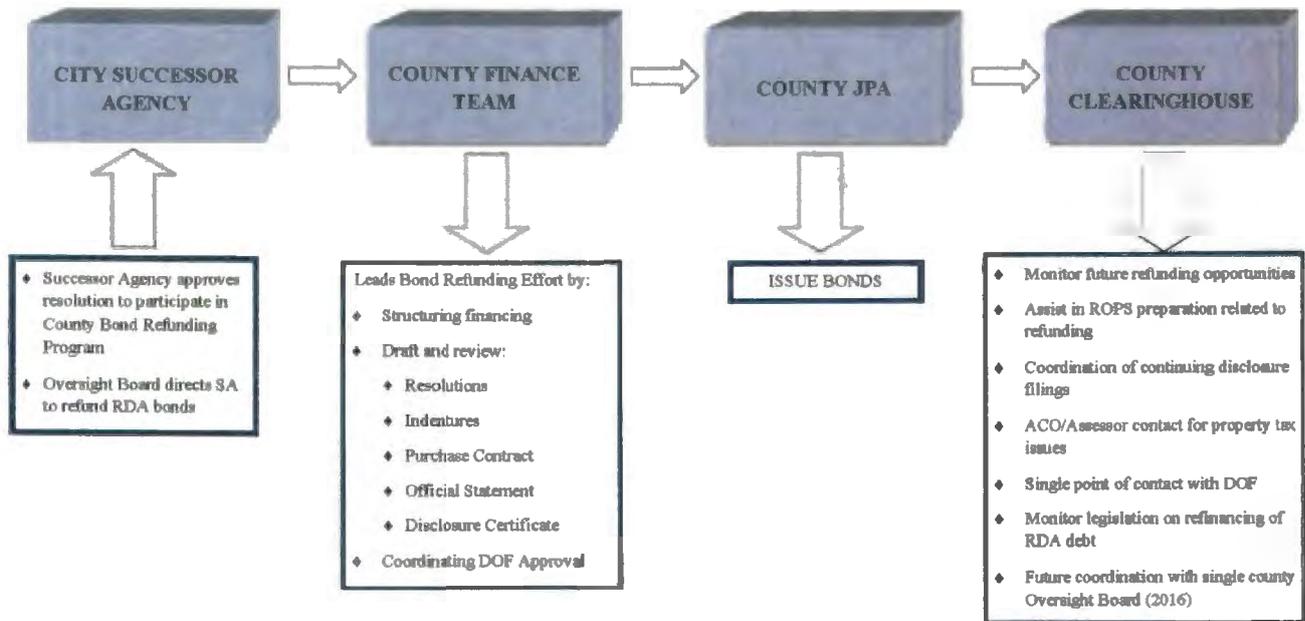
In other words, the Successor Agency may not issue refunding bonds that would increase the overall cost of its bonded indebtedness or provide additional proceeds. The action today is to approve the issuance of the Successor Agency's Bonds and to approve the Bond Official Statement.

Analysis:

As approved by the Successor Agency and the Oversight Board at their prior meetings, the Successor Agency Bonds will be structured as subordinate bonds to the outstanding Series 2005, 2006 and 2010 Bonds. This will allow the Successor Agency to obtain a bond reserve fund surety policy. Without this policy the Successor Agency will be required to fully fund a bond reserve fund thereby increasing the size of the refunding and the annual debt service. Given the high bond debt service coverage of 1.5X, inability to issue additional bonds (other than refunding bonds for savings) and the strong name of Indian Wells, structuring the Successor Agency Bonds as subordinate bonds is not expected to materially raise interest cost. The term on the bonds will remain unchanged and no bond maturities will be extended. It will also be possible to repay the taxable series first.

The Authority Bonds (issued on behalf of the Successor Agency) are expected to qualify for a bond rating of "A" or "A-" from Standard & Poor's based on the ability under the post dissolution law to pledge all available funds including excess housing set aside money to all bonds. The current Standard & Poor's rating on the Series 2003 A Bonds is "BBB" and the current rating on the Series 2003 A-T Bonds is "A". We also expect the Authority Bonds to qualify for bond insurance raising the rating to "AA-". Obtaining bond insurance is key to the refunding plan since bond insurance allows the Agency to also obtain a debt service reserve surety bond. Without a surety policy, a bond reserve fund would have to be funded by the Bonds thereby lowering savings.

While the DOF is reviewing the proposed refunding, the Authority will also approve the issuance of the Authority Bonds and the Preliminary Official Statement relating to the Authority Bonds. This approval is expected on April 1, 2014. As noted above, the proceeds of the Authority Bonds will be used to purchase the Refunding Bonds of the Successor Agency. This is a common structure and has been used in the past by the County Public Financing Authority for the County Redevelopment Agency's own bond issues. Participating in the County Program will help streamline administration of the refunding issue over time.



Process and Timing

Assuming timely approvals from all agencies including the State Department of Finance, the Successor Agency and the Authority anticipate issuing the Refunding Bonds in April of 2014.

Fiscal Impact:

The Redevelopment Agency previously issued the following outstanding bonds in Project Area # 1.

1. \$41,135,000 Indian Wells Redevelopment Agency Whitewater Project Area Tax Allocation Bonds, Series 2003 A. These bonds have a final maturity date of September 1, 2022 and were first callable 9/1/2013. Currently \$7,175,000 in Bonds is outstanding and refundable. In 2006 \$24,565,000 of the 2003 A Bonds was advance refunded.

2. \$46,110,000 Indian Wells Redevelopment Agency Whitewater Project Area Tax Allocation Bonds, Series 2003 A-T. These bonds have a final maturity date of September 1, 2022 and were first callable 9/1/2013. Currently \$26,565,000 in Bonds is refundable.

The independent financial advisor for the County Program, C.M. de Crinis & Co., Inc., and the County Program Underwriters, Citi Group Global Markets and RBC Capital Markets, and staff have preliminarily reviewed the potential saving achievable in refunding the Series 2003 A and A-T Bonds. Under current market conditions there are approximately \$2.3 million in present value savings or about \$300,000 per year through 2022, the term of the existing 2003 Bonds. Savings have increased over the past few months from the attached refunding plan. Final savings will depend on market conditions at time of sale.

Federal Reserve Policy and the performance of the economy between now and then will likely determine the ultimate level of savings, if any. Interest rates will be higher or lower or maybe unchanged. If savings are insufficient, no Refunding Bonds will be sold. The County would distribute debt service savings to the City General Fund and other taxing entities; however the City share of savings is very low at roughly 5%.

There are no costs to the City General Fund (other than staff time) whether refunding bonds are sold or not by the Authority or by the Successor Agency. If savings are insufficient no bonds will be sold by the Authority.

Allocation of Savings

It is expected that reductions in annual debt service will be allocated by the County Auditor to the appropriate taxing entities semiannually as part of the Recognized Obligation Payment System ("ROPS") process. The primary beneficiaries, depending on the year and tax rate area, are the Desert Sands Unified School District with 38%, the Coachella Valley Water District with 6% and County of Riverside with 36%, County Schools with 4%, College of the Desert with 8%, and Coachella Valley Recreation & Park District with 2%. It is expected that the City of Indian Wells will receive roughly 5% of the annual savings.

The Documents being approved by include

The Authority's Preliminary Official Statement: This document describes the security and discloses potential risks to prospective investors. It will also be approved by the Authority. It will generally describe the sources of payment for the bonds, the nature of the projects, the Project Area, economic and demographic characteristics of the City and Project Area, the Authority and inherent known risk factors associated with the security. It's important that this document not contain any material misstatements or omissions.

The Preliminary Official Statement (POS) is distributed by the Authority to the underwriter and to prospective investors prior to the bond sale so that they can make informed purchase decisions. The Final Official Statement (FOS) will be prepared shortly after the bond sale and must be available in time for bond closing. The POS and FOS are drafted by Disclosure Counsel and are approved by the Agency and the Authority.

ATTACHMENTS:

1. Resolution Bill SA No. 2014-03
2. Series 2014 Preliminary Official Statement
3. Bond savings refunding plan

RESOLUTION BILL SA NO. 2014-03

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY CONFIRMING THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS PURSUANT TO AN INDENTURE OF TRUST, APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Redevelopment Agency of the City of Indian Wells (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the City of Indian Wells has become the successor entity to the Agency (the "Successor Agency"); and

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2003A (the "Series 2003A Bonds") and its Consolidated Whitewater Redevelopment Project Area Taxable Tax Allocation Bonds, Series 2003A-T (the "Taxable Series 2003A-T Bonds" and, together with the Series 2003A Bonds, the "Prior Bonds") in the respective initial aggregate principal amounts of \$41,135,000 and \$46,110,000 for the purpose of financing and refinancing redevelopment activities; and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, the Successor Agency, pursuant to Resolution SA No. 2014-01 (the "SA Resolution"), adopted on January 16, 2014, approved the issuance of Successor Agency to the Indian Wells Redevelopment Agency Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2014A (the "Series 2014A Bonds") and the Consolidated Whitewater Redevelopment Project Area Subordinated Taxable Tax Allocation Refunding Bonds, Series 2014A-T (the "Taxable Series 2014A-T Bonds" and, together with the Series 2014A Bonds, the "Refunding Bonds"), subject to the Savings Parameters being met, and requested that the Oversight Board for the Successor Agency (the "Oversight Board") approve the issuance of the Refunding Bonds by the Successor Agency; and

WHEREAS, the Successor Agency pursuant to the SA Resolution, also approved the sale of the Refunding Bonds to the Riverside County Public Financing Authority (the "Authority"), and the Authority intends to issue its own bonds (the "Authority Bonds") in order to obtain the funds necessary to purchase the Refunding Bonds; and

8 A

202

WHEREAS, the Oversight Board, by Resolution OB No. 2014-01 (the "OB Resolution"), adopted January 29, 2014, approved the issuance of the Refunding Bonds by the Successor Agency, and the OB Resolution, together with additional materials, have been submitted to the California Department of Finance for its approval of the OB Resolution and the issuance of the Refunding Bonds; and

WHEREAS, the Authority, with the assistance of its disclosure counsel, Best Best & Krieger LLP, has prepared a draft of the Official Statement for the Authority Bonds (the "Official Statement"), which contains information regarding the Authority Bonds, the Refunding Bonds, the Former Agency, the Successor Agency, and the Consolidated Whitewater Redevelopment Project Area, the preliminary form of which is on file with the City Clerk; and

WHEREAS, the Successor Agency, with the aid of its staff, has reviewed the Official Statement and wishes at this time to approve its use and distribution as in the public interests of the Successor Agency and applicable taxing entities.

NOW, THEREFORE, the City Council of the City of Indian Wells, serving as the successor agency to the dissolved Indian Wells Redevelopment Agency **RESOLVES** as follows:

SECTION 1. Confirmation of Approval of Issuance of the Refunding Bonds. The Successor Agency hereby **CONFIRMS** its actions in the SA Resolution authorizing and approving the issuance and sale of the Refunding Bonds.

SECTION 2. Approval of Official Statement. The Successor Agency hereby **APPROVES** the preliminary Official Statement in substantially the form on file with the City Clerk. Distribution of the preliminary Official Statement by the Authority and its underwriters (the "Underwriters") is hereby **APPROVED**, and, prior to the distribution of the preliminary Official Statement, the Mayor, as the Chair and presiding officer of the Successor Agency, or the City Manager of the City of Indian Wells, as the chief administrative officer of the Successor Agency, each acting alone, are **AUTHORIZED** and **DIRECTED**, on behalf of the Successor Agency, to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Mayor, as the Chair and presiding officer of the Successor Agency, or the City Manager, as the chief administrative officer of the Successor Agency, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby **APPROVED** for delivery to the purchasers of the Authority Bonds, and the Mayor, as the Chair and presiding officer of the Successor Agency, or the City Manager, as the chief administrative officer of the Successor Agency, each acting alone, are **AUTHORIZED** and **DIRECTED** to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriters a certificate with respect to the information set forth therein and to deliver to the Underwriters a

Continuing Disclosure Agreement substantially in the form appended to the final Official Statement.

SECTION 3. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby **AUTHORIZED** and **DIRECTED**, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in connection with the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

SECTION 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Successor Agency to the Redevelopment Agency of the City of Indian Wells, California, at a regular meeting held on the 20th day of March, 2014.

TED J. MERTENS
MAYOR

CERTIFICATION FOR RESOLUTION BILL SA NO. 2014-03

I, Wade G. McKinney, Executive Director of the Successor Agency to the Redevelopment Agency of the City of Indian Wells, California, **DO HEREBY CERTIFY** that the whole number of the members of the Successor Agency to the Redevelopment Agency of the City of Indian Wells is five (5); that the above and foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the Successor Agency to the Redevelopment Agency of the City of Indian Wells on the 20th day of March 2014, by the following vote:

AYES:
NOES:

ATTEST:

APPROVED AS TO FORM:

**WADE G. MCKINNEY
EXECUTIVE DIRECTOR**

**STEPHEN P. DEITSCH
AGENCY COUNSEL**

NEW ISSUE
BOOK ENTRY ONLY

INSURED RATINGS:
S&P:

In the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2014 Series A 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; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. Interest payable on the 2014 Series A-T Bonds is subject to all applicable federal income taxation. Interest on the 2014 Series A Bonds and the 2014 Series A-T Bonds is exempt from California personal income taxes. See "OTHER INFORMATION - Tax Matters" herein.

Riverside County Public Financing Authority
2014 Tax Allocation Revenue Bonds
(Indian Wells Refunding Project)

\$ _____
2014 Tax Allocation Revenue Bonds,
Series A
(Indian Wells Refunding Project)

\$ _____
2014 Taxable Tax Allocation Revenue Bonds,
Series A-T
(Indian Wells Refunding Project)

Dated: Date of Delivery

Due: September 1, as shown below

The Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds (Indian Wells Refunding Project) issued as 2014 Tax Allocation Revenue Bonds, Series A (the "2014 Series A Bonds") and 2014 Taxable Tax Allocation Revenue Bonds, Series A-T (the "2014 Series A-T Bonds, and together with the 2014 Series A Bonds, the "Bonds") are being issued by the Riverside County Public Financing Authority (the "Authority") to provide funds to purchase separate bonds (the "Agency Bonds") being issued by the Successor Agency to the Indian Wells Redevelopment Agency (the "Agency" or "Successor Agency") to assist in refinancing certain redevelopment activities with respect to the Consolidated Whitewater Project Area of the Agency (the "Project Area"), as further described herein.

The Bonds will be secured under an Indenture of Trust (the "Indenture"), dated as of _____, 2014, by and between the Authority and Union Bank, N.A., as trustee (the "Trustee"). The Bonds are secured by a pledge of, security interest in and lien on the Revenues (as defined in the Indenture), which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. The Agency Bonds are secured under an Indenture of Trust, dated as of _____, 2014, by and between the Agency and the Trustee (the "Agency Bonds Indenture"). The payments due under the Agency Bonds Indenture are secured by a pledge of, security interest in and lien on Pledged Tax Revenues (as defined in the Agency Bonds Indenture and described herein) allocated as described herein and subject to certain Pre-Existing Agreements and Senior Bonds of the Agency. See "SECURITY FOR THE BONDS AND THE AGENCY BONDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Authority or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2014. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The 2014 Series A-T Bonds are subject to optional redemption prior to maturity as described herein. See "THE BONDS - Redemption of the Bonds" herein. The 2014 Series A Bonds are not subject to redemption prior to maturity.

[Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by _____ simultaneously with the delivery of the Bonds.]

[INSURER'S LOGO]

The Bonds are a special obligation of the Authority payable solely from certain payments from the Agency and certain other funds. Neither the County of Riverside, the State of California nor the Authority shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the Agency, 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 Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, 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. Neither the Authority nor the Agency has 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 Bonds, see "RISK FACTORS" herein.

MATURITY SCHEDULE

See inside front cover

The Bonds are offered when, as and if issued, subject to the approval of their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain disclosure matters will be passed upon for the Authority by Best Best & Krieger LLP, Riverside, California, as Disclosure Counsel. Certain matters will be passed upon for the Authority by the Office of the County of Riverside County Counsel, for the Agency by Best Best & Krieger LLP, and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery in definitive form on or about _____, 2014.

Citigroup

RBC Capital Markets

8A

Dated: _____, 2014

206

* Preliminary, subject to change.

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.

\$ _____ *

**Riverside County Public Financing Authority
2014 Tax Allocation Revenue Bonds
(Indian Wells Refunding Project)**

MATURITY SCHEDULES

**2014 Series A Bonds
(Base CUSIP†: _____)**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
--	-----------------------------	--------------------------	--------------	--------------	---------------

**2014 Series A-T Bonds
(Base CUSIP†: _____)**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
--	-----------------------------	--------------------------	--------------	--------------	---------------

† Copyright 2014, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the Underwriter nor the District assumes any responsibility for the accuracy of the CUSIP data.

* Preliminary, subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Authority or the Successor Agency to give any information or to make any representations in connection with the offer or sale of the 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 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 Authority or 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 Authority or 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 Authority or 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 Authority or 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 Authority or 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) or Agency Bonds 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 Bond and the Authority or the Successor Agency.

The issuance and sale of the 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.

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

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

**RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY
AUTHORITY/COUNTY BOARD OF SUPERVISORS**

Kevin Jeffries, District 1
John F. Tavaglione, District 2
Jeff Stone, District 3
John J. Benoit, District 4
Marion Ashley, District 5

AUTHORITY STAFF

Jay Orr, Executive Director
Don Kent, Treasurer
Kecia Harper-Ihem, Secretary
Pamela Walls, County Counsel

**INDIAN WELLS SUCCESSOR AGENCY
CITY COUNCIL**

Ted J. Mertens, Mayor
Ty Peabody, Mayor Pro-Tem
Patrick Mullany, Council Member
Douglas Hanson, Council Member
Mary T. Roche, Council Member

SUCCESSOR AGENCY/CITY STAFF

Wade McKinney, City Manager
Kevin McCarthy, Finance Director

SPECIAL SERVICES

Trustee

Union Bank, N.A.
Los Angeles, California

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Financial Advisor

C. M. de Crinis & Co. Inc.
Glendale, California

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

Verification Agent

Barthe & Wahrman PA CPA's
Minneapolis, Minnesota

TABLE OF CONTENTS

INTRODUCTION	1	Reduction in Taxable Value.....	40
General	1	Risks of Real Estate Secured Investments	
Purpose	1	Generally	40
The County	1	Reduction in Inflationary Rate and Changes in	
The Authority	1	Legislation	40
The Successor Agency.....	2	Change in Law	41
The Project Area.....	2	Development and Economic Risks	41
Authority for Issuance of the Bonds and the		Bankruptcy of Landowners.....	41
Agency Bonds	2	Earthquake	41
Terms of the Bonds.....	3	Levy and Collection of Taxes	41
Security for the Bonds and the Agency Bonds	3	Estimated Revenues.....	42
Bond Insurance.....	4	Hazardous Substances.....	42
Professionals Involved in the Offering	4	Direct and Overlapping Indebtedness	42
Continuing Disclosure	5	Future Legislation and Initiatives	42
Reference to Underlying Documents	5	Assessment Appeals	42
PLAN OF FINANCE.....	6	Economic Risks	43
ESTIMATED SOURCES AND USES OF FUNDS.....	7	Pass-Through Agreements	43
ANNUAL DEBT SERVICE REQUIREMENTS OF		Investment Risk	43
THE BONDS	8	Secondary Market	43
THE BONDS	9	Bankruptcy.....	43
General	9	LIMITATIONS ON TAX REVENUES	44
Redemption of the Bonds	9	Property Tax Limitations - Article XIII A	44
Notice of Redemption; Rescission.....	11	Implementing Legislation	45
Effect of Redemption.....	11	Redevelopment Plan Limits	45
SECURITY FOR THE BONDS AND THE		Unitary Property	45
AGENCY BONDS	12	Tax Increment Limitation; Senate Bill 211	46
Special Obligations.....	12	Property Taxes; Teeter Plan.....	46
Tax Increment Financing Generally	12	Tax Collection Fees	47
Tax Increment Revenues	13	Future Initiatives.....	47
Teeter Plan.....	13	OTHER INFORMATION.....	48
Low and Moderate Income Housing Set-Aside	13	Continuing Disclosure	48
Assembly Bill 1290	13	Litigation	48
Redevelopment Property Tax Trust Fund	14	Tax Matters.....	48
Allocation of Taxes Subsequent to the		Circular 230 Disclaimer	49
Dissolution Act.....	14	Legal Opinion	49
Recognized Obligation Payment Schedule	16	Ratings.....	49
Security for the Bonds.....	17	Underwriting.....	49
MUNICIPAL BOND INSURANCE [TO COME]	25	Miscellaneous	50
THE CITY OF INDIAN WELLS SUCCESSOR		APPENDIX A - Report of Fiscal Consultant	A-1
AGENCY	26	APPENDIX B - General Information Concerning the	
The Agency	26	County of Riverside.....	B-1
General	26	APPENDIX C - Agency Audited Financial Statements	
Agency Staff.....	26	For Fiscal Year Ended June 30, 2013	C-1
Oversight Board.....	27	APPENDIX D - Summary of Certain Provisions of the	
Department of Finance Finding of Completion	27	Legal Documents.....	D-1
State Controller Asset Transfer Review.....	27	APPENDIX E - DTC and the Book-Entry System	E-1
THE CONSOLIDATED WHITEWATER PROJECT		APPENDIX F - Form of Opinions of Bond Counsel	F-1
AREA	28	APPENDIX G - Form of Continuing Disclosure	
General	28	Agreement	G-1
Pass-Through Agreements.....	31	APPENDIX H - Specimen Municipal Bond Insurance	
Ten Largest Assesseees	32	Policy.....	H-1
Property Tax Delinquencies.....	32	APPENDIX I - State Department of Finance	
Property Value by Land Use.....	33	Determination Letter Approving the	
Plan Limitations.....	33	Bonds.....	I-1
Assessment Appeals	33		
ESTIMATED REVENUES AND BOND			
RETIREMENT	36		
BOND OWNERS' RISKS.....	38		
Limited Special Obligations	38		
Recognized Obligation Payment Schedule.....	38		
Challenges to Dissolution Act	39		

**Riverside County Public Financing Authority
2014 Tax Allocation Revenue Bonds
(Indian Wells Refunding Project)**

\$ _____ *
**2014 Tax Allocation Revenue Bonds,
Series A
(Indian Wells Refunding Project)**

\$ _____ *
**2014 Taxable Tax Allocation Revenue Bonds,
Series A-T
(Indian Wells Refunding Project)**

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the 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 and appendices hereto, provides information in connection with the issuance by the Riverside County Public Financing Authority (the "Authority") of Riverside County Public Financing Authority 2014 Tax Allocation Revenue Bonds (Indian Wells Refunding Project) issued as \$ _____ * 2014 Tax Allocation Revenue Bonds, Series A (Indian Wells Project) (the "2014 Series A Bonds") and as \$ _____ * 2014 Taxable Tax Allocation Revenue Bonds, Series A-T (Indian Wells Refunding Project) (the "2014 Series A-T Bonds," and together with the 2014 Series A Bonds, the "Bonds").

Purpose

The Bonds are being issued to provide funds to purchase the two series of bonds of the Successor Agency to the Indian Wells Redevelopment Agency (the "Agency" or the "Successor Agency") further described herein (the "Agency Bonds"). The Agency Bonds are being issued (i) to refinance certain outstanding obligations of the Project Area, (ii) to fund the premium for a debt service reserve surety bond for the reserve account for the Agency Bonds, and (iii) to pay costs of issuance of the Bonds and the Agency Bonds, including the financial guaranty insurance premium for the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The County

The County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 28 incorporated cities in Riverside County. For certain information regarding the County, see APPENDIX B – "General Information Concerning the County of Riverside."

The Authority

The Authority was established pursuant to a Joint Exercise of Powers Agreement, dated as of March 20, 1990, by and between the County of Riverside (the County') and the Redevelopment Agency for the County of Riverside (the "Agency"), pursuant to Chapter 5, Division 7, Title 1 of the California Government Code (the "Act"). The Authority has the power under the Act to acquire the bonds and other obligations of local agencies (as such term is defined in the Act). The Board of Supervisors of the County (the "Board") serves as the Board of Directors of the Authority.

* Preliminary, subject to change.

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 organized by the City Council (the "City Council") of the City of Indian Wells (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 (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. See also "THE CITY OF INDIAN WELLS SUCCESSOR 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 issuance of the Bonds was subject to approvals of the City Council pursuant to the Redevelopment Law and, under the Dissolution Act, the Successor Agency's Oversight Board, as described below, and the Department of Finance of the State of California. All such approvals have been obtained. See "THE CITY OF INDIAN WELLS SUCCESSOR AGENCY."

The Oversight Board for the Successor Agency approved the issuance of the Bonds by the Successor Agency by resolution adopted on January 29, 2014. The Department of Finance of the State of California released its letter approving the issuance of the Bonds on _____. See Appendix I - "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The Project Area

The Redevelopment Plan for the Project Area 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 (defined herein) are generated from approximately 3,327 acres of the Project Area. See "THE CONSOLIDATED WHITEWATER PROJECT AREA."

Under the Dissolution Act, the Agency Bonds are secured by a pledge of, and payable from 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"). 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 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 AND THE AGENCY BONDS - Tax Revenues Allocable to the Successor Agency."

Authority for Issuance of the Bonds and the Agency Bonds

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

The County of Riverside (the "County") has developed a program with the Authority to assist successor agencies within the County to refund tax increment obligations pursuant to AB 1484 in order to provide debt

service savings to such successor agencies and to increase property tax revenues available for distribution to affected taxing entities.

Concurrently with the issuance of the Bonds, the Successor Agency will issue its tax allocation refunding bonds designated as \$_____ Consolidated Whitewater Redevelopment Project Area Subordinated Tax Allocation Refunding Bonds, Series 2014A (the "Series 2014A Bonds") and \$_____ Consolidated Whitewater Redevelopment Project Area Subordinated Taxable Tax Allocation Refunding Bonds, Series 2014 A-T (the "Series 2014 A-T Bonds," and together with the Series 2014A Bonds, the "Agency Bonds") pursuant to an Indenture of Trust dated as of _____ 1, 2014 (the "Agency Bonds Indenture"), by and between the Successor Agency and the Union Bank, N.A. (the "Agency Trustee"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein. Proceeds of the Bonds will be used to purchase the Agency Bonds.

The Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Agency Bonds received by the Authority from the Successor Agency. The Agency Bonds will be payable from and secured by, designated property tax (formerly tax increment revenues) related to the Consolidated Whitewater Redevelopment Project, which will include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund ("RPTTF") on a subordinate basis to outstanding Senior Bonds, 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 Agency Bonds Indenture are referred to herein as "Pledged Tax Revenues." Payments under the Agency Bonds are calculated to be sufficient to permit the Authority to pay the principal of, premium, if any, and interest on the Bonds when due. The Agency Bonds will be registered in the name of the Trustee and Agency Bond payments will be paid to the Trustee as assignee of the Authority. See "SECURITY FOR THE BONDS AND THE AGENCY BONDS."

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2014.

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption of the Bonds" herein.

Security for the Bonds and the Agency Bonds

The Bonds are secured by a lien on and pledge of Revenues made in the Indenture. Under the Indenture, "Revenues" is defined to mean all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, the Agency Bonds, whether as a result of scheduled payments or prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the Funds or accounts established under the Indenture, except the Rebate Fund.

The Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of

or redemption premium, if any, or interest on the Bonds except from Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations. Tax Increment Revenues (as defined under the caption "SECURITY FOR THE BONDS AND THE AGENCY BONDS – Tax Increment Revenues") consist of a portion of such incremental tax revenues.

The Agency 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 under the Agency Bonds Indenture, and the Agency is not obligated to pay them except from such Pledged Tax Revenues. The Agency Bonds are payable as set forth in the Agency Bonds Indenture, are not a debt of the City of Indian Wells (the "City"), the County, the State of California or any other political subdivision of the State, and neither the City, the State, the County nor any of the State's other political subdivisions is liable therefor, nor in any event shall the Agency Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Agency Bonds Indenture. The Agency Bonds each have their own payment schedule which, in the aggregate, has been sized to pay debt service on the Bonds. APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS" attached hereto.

Additional Debt. The Authority may not issue or incur any obligations payable from Revenues. As more fully described under "SECURITY FOR THE BONDS AND THE AGENCY BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Pledged Tax Revenues securing the applicable Agency Bonds if certain debt service coverage tests are met under the Agency Bonds Indenture. The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the Agency Bonds.

Outstanding Senior Debt. As more fully described under "SECURITY FOR THE BONDS AND THE AGENCY BONDS," the Agency has certain outstanding senior obligations secured by Tax Increment Revenues. See "ESTIMATED REVENUES AND BOND RETIREMENT" herein.

Bond Insurance

Payment of the principal of and interest on the Bonds when due will be guaranteed by a financial guaranty insurance policy (the "_____ Policy") to be issued simultaneously with the delivery of the Bonds by _____ (the "Insurer" or "_____"). See "MUNICIPAL BOND INSURANCE" herein.

Professionals Involved in the Offering

Union Bank, N.A., Los Angeles, California, will act as trustee with respect to the Bonds and the Agency Bonds under the Indenture and the Agency Bonds Indenture.

C. M. de Crinis & Co., Inc., Glendale, California, has acted as Financial Advisor to the Authority and the Agency in the structuring and presentation of the financing.

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

All proceedings in connection with the issuance of the Bonds and the Agency Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Best Best & Krieger LLP is acting as Disclosure Counsel. Certain legal matters will be passed on for the Authority by the Office of the County of Riverside County Counsel, and for the Agency by Best Best & Krieger LLP. Stradling Yocca Carlson & Rauth, P.C., will be acting as counsel to the Underwriters. The fees and expenses of the Financial Advisor, Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Authority will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and plan limit calculations and notices of enumerated events. The Successor Agency will agree to be responsible for all remaining annual information required under the Continuing Disclosure Agreement. The Authority will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”). See the caption “OTHER INFORMATION – Continuing Disclosure” and APPENDIX G – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

Reference to Underlying Documents

Brief descriptions of the Bonds, the Indenture, the Agency Bonds Indenture, the Agency, the Authority, the County, the Successor Agency, the Consolidated Whitewater 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 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 LEGAL DOCUMENTS” attached hereto.

PLAN OF FINANCE

The Bonds are being issued to provide funds to purchase the Agency Bonds. The Agency Bonds are being issued (i) to refinance redevelopment activities with respect to the Project Area, (ii) to fund the premium for a debt service reserve fund surety bond for the reserve account for the Agency Bonds, and (iii) to pay costs of issuance of the Bonds and the Agency Bonds, including the cost of financial guaranty insurance premium for the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Successor Agency previously issued its \$41,135,000 principal amount of Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2003A (the "Series 2003A Bonds") and its \$46,110,000 principal amount of Consolidated Whitewater Project Area Taxable Tax Allocation Bonds, Series A-T (the "Taxable Series A-T Bonds," and together with the Series 2003A Bonds, the "Prior Bonds"), currently outstanding in the amount of \$7,175,000 and \$26,565,000, respectively. The Prior Bonds were issued pursuant to a Fiscal Agent Agreement (the "Original Agreement"), dated as of September 1, 1992, between the Former Agency and Union Bank, N.A., as successor fiscal agent (the "Fiscal Agent"), as supplemented and amended by a First Supplement to Fiscal Agent Agreement dated as of February 1, 1996, (the "First Supplement") between the Former Agency and the Fiscal Agent, and a Second Supplement to Fiscal Agent Agreement dated as of March 1, 2003, (the "Second Supplement") between the Former Agency and the Fiscal Agent.

On the date of issuance of the Agency Bonds, a portion of the proceeds will be transferred to the Fiscal Agent for deposit into the redemption fund established for each series of the Prior Bonds, under certain Refunding Instructions dated as of _____, 2014 (the "Refunding Instructions") delivered by the Successor Agency to the Fiscal Agent. The amount deposited in the redemption fund for the Prior Bonds, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the related Prior Bonds on _____, 2014, as applicable.

The amounts held and invested by the Fiscal Agent for the respective Prior Bonds in the Redemption Fund are pledged solely to the payment of amounts due and payable by the Agency under the Original Agreement and the Second Supplement. Neither the funds deposited in the Redemption Fund for the Prior Bonds nor the interest on the invested funds will be available for the payment of debt service on the Agency Bonds or the Bonds.

See "ESTIMATED SOURCES AND USES OF FUNDS" below. See also "VERIFICATION OF MATHEMATICAL ACCURACY" below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the Authority Bonds.

	<u>2014 Series A</u>	<u>2014 Series A-T</u>
<u>Sources:</u>		
Par Amount of Bonds	\$ _____	\$ _____
Net Original Issue Premium (Discount)	_____	_____
TOTAL SOURCES	\$ _____	\$ _____
 <u>Uses:</u>		
Deposit to Bond Purchase Fund:	_____	_____
TOTAL AGENCY BONDS:	\$ _____	\$ _____

Set forth below are the estimated sources and uses of proceeds of the Agency Bonds.

	<u>2014 Series A</u>	<u>2014 Series A-T</u>
<u>Sources:</u>		
Par Amount of Agency Bonds	\$ _____	\$ _____
Funds Relating to Series 2003A Bonds	_____	_____
Funds Relating to Taxable Series 2003 A-T Bonds	_____	_____
Net Original Issue Premium (Discount)	_____	_____
TOTAL SOURCES:	\$ _____	\$ _____
 <u>Uses:</u>		
Costs of Issuance ⁽¹⁾	\$ _____	\$ _____
Deposit to Redemption Fund	_____	_____
TOTAL USES:	\$ _____	\$ _____

⁽¹⁾ Includes Underwriters' Discount, legal fees, printing, rating agency fees and expenses, fees of the Financial Advisor, fees of the Fiscal Consultant, financial guaranty insurance premiums, surety bond premiums and other issuance costs of the Bonds and the Agency Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Bonds.

<u>Year Ending</u> <u>(September 1)</u>	<u>2014</u> <u>Series A</u> <u>Principal</u>	<u>2014</u> <u>Series A</u> <u>Interest</u>	<u>2014</u> <u>Series A</u> <u>Total</u>	<u>2014</u> <u>Series A-T</u> <u>Principal</u>	<u>2014</u> <u>Series A-T</u> <u>Interest</u>	<u>2014</u> <u>Series A-T</u> <u>Total</u>	<u>Grand</u> <u>Total</u>
--	--	---	--	--	---	--	------------------------------

THE BONDS

General

The Bonds will be dated as of the date of original delivery (the "Closing Date"), 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 Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2014 (each an "Interest Payment Date"). Principal of and premium, if any, on the 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 the 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 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 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.

Notwithstanding the foregoing, while the Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Bonds, for subsequent disbursement to Participants and beneficial owners. See APPENDIX E – "DTC AND THE BOOK-ENTRY SYSTEM."

Redemption of the Bonds

Optional Redemption.

The 2014 Series A Bonds are not subject to optional redemption prior to maturity.

The 2014 Series A-T Bonds are subject to redemption prior to their stated maturity dates at the option of the Authority, in whole or in part on any date, at a redemption price (the "Make-Whole Redemption Price") equal to the greater of:

- (1) the issue price set forth on the inside cover page hereof (but not less than 100%) of such principal amount of the 2014 Series A-T Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2014 Series A-T Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2014 Series A-T Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus [TBD] basis points,
- (3) plus, in each case, accrued interest on such 2014 Series A-T Bonds to be redeemed to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular 2014 Series A-T Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2014 Series A-T Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is

less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption. The 2014 Series A Term Bonds maturing on September 1, _____, are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on September 1, in the respective years as set forth in the following tables; provided, however, that in lieu of mandatory sinking fund redemption thereof such 2014 Series A Bonds may be purchased by the Agency pursuant to the Agency Bonds Indentures:

2014 Series A Term Bonds Maturing September 1, _____

Redemption Date (September 1)	Amount
--	---------------

(maturity)

The 2014 Series A-T Term Bonds maturing on September 1, _____, are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on September 1, in the respective years as set forth in the following tables; provided, however, that in lieu of mandatory sinking fund redemption thereof such 2014 Series A-T Bonds may be purchased by the Agency pursuant to the Agency Bonds Indentures:

2014 Series A-T Term Bonds Maturing September 1, _____

Redemption Date (September 1)	Amount
--	---------------

(maturity)

In lieu of redemption of the Term Bonds pursuant to the Indenture, proceeds of the purchase by the Agency of Agency Bonds or other available moneys shall be used by the Authority or by the Trustee, upon the Written Request of the Authority received prior to the selection of Bonds for redemption, for the purchase of the Term Bonds, at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine. The par amount of any Term Bonds so purchased by or upon the Written Request of the Authority in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed on October 1 in such year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said August 1.

Mandatory Redemption Upon Acceleration of Agency Bonds. The Bonds shall also be subject to mandatory redemption in whole or in part among maturities on a pro rata basis and by lot within a maturity, on any date, from amounts credited towards the payment of principal of any Agency Bonds coming due and payable solely by reason of acceleration of such Agency Bonds pursuant to the Agency Bonds Indenture, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the redemption date. The Bonds shall be subject to such redemption solely from amounts credited towards the payment of principal of any Agency Bonds which has become due and payable by reason of acceleration upon an Event of Default (as defined in the applicable Agency Bonds Indenture), and shall not be subject to redemption from any amounts credited towards the payment of matured principal which has become due and payable. **8 A**

Notice of Redemption; Rescission

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the Insurer and to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories (as defined under the Indenture) and to one or more Information Services (as defined under the Indenture), at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Authority shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the related Indenture, other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed or purchased pursuant to such Indenture shall be canceled by the Trustee.

SECURITY FOR THE BONDS AND THE AGENCY BONDS

Special Obligations

The Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture, solely from Revenues. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

The Agency Bonds will be special obligations of the 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 Agency Bonds Indenture, and the Agency is not obligated to pay such principal and interest except from such Pledged Tax Revenues. The Agency Bonds are payable as set forth in the Agency Bonds Indenture, are not a debt of the City, the County, the State of California or any other political subdivision of the State, and neither the City, the State, the County nor any of the State's other political subdivisions are liable therefor, nor in any event shall the Agency Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Agency Bonds Indenture. The Agency Bonds have their own payment schedule which have been sized to pay debt service on the Bonds.

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.

8 A

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

222

the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on and after January 1, 1989" reference from paragraph (i) above.

Tax Increment Revenues

The term "Tax Increment Revenues," as defined in the Agency Bonds Indenture, 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, 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 state tax rate limitations.

The Successor Agency Tax Rate calculated by the City is 1.000% for the secured roll and the unsecured roll. 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. See the tables for the Project Area under the caption "ESTIMATED REVENUES AND BOND RETIREMENT."

The Term "Tax Revenues," as defined in the Agency Bonds Indenture, means the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements.

Teeter Plan

The County utilizes a mechanism for the distribution of tax increment revenue to the former 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 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 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 2012-13 fiscal year for all secured properties in the Project Area was 0.9% as of July 17, 2013.

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. Although this 20% set-aside requirement was eliminated by the Dissolution Act. Upon the refunding of the Taxable Series A-T Bonds, there will be no obligations outstanding which will have a prior lien on the Low and Moderate Housing Fund.

Assembly Bill 1290

Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290") was adopted by the California Legislature and became law on January 1, 1994. The enactment of AB 1290 created several significant changes in the Redevelopment Law, including the following:

8 A

223

(i) time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are repayable from tax increment revenues. See "THE CONSOLIDATED WHITEWATER PROJECT AREA" for a discussion of the time limitations.

(ii) limitations on the use of the proceeds of loans, advances and indebtedness for auto malls and other sales tax generating redevelopment activities, as well as for city and county administrative buildings. However, AB 1290 confirmed the authority of a redevelopment agency to make loans to rehabilitate commercial structures and to assist in the financing of facilities or capital equipment for industrial and manufacturing purposes.

(iii) provisions affecting the housing set-aside requirements of an agency, including severe limitations on the amount of money that is permitted to accumulate in the Former Agency's housing set-aside fund. However, these limitations are such that an agency will be able (with reasonable diligence) to avoid the severe penalties for having "excess surplus" in its housing set-aside fund.

(iv) provisions relating primarily to the formation of new redevelopment project areas, including (i) changes in the method of allocation of tax increment revenues to other taxing entities affected by the formation of redevelopment project areas, (ii) restrictions on the finding of "blight" for purposes of formation of a redevelopment project area and (iii) new limitations with respect to incurring and repaying debt and the duration of the new redevelopment plan.

AB 1290 also established a statutory formula for sharing tax increment for project areas established, or amended in certain respects, on or after January 1, 1994, which applies to tax increment revenues net of the housing set-aside. 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. See "THE CONSOLIDATED WHITEWATER PROJECT AREA - Pass-Through Agreements."

The tax sharing payments described above are required to be made prior to payment of debt service on loans secured by tax increment from project areas which are subject to AB 1290. However, Section 33607.5(e) of the Redevelopment Law sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Former Agency has not taken any action to subordinate the payments with respect to the pass through payments to debt service on the Agency Bonds.

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Agency Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "Redevelopment Property Tax Trust Fund"), 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 AB 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund 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 Senior Bonds and the Bonds. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act. See "*Recognized Obligation Payment Schedules*" 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 Redevelopment Property Tax Trust Fund 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.

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states: "It is the intent that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. There is only one Project Area established by the Former Agency and the Tax Increment Revenues will be used to pay the Pre-Existing Agreements, the Senior Bonds and the Agency Bonds.

Section 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 in certain manners specified in such statutes (the "Statutory Pass-Through Amounts"). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed 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 Redevelopment Property Tax Trust Fund 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 by the Successor Agency (see below), (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 Redevelopment Property Tax Trust Fund 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

8 A

concurrent with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated 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 for statutory tax sharing amounts, 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 Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the Tax Increment Revenues and the statutory tax sharing amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Agency Bonds when due. See "Recognized Obligation Payment Schedule." See also "Estimated Revenues and Debt Service" for additional information regarding the Statutory Tax Sharing Amounts 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 Bonds. See "BOND OWNERS' RISKS."

The Agency 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 Agency Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Recognized Obligation Payment Schedule

The Dissolution Act requires that, not less than 90 days prior to each January 2 and June 1, successor agencies prepare, and submit to the successor agency's oversight board and the State Department of Finance for approval, a 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.

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, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following six-month period.

In the Agency Bonds Indenture, the Successor Agency has covenanted to take all actions required under the Redevelopment Law and the Dissolution Act to include debt service on the Agency Bonds on the Recognized Obligation Payment Schedule. 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 Agency Bonds

Indenture. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Senior Bonds, the Agency 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 Agency Bonds Indenture to replenish the Reserve Accounts, in Recognized Obligation Payment Schedules for each six-month period so as to enable the 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 Agency Bonds coming due in the respective six-month period. 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, to the extent necessary, 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 Agency Bonds Indenture.

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. 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 January 2 or June 1 date of property tax distribution, as applicable. The State Department of Finance has on occasion rejected items on the Successor Agency's Recognized Obligation Payment Schedule. However, none of the rejected items related to bond debt service or enforceable obligations related to the repayment of bonds.

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, and will be included in the Successor Agency's Recognized Obligation Payment Schedules.

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 Department'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. The Agency does not have any enforceable obligations which require the issuance of additional bonds.

The Successor Agency's collection of Tax Increment Revenues in the Project Area is also subject to limitations of the total tax increment collected by the Successor Agency over the life of the Redevelopment Plan. See "THE CONSOLIDATED WHITEWATER PROJECT AREA-Plan Limitations."

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 that would otherwise be available to pay debt service on the Agency Bonds and, consequently, the principal of, and interest on, the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

Security for the Bonds

Pledge Under the Indenture. Pursuant to the Indenture, the Revenues are pledged to the payment of the debt service on the Bonds. The Indenture defines "Revenues" to mean (a) all amounts payable by the Agency to

the Authority or the Trustee pursuant to the Agency Bonds, other than (i) administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee and (ii) arbitrage rebate amounts payable to the United States of America; (b) any proceeds of Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established thereunder; (c) investment income with respect to any moneys held by the Trustee in funds and accounts established thereunder; and (d) any other investment income received under the Indenture. Upon a default of the Bonds, the Trustee may be paid its expenses from Revenues on a basis prior to the payment of debt service on the Bonds. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS."

The Agency Bonds Indenture. Under the Agency Bonds Indenture, the Pledged Tax Revenues (as defined below) allocated and paid to the Agency are pledged to the payment of debt service on the Agency Bonds and Parity Debt (subject to the lien of the Pre-Existing Agreements and the Senior Bonds). See Table 5 herein showing the projected Pledged Tax Revenues, and debt service coverage on the Agency Bonds.

"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 include pass through agreements to other taxing agencies, which are more completely defined under the caption, "THE CONSOLIDATED WHITEWATER PROJECT AREA – Pass Through Agreements," herein.

"Senior Bonds," as defined in the Agency Bonds Indenture, means, collectively, the Former Agency's (i) Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2005A currently outstanding in the principal amount of \$ _____, (ii) Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2006A currently outstanding in the principal amount of \$ _____, and (iii) Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2010A currently outstanding in the principal amount of \$ _____.

Tax Sharing Agreements and Statutory Tax Sharing. The 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 "Tax Sharing Agreements"). See APPENDIX A – "Report of Fiscal Consultant – Fiscal Agreements." 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 – "Report of Fiscal Consultant – Fiscal Agreements" for a description of the Agency's obligation to make statutory tax sharing payments.

Debt Service Fund. The Agency Bonds 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 the Agency Bonds

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 Agency 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 Agency Bonds 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 Agency Bonds 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 Agency Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Agency 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency Bonds as it shall become due and payable (including accrued interest on any Agency 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 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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

8 A

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 hereunder, 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 Agency 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 Agency 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. 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.

(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 Agency 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 Agency 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 Agency 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 Agency Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Payment Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Payment Fund are insufficient to pay debt service on the Agency Bonds and Parity Debt as it becomes due, the Agency Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Payment 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 the trustee for the Authority Bonds.

Reserve Requirement. The "Reserve Requirement" is defined in the Agency Bonds Indenture to mean the lesser of (i) Maximum Annual Debt Service with respect to the Agency Bonds or any Parity Debt, as applicable, or (ii) 125% of average Annual Debt Service on the Agency 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 Section 4.03(d) hereof. The Reserve Requirement with respect to the Series 2014A Bonds and the 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 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.

“Maximum Annual Debt Service” is defined in the Agency Bonds Indenture to mean, as of the date of calculation, the largest amount of Annual Debt Service for the current or any future Bond Year on the Agency Bonds or any Parity Debt. For purposes of such calculation, there is excluded a pro rata portion of each installment of principal of any Parity Debt, together with the interest to accrue thereon, in the event and to the extent that the proceeds of such Parity Debt are deposited in an escrow fund from which amounts may not be released to the Agency unless the applicable Pledged Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus Additional Revenues at least meets the coverage requirement for the issuance of Parity Debt.

If the Agency at anytime in the future has cash on deposit in a Reserve Account, the Agency has the right at any time to request the release of funds by the Trustee from such Reserve Account, in whole or in part, by tendering the following to the Trustee:

- (i) a Qualified Reserve Account Credit Instrument (as defined in APPENDIX D), 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 Bonds to become includable in gross income for purposes of federal income taxation.

Senior Qualified Reserve Account Credit Instruments. With respect to the Reserve Requirement attributable to outstanding Senior Debt, the Agency has previously deposited with the Fiscal Agent Qualified Reserve Account Credit Instruments provided by:

- AMBAC in the stated amount of \$1,211,831.25 (with respect to the Series 2005A Senior Bonds); and
- AMBAC in the stated amount of \$5,818,862.50 (with respect to the Series 2006A Senior Bonds).

The Qualified Reserve Account Credit Instruments or cash deposited with respect to Senior Bonds are not available to pay the Bonds.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation’s bond insurance companies, including the providers of the Qualified Reserve Account Credit Instruments described above. Further deterioration in the financial condition of the providers of the Qualified Reserve Account Credit Instruments or a failure to honor a draw by any of these providers under its Qualified Reserve Account Credit Instrument could occur. The Agency is not required under the Senior Indentures to replace a Qualified Reserve Account Credit Instrument with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. The Agency currently has no plans to replace such Qualified Reserve Account Credit Instruments with other instruments or cash.

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. Under the Fiscal Agent Agreement, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Requirement. Should the amount of Tax revenues then available to maintain the Reserve Account at the applicable Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Fiscal Agent Agreement, but the requirement of the Agency to transfer available Tax Revenues to the Trustee would continue. Such transfers would be senior to the payment of debt service on the Bonds and could cause an adverse impact on the Agency's ability to pay debt service on the Bonds.

Issuance of Additional Agency Parity Debt. The Agency Bonds 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 Legal Documents" – "The Agency Bonds Indenture" – "Issuance of Parity Debt" for a more complete description of the conditions precedent to the issuance or incurrence of Parity Debt.

(a) The Pledged Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred thirty five percent (135%) of Maximum Annual Debt Service on the Agency Bonds and Parity Debt that will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. Notwithstanding the foregoing, the Successor Agency may issue and sell refunding bonds payable from Pledged Tax Revenues on a parity with Agency 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. "Tax Revenues" means the Tax Increment Revenues, exclusive of amounts required to pay or otherwise provide for Pre-Existing Agreements;

(b) The Successor Agency shall certify that the aggregate principal of and interest on the Bonds, any Parity Debt (including the Parity Debt to be incurred), Senior Bonds, Pre-Existing Agreements, and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt.

(c) 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.

(d) 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), (b), (c) and (d) above have been satisfied.

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

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

(a) Failure to pay any installment of the principal of any Agency 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.

8 A

232

(b) Failure to pay any installment of interest on any Agency 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 Agency Indenture or in the Agency 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 the 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 the Agency Bonds 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 Agency 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 Agency Bonds Indenture or in the Agency 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 Agency Bonds 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 Agency 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 herein for notices of redemption of the Agency Bonds, which shall include the statement that interest on the Agency 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 Agency 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 Agency 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 Agency Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Agency 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 Agency 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

8 A

233

interest on the Agency 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 Agency Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Agency 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 Agency Bonds 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 Agency 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 Agency Bonds Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to the Agency Bonds 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 Agency Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Agency Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Agency 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.

MUNICIPAL BOND INSURANCE

[TO COME]

8 A

235

THE CITY OF INDIAN WELLS SUCCESSOR AGENCY

The 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 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 Agency.

AB 26 and AB 27. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, 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:

Ted J. Mertens, Chairperson
Ty Peabody, Vice Chairperson
Patrick Mullany, Member
Douglas Hanson, Member
Mary T. Roche, Member

The audited financial statements of the Successor Agency for the fiscal year ended June 30, 2013 are included herein as Appendix C hereto and should be read in their entirety. The Successor Agency is a component unit of the City for financial reporting purposes. 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 Successor Agency has one project area: The Consolidated Whitewater Project Area (see “THE CONSOLIDATED WHITEWATER PROJECT AREA”).

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 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:

Wade McKinney officially began his post as the City’s lead administrator on July 1, 2013. Mr. McKinney has been in public service for 34 years, most recently serving as the City Manager for Atascadero, California for nearly 16 years. Prior to Atascadero, Mr. McKinney served as City Manager for Shafter, California in Kern County from 1986 to 1997. Mr. McKinney is the President of the California City Management Foundation whose mission is to promote and encourage excellence in city management. He has also led the Strong Cities – Strong State program and was recognized by his colleagues in 2011 for his “Outstanding Service to the Profession.” In 2009, he was awarded the “Citizen of the Year” by the Atascadero Chamber of Commerce. He possesses a bachelor of science-urban planning degree from California State Polytechnic University, Pomona.

8 A

236

Kevin McCarthy, City Finance Director and 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 finance degree from California State University, San Bernardino.

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 California Department of Finance, including the issuance of bonds such as the Bonds.

Oversight Board

The Oversight Board was formed pursuant to Establishing Resolution adopted by the City Council on January 12, 2012. The Oversight Board is governed by a seven-member governing board, with four members appointed by the Mayor, and one member appointed by each of the Economic Development Housing Division of the City, Coachella Valley Water District, College of the Desert, Desert Sands Unified School District, County of Riverside, City of Indian Wells, and an RDA Employee Representative.

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.

State Controller Asset Transfer Review

The Dissolution Act requires that any asset of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The State Controller reviewed and approved all transfers.

THE CONSOLIDATED WHITEWATER PROJECT AREA

General

In 1982, the 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, originally consisting of 5,433 total acres, 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. Nearly 90% of the Project Area is developed residential property with the balance representing retail, office commercial and hotel resorts. The City does not have any industrial zoned areas. The residential development consists primarily of higher-end single family homes which represent 67% of the Project Area secured value. Apartments and condominiums represent 21% of the secured value.

There are 5,154 single family homes in the City. Residential Country Clubs located in the Project Area include the Desert Horizons Country Club, Eldorado Country Club, The Indian Wells Country Club, The Reserve, Toscana Country Club and The Vintage Club.

Additionally, there are many existing residential master planned communities within the City. The most recent master planned community was Villagio, which was completed in late 2008. There is one master planned development called the Province currently under construction that will consist of 113 units upon buildout. Phase 1 of the project, consisting of 12 units, has been completed and sales of homes within Phase 1 has commenced. The entire project is anticipated to be built out in five years. There are approximately 279 acres of vacant developable land in the City that may benefit the Project Area.

Of the major taxpayers, the Miramonte Resort Hotel, the Indian Wells Resort Hotel, the Hyatt Grand Champions Resort Hotel and the Renaissance Esmeralda Hotel are all located in the Project Area and together represent 3.30% 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. The golf course reconstruction project for the first eighteen hole golf course was completed in October, 2006. The second eighteen hole golf course and clubhouse was completed in November, 2007.

Proposed development within the Project Area includes three projects, a condo-hotel called "Ryerson Resort," and a commercial development known as "Indian Wells Crossing."

The Ryerson Resort will be located on approximately 15 acres at the northwest corner of Miles Avenue and Highway 111. It is planned to have 346 condo-hotel units and an office building with a mixed use commercial development of approximately 50,000 square feet. The entire project is approximately 1,300,000 SF. The project is currently in the early planning stage of development. No commencement date has been announced. If completed as currently planned, the Ryerson Resort is projected to add approximately \$340 million in assessed valuation to the Project Area. Neither the Fiscal Consultant's Report nor information contained in this Official Statement take into account such proposed increase in the assessed valuation to the Project Area.

The second proposed project, Indian Wells Crossing, is located on approximately 34 acres at the northwest corner of Miles Avenue and Highway 111. The project is proposed to be developed into a mixed use commercial development consisting of approximately 121,000 square feet. The project is currently in the early planning stage of development. The timeline for development and impact on assessed valuation are currently unknown. 8 A

Information contained in this section regarding proposed development is based solely on preliminary information about these projects available to the Agency and the City. Plans for development may change at anytime. There can be no assurances that the projects will be completed as proposed.

8A

239

PROJECT AREA MAP

8A

240

Pass-Through 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 has 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 Agency was notified in 2012 that two of these three entities have questioned the interpretation of the \$5 million threshold, suggesting that their shares should be calculated on 100% of tax increment once \$5 million in tax increment had been collected on a cumulative basis, a threshold that was reached early in the Project Area's term. The County Auditor-Controller and the Agency interpret the threshold to be an annual \$5 million amount, not a cumulative threshold. Should the entities prevail in their interpretation, there could be an annual increase in pass through payments to these entities totaling an estimated \$760,000. In addition, the estimated annual increase could potentially be applied to prior years to the extent permissible by law. The Agency retained counsel in 2012, however, no further developments have occurred in this matter. The Agency makes no representations as to the validity of the challenge or any outcome should the school districts pursue this challenge.

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 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 pass through payments to taxing entities not already subject to fiscal agreements. This requirement of redevelopment law sets the date on which new pass through 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 pass through payments for certain taxing entities commenced on that date.

The taxing entities subject to the statutory pass through 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 pass through payments are senior to debt service payable on the Agency Bonds.

8 A

241

The pass through payments, specified in redevelopment law established by 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 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 the fiscal consultant's report incorporate the pass through payments made under the AB1290 statutory provisions as well as under the Section 33401 fiscal agreements.

Ten Largest Assesseees

Table 1 sets forth the ten largest assesseees in the Project Area whose property in the aggregate comprises approximately 5.78% of the total taxable value in the Project Area.

**TABLE 1
Consolidated Whitewater Project Area
Ten Largest Fiscal Year 2013-14 Assesseees**

<u>Property Owner</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent of Total</u>	<u>Principal Use</u>
GRAND CHAMPIONS LLC	50,608,777	0	50,608,777	1.31%	Hotel/Motel
FELCOR ESMERALDA	47,600,000	0	47,600,000	1.23	Hotel/Motel
VINTAGE CLUB	21,570,471	0	21,570,471	0.56	Golf Course
LH INDIAN WELLS HOLDING	19,798,732	0	19,798,732	0.51	Hotel/Motel
ELDORADO COUNTRY CLUB	16,696,071	0	16,696,071	0.43	Golf Course
VILLAGE SHOPPING CENTER	15,065,470	0	15,065,470	0.39	Shopping Ctr.
TOSCANA LAND	13,448,226	0	13,448,226	0.35	Golf Course
SCHMID INV	13,185,314	0	13,185,314	0.34	Office Building
IWCC ACQUISITION CORP (Private Homeowner)	12,711,195 12,355,000	0 0	12,711,195 12,355,000	0.33 0.32	Golf Course Residence
Total, Top Ten:	223,039,256	0	223,039,256	5.78	
Total, Top Twenty:	319,907,716	4,821,259	324,728,975	8.42	
Total, Top Hundred:	757,298,430	15,097,793	772,396,223	20.03	
Total for the Area:	3,826,859,361	28,841,703	3,855,701,064	100.00	

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

Property Tax Delinquencies

As of July 17, 2013, the delinquency rate on FY 2012-13 secured property taxes in the Project Area was 0.5%. For FY 2011-12 secured property taxes the delinquency rate had been 1.1% on September 19, 2012 while the FY 2010-11 secured property taxes posted a delinquency rate of 0.7% as of September 30, 2011. Timeshare properties are excluded from these totals. As noted previously, the 100% Successor Agency's tax increments are paid by the County and are consequently not affected by tax delinquencies.

Property Value by Land Use

Table 2 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⁾

<u>Land Use</u>	<u>Secured AV</u>	<u>Percent of AV</u>	<u>Number of Parcels</u>	<u>Percent of</u>		<u>Percent of</u>	
				<u>Parcels</u>	<u>Acres</u>	<u>Parcels</u>	<u>Acres</u>
Commercial	292,124,236	7.6%	221	4.6%	1,832	55.1%	
Single-Family Res.	2,659,371,800	69.5	2,229	46.0	392	11.8	
Other Residential	781,442,401	20.4	1,730	35.7	100	3.0	
Vacant	92,339,262	2.4	637	13.2	948	28.5	
Other	1,581,662	0.0	26	0.5	55	1.6	
Total	3,826,859,361	100.0%	4,843	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 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 are imposed upon the redevelopment plan for the Project Area: (1) the time limit on the effectiveness of the Redevelopment Plan is July 15, 2025, (2) the time limit for the repayment of indebtedness is July 15, 2035, (3) the number of tax increment dollars that may be allocated to the Successor Agency shall not exceed \$1.2 billion (as adjusted as described below), and (4) the amount of bonded indebtedness, to be repaid, in whole in or part from such allocation of tax increment, that can be outstanding at one time shall not exceed \$120 million (as adjusted as described below).

According to the Redevelopment Plan, the later two plan limitations are expressed in 1987 dollars and are to be adjusted annually thereafter in accordance with changes in the Consumer Price Index (the "CPI") for the nearest area to the Project Area, as maintained by the Bureau of Labor Statistics of the United States Department of Labor. Using the CPI for the Los Angeles-Riverside-Orange area for the years 1987 through 2013 and estimating subsequent annual increases at two percent per year, the tax increment cap is estimated to be \$2.4 billion in Fiscal Year 2013-14 and \$3.6 billion by July 15, 2035, the last date on which the Agency can collect tax increment from the Project Area. The amount of tax increment collected to date is estimated to be \$492 million.

Assessment Appeals

Property owners can appeal the assessment of their property to the county assessment appeals board. See "BONDOWNERS' 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 Assessor immediately subsequent to a change in ownership or completion of new construction. If the base year value assigned by the 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 second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value.

The County experienced a high level of assessment appeals in the late 1990's and again in 2007 and 2008. 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 Agency cannot predict the extent of any such appeals or their likelihood of success.

There are currently 147 appeal requests on record with the County, which the Fiscal Consultant estimates could decrease the value of property within the Project Area by an estimated \$179 million. The potential exposure of the 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 County 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.

A number of appeals have been filed by large property owners in the Project Area, shown on Table 4. The Felcor Esmerelda (Renaissance Hotel) property has appeals pending for the 2012-13 and 2011-12 roll years; resolved appeals for roll years 2010-11 and 2009-10 resulted in no change in valuation. The property is currently valued at \$47.8 million; the disputed valuation is \$39.8 million. The property accounts for 1.31% of Project Area valuation. Pending FY 2012-13 appeals filed on two parcels owned by LH Indian Wells total \$4.7 million in disputed valuation on parcels valued at \$19.9 million on the 2012-13 roll. The Village Shopping Center property has an appeal pending with \$6.1 million in disputed valuation on a FY 2012-13 assessment of \$12.2 million. The term "tax increment revenues" as used in the above description of the Assessment Appeals means all taxes resulting from the 1% ad valorem property tax levy on assessed value in the Project Area in excess of the base year assessed value. 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.

Applying a 94.7% retention rate for resolved appeals (which is the historic retention rate from Fiscal Year 2004-05 to Fiscal Year 2012-13) to the \$412 million in currently-pending disputed valuation indicates a potential assessed valuation reduction of \$22 million or approximately \$219,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$179 million or approximately \$1.8 million in tax revenue. There are no assumptions made regarding any potential appeal-related adjustments to Project Area valuation.

The following table 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
INDIAN WELLS REDEVELOPMENT AGENCY
CONSOLIDATED WHITEWATER REDEVELOPMENT PROJECT
ASSESSMENT APPEALS⁽¹⁾**

<u>Roll Year</u>	<u>Status</u>	<u>Number of Appeals</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate⁽²⁾</u>
2013-14	Resolved	-	-	-	-	-
2013-14	Pending	29	79,377,409	49,707,729	-	TBD
2012-13	Resolved	38	45,285,283	28,288,466	44,040,698	97.3%
2012-13	Pending	103	258,180,474	143,081,397	-	TBD
2011-12	Resolved	126	206,211,100	124,186,156	201,681,619	97.8%
2011-12	Pending	15	74,293,022	39,884,710	-	TBD
2010-11	Resolved	152	290,223,978	163,496,397	284,345,865	98.0%
2010-11	Pending	-	-	-	-	TBD
2009-10	Resolved	237	467,401,590	303,998,097	457,954,646	98.0%
2009-10	Pending	-	-	-	-	TBD
2008-09	Resolved	176	374,895,895	215,362,515	373,741,077	99.7%
2008-09	Pending	-	-	-	-	TBD
2007-08	Resolved	62	216,397,296	109,634,573	213,493,691	98.7%
2007-08	Pending	-	-	-	-	TBD
2006-07	Resolved	33	241,331,223	95,364,816	241,061,743	99.9%
2006-07	Pending	-	-	-	-	TBD
2005-06	Resolved	57	166,634,122	113,962,151	121,109,880	72.7%
2005-06	Pending	-	-	-	-	TBD
2004-05	Resolved	88	216,660,811	129,524,012	169,280,101	78.1%
2004-05	Pending	-	-	-	-	TBD
All Years	Resolved	969	2,225,041,298	1,283,817,183	2,106,709,320	94.7%
All Years	Pending	147	411,850,905	232,673,836	-	-

(1) Settlement of pending and any future appeals would be reflected in the Fiscal Year 2010/11 tax role or future tax roles.

(2) 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.

Source: Riverside County Office of the Assessor as of December 3, 2013; Urban Analytics.

ESTIMATED REVENUES AND BOND RETIREMENT

The Authority 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.

The Project Area base year 1981/82 assessed valuation is \$390,429,692. The assessed valuation for fiscal year 2013-14 is \$3,855,701,064, which produces a total incremental value of \$3,472,904,172. The total Tax Increment Revenues for fiscal year 2013-14 are estimated to be approximately \$34,729,042 and total Tax Revenues are estimated to be approximately \$14,775,259. Table 5 sets forth estimated fiscal year 2013-14 Tax Increment Revenues and Tax Revenues and forecasts growth in Tax Increment Revenues and Pledged Tax Revenues through fiscal year 2034/35, based upon a two percent annual increase in secured real property value beginning in 2013/14. These projections do not reflect changes to 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 in the Project Area. Table 5 also projects annual debt service coverage based on the forecasts of Tax Increment Revenues. See the Fiscal Consultant's Report attached hereto as Appendix A.

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

TABLE 4
Indian Wells Redevelopment Agency
Historical Assessed Valuation and Tax Increment Verification

<u>Roll</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Secured					
- Land	1,384,343,495	1,322,728,566	1,269,299,340	1,296,731,626	1,339,548,386
- Improvements	2,573,870,225	2,443,963,374	2,345,643,822	2,390,765,223	2,480,345,942
- Personal Property	18,756,504	19,181,528	16,491,466	16,586,052	15,599,113
- Exemptions	<u>(9,804,265)</u>	<u>(9,635,479)</u>	<u>(9,140,702)</u>	<u>(8,911,614)</u>	<u>(8,634,080)</u>
Secured Total	3,967,165,959	3,776,237,989	3,622,293,926	3,695,171,287	3,826,859,361
Unsecured					
- Land	-	-	-	-	-
- Improvements	12,393,501	13,157,143	9,418,657	10,027,124	9,217,758
- Personal Property	31,977,333	26,752,092	19,888,339	18,672,602	19,623,945
- Exemptions	<u>(851,793)</u>	<u>(850,236)</u>	-	-	-
Unsecured Total	43,519,041	39,058,999	29,306,996	28,699,726	28,841,703
Utility					
Utility Total	-	-	-	-	-
Totals:	4,010,685,000	3,815,296,988	3,651,600,922	3,723,871,013	3,855,701,064
Percent Change	-3.32%	-4.87%	-4.29%	1.98%	3.54%
Plus: HOPTR AV ⁽¹⁾	0	0	0	0	7,632,800
Less: Base AV	<u>-390,429,692</u>	<u>-390,429,692</u>	<u>-390,429,692</u>	<u>-390,429,692</u>	<u>-390,429,692</u>
Incremental AV:	3,620,255,308	3,424,867,296	3,261,171,230	3,333,441,321	3,472,904,172
Incremental Revenue (1%)	36,202,553	34,248,673	32,611,712	33,334,413	34,729,042
Plus: Additional Revenue ⁽²⁾	<u>790,454</u>	<u>539,942</u>	<u>525,391</u>	<u>569,067</u>	<u>(N.A.)</u>
Tax Increment Collected	36,993,007	34,788,615	33,137,103	33,903,480	(N.A.)

⁽¹⁾ The Homeowner's Property Tax Relief exemption, reimbursed by the state.

⁽²⁾ Revenue from unitary and supplemental rolls, prior-year adjustments and other sources. Fiscal Year 2013-14 unitary revenue is estimated to be \$400,000.

Source: Urban Analytics; County of Riverside, the Agency.

TABLE 5
Estimated Debt Service Coverage
Fiscal Years 2013/14 – 2034/35

Year	Available Tax Increment Revenues ⁽¹⁾	County Admin. Fee	Pass-Through Payments	Net Tax Revenues ⁽²⁾	Debt Service on the Series 2005A Bonds	Debt Service on the Series 2006A Bonds	Debt Service on the Series 2010A Bonds	Total Senior Bonds Debt Service ⁽²⁾	Pledged Tax Revenues	Debt Service on the Series 2014A Bonds*	Debt Service on the Series 2014 A-T Bonds*	Excess Tax Increment*	2014 Debt Service Coverage*
13/14	\$35,129,042	\$(526,936)	\$(19,826,847)	\$14,775,259	\$(1,209,581)	\$(3,595,369)	\$(774,146)	\$(5,579,096)	\$ 9,196,163			\$ 9,196,163	-
14/15	35,302,419	(529,536)	(19,930,293)	14,842,590	(1,209,831)	(3,590,369)	(777,146)	(5,577,346)	9,265,244	\$ 272,889	\$ 3,661,580	5,330,775	2.4x
15/16	36,069,666	(541,045)	(20,388,072)	15,140,549	(1,211,831)	(3,594,169)	(774,546)	(5,580,546)	9,560,003	320,000	4,188,258	5,051,745	2.1x
16/17	36,852,257	(552,784)	(20,855,006)	15,444,467	(1,211,375)	(3,591,369)	(776,546)	(5,579,290)	9,865,177	320,000	4,178,950	5,366,228	2.2x
17/18	37,650,500	(564,757)	(21,331,279)	15,754,463	(1,208,375)	(3,597,169)	(777,946)	(5,583,490)	10,170,973	320,000	4,160,881	5,690,093	2.3x
18/19	38,464,707	(576,971)	(21,817,078)	16,070,659	(1,208,975)	(3,596,169)	(778,746)	(5,583,890)	10,486,769	320,000	4,150,575	6,016,195	2.3x
19/20	39,295,199	(589,428)	(22,312,592)	16,393,179	(1,206,950)	(3,598,569)	(778,576)	(5,584,095)	10,809,084	3,854,375	574,952	6,379,758	2.4x
20/21	40,142,301	(602,135)	(22,818,017)	16,722,150	(1,211,687)	(3,594,169)	(777,214)	(5,583,070)	11,139,080	2,844,375	1,584,442	6,710,264	2.5x
21/22	41,006,345	(615,095)	(23,333,550)	17,057,700	(1,209,300)	(3,598,169)	(774,714)	(5,582,183)	11,475,517		4,437,030	7,038,487	2.6x
22/23	41,887,670	(628,315)	(23,859,394)	17,399,961		(5,813,669)	(776,039)	(6,589,708)	10,810,253		4,428,636	6,381,617	2.4x
23/24	42,786,621	(641,799)	(24,395,755)	17,749,067		(5,815,738)	(776,464)	(6,592,202)	11,156,865			11,156,865	-
24/25	43,703,551	(655,553)	(24,942,843)	18,105,155		(5,812,313)	(780,420)	(6,592,733)	11,512,422			11,512,422	-
25/26	44,638,820	(669,582)	(25,500,872)	18,468,365		(5,812,513)	(777,620)	(6,590,133)	11,878,232			11,878,232	-
26/27	45,592,794	(683,892)	(26,070,063)	18,838,839		(5,815,913)	(773,245)	(6,589,158)	12,249,681			12,249,681	-
27/28	46,565,848	(698,488)	(26,650,637)	19,216,723		(5,817,088)	(772,895)	(6,589,983)	12,626,740			12,626,740	-
28/29	47,558,362	(713,375)	(27,242,822)	19,602,164		(5,810,494)	(780,645)	(6,591,139)	13,011,025			13,011,025	-
29/30	48,570,727	(728,561)	(27,846,852)	19,995,315		(5,816,025)	(771,645)	(6,587,670)	13,407,645			13,407,645	-
30/31	49,603,340	(744,050)	(28,462,962)	20,396,328		(5,812,000)	(776,645)	(6,588,645)	13,807,683			13,807,683	-
31/32	50,656,604	(759,849)	(29,091,394)	20,805,361		(5,818,750)	(769,260)	(6,588,010)	14,217,351			14,217,351	-
32/33	51,730,934	(775,964)	(29,732,394)	21,222,576		(5,810,375)	(780,600)	(6,590,975)	14,631,601			14,631,601	-
33/34	52,826,750	(792,401)	(30,386,215)	21,648,134		(5,818,863)	(73,588)	(5,892,451)	15,755,683			15,755,683	-
34/35	53,944,483	(809,167)	(31,054,761)	22,080,555					22,080,555			22,080,555	-

(1) Indicated amounts reflect the projected Tax Increment Revenues for the indicated years.

(2) Indicated amounts are the projected Tax Revenues for the indicated years.

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

* Preliminary, subject to change.

247
8A

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Bonds and the credit quality of the Agency Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 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 Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

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. Before each six-month period, the Dissolution Act requires the Successor Agency to prepare and submit to the Successor Agency's Oversight Board and the State Department of Finance for approval, a 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. Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee 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 with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

If a successor agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to

8 A

248

the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE BONDS-Security for the Bonds") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011; (ii) second, on each January 2 and June 1, to a successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to a successor agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in its Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight-Board approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted in the Agency Bonds Indenture to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Agency Bonds Indenture to replenish the Reserve Fund, in Recognized Obligation Payment Schedules for each six-month period to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor 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, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Agency Bonds Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a 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 no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance.

8 A

Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Agency Bonds.

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, 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 Agency Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See APPENDIX A - "Report of Fiscal Consultant - Assessment Appeals."

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the 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 XIII A 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

8 A

250

measure is computed on a calendar year basis. Article XIII A 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 2012-13 was 2%. 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 XIII A or will be in an amount less than 2%.

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 Agency Bonds.

Development and Economic Risks

Development within the Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including policies that restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected, potentially causing a reduction of the Pledged Tax Revenues available to repay the Agency Bonds and consequently the Bonds. In addition, if there is a general decline in the economy of the Project Area, the owners of property in the Project Area may be less able or willing to make timely payments of property taxes, causing a delay or stoppage of Pledged Tax Revenues received by the Successor Agency.

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.

Earthquake

There are no known major faults in the Indian Wells 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 Project Area 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 Indian Wells. One fault that could affect the Project Area is the San Andreas Fault, which is located approximately 8 to 10 miles northeast of the City. Other faults in the vicinity of Indian Wells 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 Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the Agency Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and/or interest on the Agency Bonds when due.

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 Agency 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 Agency 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 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 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 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 Bonds.

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.

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.

Future Legislation and Initiatives

Article XIII A, Article XIII B 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's 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 a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective 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 and, potentially, 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 Appendix A - Fiscal Consultant's Report.

Economic Risks

The Agency's ability to make payments on the respective Agency 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 Tax Increment Revenues. In the event of decreased values, Pledged Tax Revenues and, potentially, Revenues may decline even if property owners make timely payment of taxes.

Pass-Through Agreements

The College of the Desert and the Riverside County Office of Education have made claims to the Agency that amounts calculated under the existing pass-through agreements were incorrect and that a different methodology was intended to be employed. Should the two entities prevail in their challenge, there could be an annual increase in pass-through payments to these entities totaling \$760,000. The estimated annual increase could also be applied retroactively to the extent permitted by law. The Successor Agency retained legal counsel for the matters and has responded to the claims of both entities. No further action has been taken since July 30, 2013. See "FISCAL CONSULTANT'S REPORT," herein, and "THE CONSOLIDATED WHITEWATER PROJECT AREA-Pass-Through Agreements," herein.

Investment Risk

Funds held under the Agency Bonds Indenture are required to be invested in Permitted Investments as provided under the Agency Bonds Indenture. See APPENDIX A 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 Agency 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 "BONDOWNER'S RISKS - Bankruptcy."

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the 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 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 opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX F - "Forms of Opinions of Bond Counsel."

8 A

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

Article XIII A of the California Constitution. Section 1(a) of Article XIII A 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 XIII A 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 XIII A 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 XIII A. 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 XIII A. 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 XIII A 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 XIII A 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 XIII A.

Article XIII B of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B 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 XIII B 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 agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B 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 XIII C and XIII D 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 XIII C 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 certainty the outcome of such determination, the Successor Agency does not believe that Proposition 218 will materially affect its ability to pay principal of or interest on the Agency Bonds.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A 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 XIII A (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. Neither the Authority nor the Successor Agency is 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 XIII A 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

There is a question on the applicability of tax increment limits as to time and amounts established under redevelopment plans after the adoption of AB 26 and AB 1484. The matter remains subject to further guidance from the DOF, legislation and interpretation by the courts. If the cumulative tax increment limit is deemed to no longer be applicable, no interruption of tax increment revenue will occur. For purposes of the projections in this Official Statement and in the Fiscal Consultant's Report appearing in Appendix A, it is assumed that all redevelopment plan limits will be enforced.

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.

8 A

255

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.

The Successor Agency has projected the amount of unitary revenues to be allocated for 2013-14 within the Project Area. Neither the Authority nor the Successor Agency can 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.

Tax Increment Limitation; Senate Bill 211

Assembly Bill 1290 ("AB 1290") was signed into law by the Governor in December 1993 and amends various provisions of the Law. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, will pay indebtedness or receive property taxes in connection therewith. In addition, in connection with the shift of tax increment revenues, (i) SB 1045 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Pledged Tax Revenues in the Project Area, by one year, and (ii) SB 1096 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Pledged Tax Revenues, by two years subject to compliance with major housing requirements. The Former Agency has taken such action with respect to SB 1045, and the projections of Pledged Tax Revenues reflect such extensions. Pursuant to the related redevelopment plan, the expiration date of the related redevelopment plan is as described in "THE CONSOLIDATED WHITEWATER PROJECT AREA," herein.

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities. The Former Agency did not extend any of the related redevelopment plan limitations with respect to the respective project area pursuant to SB 211.

Property Taxes; Teeter Plan

The County utilizes a mechanism for the distribution of tax increment revenue to the former 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 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 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 2012-13 fiscal year for all secured properties in the Project Area was 0.9% as of July 17, 2013.

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.

Future Initiatives

Article XIII A, Article XIII B 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 Agency revenues or the Agency's ability to expend revenues.

OTHER INFORMATION

Continuing Disclosure

The Authority will undertake all responsibilities for continuing disclosure to Owners of the Bonds as described below, and will act as Dissemination Agent. The Agency has covenanted in the Agency Bonds Indenture and in a Continuing Disclosure Agreement to prepare and deliver certain other information as described in the Continuing Disclosure Agreement. See the caption "OTHER INFORMATION – Continuing Disclosure" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). [The Authority and the Successor Agency have never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.]

Litigation

At the time of delivery of and payment for the Bonds, the Authority and the Successor Agency, respectively, 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 Authority or the Successor Agency in any way affecting the existence of the Authority or 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 Bonds or the Agency Bonds, the application of the proceeds thereof in accordance with the Indenture or the Agency Bonds Indenture, or the collection or application of Tax Increment Revenues to be pledged to pay the principal of and interest on the Bonds or the Agency Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Agency Bonds, the Indenture, the Agency Bonds Indenture, or any action of the Authority or 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 Authority or the Successor Agency or its authority with respect to the Indenture or the Agency Bonds Indenture or any action of the Authority or the Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority or the Agency or its authority with respect to the Indenture or the Agency Bonds Indenture or any action of the Authority or the Agency contemplated by said documents, or which would adversely affect the exclusion of interest paid on the 2014 Series A Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Authority or the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2014 Series A 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; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. The opinions described in the preceding paragraph are subject to the condition that the Successor Agency and the Authority comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the 2014 Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency and the Authority have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2014 Series A Bonds.

Interest payable on the 2014 Series A-T Bonds will be included in gross income for federal income tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

8 A

258

If the initial offering price to the public (excluding bond houses and brokers) at which a 2014 Series A 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 each 2014 Series A 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. Owners of 2014 Series A Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such 2014 Series A Bonds.

Owners of the 2014 Series A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Series A 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 Bonds other than as expressly described above.

Circular 230 Disclaimer

To ensure compliance with requirements imposed by the IRS, Bond Counsel informs owners of the 2014 Series A-T Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

Legal Opinion

Jones Hall, A Professional Law Corporation, San Francisco, California, will render opinions with respect to the validity of the Bonds in substantially the form set forth in Appendix C hereto. Copies of such approving opinions will be available at the time of delivery of the Bonds.

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the Agency and to the Underwriters a letter in customary form concerning the information set forth in this Official Statement.

Ratings

The Bonds have received the rating of "___" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") with the understanding that upon execution and delivery of the Bonds the Policy insuring the payment when due of the principal and interest on the Bonds will be issued by _____. In addition, S&P has assigned its underlying rating of "___" on the Bonds. Furthermore, S&P has assigned its rating of "___" to the Agency Bonds.

The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that such rating will be retained for any given period of time or that they 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 Bonds.

Underwriting

Citigroup Global Markets, Inc., on behalf of itself and RBC Capital Markets, LLC (collectively, the "Underwriters") have agreed to purchase the 2014 Series A Bonds at a price of \$ _____ (being the principal amount of the Bonds, plus a net original issue premium of \$ _____, less an underwriters' discount of \$ _____) under a Bond Purchase Contract between the Authority and the Underwriters.

8 A

250

The Underwriters have agreed to purchase the 2014 Series A-T Bonds at a price of \$ _____ (being the principal amount of the Bonds, plus a net original issue premium of \$ _____, less an underwriters' discount of \$ _____) under a Bond Purchase Contract between the Authority and the Underwriters.

The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

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.

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

RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY

By: _____ /s/ _____
Executive Director

APPENDIX A
REPORT OF THE FISCAL CONSULTANT

APPENDIX B

GENERAL INFORMATION CONCERNING THE COUNTY OF RIVERSIDE

The following information concerning Riverside County are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

The County. Riverside County (the "County"), which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year round basis.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,255,059 as of January 1, 2013, representing an approximately 0.9% increase over the County's population as estimated for the prior year. During this year, population increase in the cities of Lake Elsinore (4.2%) and Indio (4.0%) in the County ranked among the five fastest growing cities in the State based on percentage of change. For the ten year period of January 1, 2003 to January 1, 2013, the County's population grew by 30.33%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, with a total population of 269,963 as of January 1, 2013. Currently, the growth in the County has tempered due to the economy and in recent years the County's population has grown at a rate close to the statewide average.

The following table sets forth annual population figures, as of January 1 of each year, for cities located within the County for each of the years listed:

**COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)**

<u>CITY</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Banning	28,551	29,507	29,723	30,051	30,170
Beaumont	32,448	36,496	38,966	38,851	39,776
Blythe	21,346	20,873	20,063	20,440	19,606
Calimesa	7,504	7,853	7,910	8,022	8,094
Canyon Lake	11,143	10,528	10,606	10,721	10,768
Cathedral City	52,508	51,037	51,400	52,108	52,337
Coachella	41,043	40,464	41,339	42,030	42,784
Corona	148,770	151,854	153,047	154,985	156,823
Desert Hot Springs	26,584	25,852	27,277	27,721	27,828
Eastvale	-	-	54,090	55,770	57,251
Hemet	74,931	78,335	79,309	80,329	80,877
Indian Wells	5,099	4,941	4,990	5,050	5,081
Indio	82,325	75,122	76,817	78,298	81,393
Jurupa Valley	-	-	-	96,745	97,246
Lake Elsinore	50,324	51,445	52,294	53,183	55,430
La Quinta	43,830	37,307	37,688	38,190	38,401
Menifee	67,819	77,267	79,139	80,831	82,292
Moreno Valley	186,515	192,654	194,451	197,086	198,129
Murrieta	100,835	103,085	104,051	105,300	105,832
Norco	27,189	27,066	26,968	27,123	26,626
Palm Desert	51,570	48,132	48,920	49,619	49,949
Palm Springs	47,653	44,385	44,829	45,414	45,712
Perris	54,387	67,879	69,506	70,391	70,963
Rancho Mirage	16,938	17,168	17,399	17,556	17,639
Riverside	300,769	302,814	306,069	309,407	311,955
San Jacinto	36,521	44,043	44,421	44,937	45,217
Temecula	102,713	99,611	101,255	103,403	104,879
Wildomar	<u>31,374</u>	<u>32,006</u>	<u>32,414</u>	<u>32,818</u>	<u>33,174</u>
TOTALS					
Incorporated	1,650,689	1,677,724	1,754,009	1,876,494	1,896,232
Unincorporated	<u>459,193</u>	<u>501,968</u>	<u>451,722</u>	<u>357,699</u>	<u>358,827</u>
County-Wide	<u>2,109,882</u>	<u>2,179,692</u>	<u>2,205,731</u>	<u>2,234,193</u>	<u>2,255,059</u>
California	38,255,508	37,223,900	37,510,766	37,668,804	37,966,471

Source: State Department of Finance, Demographic Research Unit.

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 and the State for the period 2008 through 2012. Data for year 2013 is not yet available.

**RIVERSIDE COUNTY AND CALIFORNIA
TOTAL EFFECTIVE BUYING INCOME,
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND
PERCENT OF HOUSEHOLDS WITH INCOMES OVER \$50,000⁽¹⁾**

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2008	Riverside County	\$ 40,935,408	\$46,958
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Riverside County	41,337,770	47,080
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Riverside County	38,492,225	44,253
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Riverside County	39,981,683	44,116
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	Riverside County	40,157,310	43,860
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

⁽¹⁾ Estimated.

Source: Nielson Solution Center for 2009 through 2013.

Industry And Employment

The County 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 PMSA ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY⁽¹⁾ (IN THOUSANDS)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Civilian Labor Force ⁽¹⁾	1,776,400	1,775,700	1,799,900	1,795,000	1,805,400
Employment	1,629,800	1,541,900	1,541,700	1,551,500	1,586,800
Unemployment	146,600	233,800	258,200	243,500	218,600
Unemployment Rate	8.3%	13.2%	14.3%	13.6%	12.1%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	15,900	14,900	15,000	14,800	15,100
Mining and Logging	1,200	1,100	1,000	1,100	1,200
Construction	90,700	67,900	59,700	59,100	61,200
Manufacturing	106,900	88,800	85,100	85,500	86,500
Wholesale Trade	54,100	48,900	48,600	50,600	51,300
Retail Trade	168,600	156,200	155,500	160,500	161,700
Transportation, Warehousing and Utilities	70,200	66,800	66,600	69,900	70,800
Information	14,800	14,100	14,000	11,700	11,600
Finance and Insurance	27,400	26,000	25,500	25,700	26,000
Real Estate and Rental and Leasing	18,700	16,600	15,500	14,700	14,800
Professional and Business Services	138,200	125,100	123,400	126,600	126,800
Educational and Health Services	131,800	133,600	133,800	143,100	145,500
Leisure and Hospitality	131,000	123,800	122,800	128,200	129,500
Other Services	40,800	37,300	38,200	40,100	40,400
Federal Government	19,600	20,600	22,700	21,000	20,600
State Government	29,600	29,800	29,300	28,700	28,200
Local Government	181,900	184,900	182,300	175,600	175,700
Total All Industries ⁽²⁾	1,241,200	1,156,400	1,139,000	1,156,900	1,166,700

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

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

Source: State of California Employment Development Department.

The following table sets forth the major employers located in the County as of January 2014:

**COUNTY OF RIVERSIDE
MAJOR EMPLOYERS (Listed Alphabetically)
As of January 1, 2014**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Abbott Vascular	Temecula	Physicians & Surgeons
Corrections Dept	Norco	State Govt-Correctional Institutions
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Medical Ctr	Rancho Mirage	Orthopedic Surgeons
Handsome Rewards	Perris	Internet & Catalog Shopping
Hemet Valley Medical Ctr	Hemet	Hospitals
Hotel at Fantasy Springs	Indio	Casinos
Hub International Ins Svc-Ca	Riverside	Insurance
Inland Valley Medical Ctr	Wildomar	Hospitals
J W Marriott	Palm Desert	Hotels & Motels
Kaiser Permanente	Riverside	Hospitals
La Quinta Golf Course	La Quinta	Golf Courses
La Quinta Resort & Club	La Quinta	Resorts
Morongo Casino Resort & Spa	Cabazon	Casinos
Morongo Tribal Gaming Ent	Banning	Business Management Consultants
Pechanga Resort & Casino	Temecula	Casinos
Professional Hospital Supply	Temecula	Hospital Equipment & Supplies (Wholesale)
Restoration Technologies Inc	Corona	Electronic Equipment & Supplies-Repair
Riverside Community Hospital	Riverside	Hospitals
Riverside County Medical Ctr	Moreno Valley	Clinics
Roupe's Renovations	Wildomar	Remodeling & Repairing Bldg Contractors
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	Gift Shops
Sun World Intl LLC	Coachella	Fruits & Vegetables-Growers & Shippers
Universal Protection Svc	Palm Desert	Security Guard & Patrol Service

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2014 1st edition

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 two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Annual figures are not yet available for 2012.

**COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel Stores	\$ 1,171,013	\$ 1,121,543	\$ 1,293,271	\$1,391,174	\$1,505,821
General Merchandise Stores	3,272,665	3,081,989	2,855,733	2,947,905	3,051,709
Health and Personal Care Stores	320,469	307,947	288,768	292,463	454,268
Food Stores	1,352,609	1,254,366	1,144,235	1,152,507	1,179,649
Packaged Liquor Stores	84,397	98,338	106,981	115,251	125,082
Food Services and Drinking Places	2,388,039	2,340,554	2,266,853	2,317,486	2,473,339
Home Furnishing, Electronics and Appliances	843,945	816,379	858,098	883,109	914,888
Building Materials & Garden Equipment	1,961,911	1,435,337	1,128,595	1,232,145	1,303,073
Auto Dealers & Supplies	4,301,385	3,115,036	2,449,747	2,620,568	3,010,487
Gasoline Stations	2,835,690	3,011,476	2,300,247	2,685,840	3,300,785
Other Retail Stores	<u>2,710,393</u>	<u>2,106,283</u>	<u>1,364,956</u>	<u>1,281,052</u>	<u>1,257,185</u>
Retail Stores Total	\$21,242,516	\$18,689,249	\$16,057,488	\$16,919,500	\$18,576,285
All Other Outlets	<u>7,781,093</u>	<u>7,314,346</u>	<u>6,170,390</u>	<u>6,233,280</u>	<u>7,065,212</u>
Total All Outlets	<u>\$29,023,609</u>	<u>\$26,003,595</u>	<u>\$22,227,878</u>	<u>\$23,152,780</u>	<u>\$25,641,497</u>

Source: California State Board of Equalization, Research and Statistics Division.

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) since 2008.

COUNTY OF RIVERSIDE BUILDING PERMIT VALUATIONS (IN THOUSANDS)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
RESIDENTIAL					
New Single-Family	\$1,214,752	\$ 891,825	\$ 914,058	\$ 647,070.8	\$ 904,156.2
New Multi-Family	243,741	76,717	71,152	113,170.4	87,878.6
Alterations and Adjustments	<u>118,490</u>	<u>85,148</u>	<u>94,429</u>	<u>188,468.9</u>	<u>87,370.5</u>
Total Residential	\$1,576,983	\$1,053,690	\$1,079,639	\$ 948,710.1	\$1,079,405.3
NON-RESIDENTIAL					
New Commercial	\$ 539,944	\$ 94,653	\$ 191,324	\$ 166,714.4	\$ 508,192.8
New Industry	70,411	12,278	6,686	10,000.0	26,432.5
New Other ⁽¹⁾	138,766	107,334	98,105	16,576.8	11,115.5
Alterations & Adjustments	<u>292,694</u>	<u>162,557</u>	<u>243,265</u>	<u>297,356.4</u>	<u>171,263.2</u>
Total Nonresidential	\$1,041,815	\$376,822	\$ 539,380	\$ 490,647.6	\$ 717,004.0
TOTAL ALL BUILDING	<u>\$2,618,798</u>	<u>\$1,430,512</u>	<u>\$1,619,019</u>	<u>\$1,439,357.7</u>	<u>\$1,796,409.3</u>

⁽¹⁾ Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and other non-residential buildings and structures.

Source: Construction Industry Research Board for 2008 through 2011, California Homebuilding Foundation for 2012

COUNTY OF RIVERSIDE NUMBER OF NEW DWELLING UNITS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Single Family	3,815	3,424	4,031	2,659	3,720
Multi-Family	<u>2,104</u>	<u>784</u>	<u>526</u>	<u>1,061</u>	<u>909</u>
TOTAL	<u>5,919</u>	<u>4,208</u>	<u>4,557</u>	<u>3,720</u>	<u>4,629</u>

Source: Construction Industry Research Board for 2008 through 2011, California Homebuilding Foundation for 2012

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**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2007	\$535,000	\$395,000	\$355,000	\$487,000
2008	400,000	260,000	225,000	340,000
2009	320,000	190,000	150,000	270,000
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

The following table sets forth a comparison of home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years indicated.

**COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2007	12,466	12,497	7,746	46,086
2008	35,366	32,443	23,601	125,117
2009	29,943	25,309	19,757	100,106
2010	26,827	20,598	16,757	86,853
2011	25,454	17,381	14,181	77,003
2012	15,259	10,655	9,257	47,323

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, bell peppers, dates, lemons and avocados.

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.

The value of agricultural production in the County for 2007 through 2011 is presented in the following table.

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Citrus Fruits	\$ 121,387,100	\$ 135,759,800	\$ 101,652,000	\$140,501,000	\$119,942,513
Trees and Vines	189,286,500	173,678,000	191,682,600	164,994,000	232,649,262
Vegetables, Melons, Miscellaneous	234,854,700	266,414,900	221,286,700	292,002,200	278,628,295
Field and Seed Crops	94,492,000	123,545,400	69,699,800	81,328,300	149,198,052
Nursery	272,326,200	230,416,200	206,499,900	169,341,300	200,154,964
Apiculture	3,948,900	5,637,000	5,017,600	4,631,700	4,844,400
Aquaculture Products	<u>9,829,200</u>	<u>12,077,700</u>	<u>5,243,900</u>	<u>4,921,700</u>	<u>4,808,250</u>
Total Crop Valuation	\$ 926,124,600	\$ 947,529,000	\$ 801,082,500	\$857,720,200	\$990,225,736
Livestock and Poultry Valuation	<u>338,938,600</u>	<u>321,060,900</u>	<u>214,672,800</u>	<u>235,926,300</u>	<u>292,030,380</u>
Grand Total	<u>\$1,265,063,200</u>	<u>\$1,268,589,900</u>	<u>\$1,015,755,300</u>	<u>\$1,093,646,500</u>	<u>\$1,282,256,116</u>

Source: Riverside County Agricultural Commissioner

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads -- Union Pacific Railroad and the Burlington Northern and Santa Fe Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, service the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by Los Angeles World Airports, a proprietary department of the City of Los Angeles. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of

Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside -- the University of California, Riverside, La Sierra University and California Baptist University.

Environmental Control Services

Water Supply. The County obtains a large part of its water supply from groundwater sources, with certain areas of the County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand and the County's water supply is supplemented by imported water. At the present time, imported water is provided by Metropolitan Water District from the Colorado River via the Colorado River Aqueduct and the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, 80% of the water supply is imported.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Geronio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California. The governor and the state legislature are currently engaged in discussions with respect to a comprehensive state-wide plan with respect to water supply, storage and conveyance, but no assurance can be made that a sustainable solution will be achieved.

Due to the water supply concerns in the County, the Board of Supervisors adopted Ordinance 859.2 - Water Efficient Landscaping Ordinance, which conforms to AB 1881. AB 1881 requires that measures be taken to assure the maintenance and protection of natural resources (water) by requiring that the resources be conserved through the implementation of water efficient landscape practices. As an added measure, the Board of Supervisors amended Policy H-25 requiring the retrofit of public buildings to conform to the requirements of Ordinance 859.2.

Flood Control. Primary responsibility for planning and construction of flood control and drainage systems within the County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District, Storm Water Unit.

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal.

APPENDIX C

**AGENCY AUDITED FINANCIAL STATEMENTS
FOR
FISCAL YEAR ENDED JUNE 30, 2013**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX E

DTC AND THE BOOK ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity (and each individual yield in the case of bifurcated maturities) of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

8A

271

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

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

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

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

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

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

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Bonds. The Authority undertakes no obligation to investigate matters that would enable the Authority to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE AUTHORITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY AND THE UNDERWRITERS ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR AN ERROR OR DELAY RELATING THERETO.

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

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

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

APPENDIX F

FORM OF OPINIONS OF BOND COUNSEL

8A

277

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

8A

278

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of _____, 2014, (this "Disclosure Agreement"), is by and between the RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), and the SUCCESSOR AGENCY TO THE INDIAN WELLS REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the Indian Wells Redevelopment Agency, the "Agency"), in connection with the issuance of the Authority's 2014 Tax Allocation Revenue Bonds, Series 2013 A (the "Authority Series A Bonds") and its 2014 Taxable Tax Allocation Revenue Bonds, Series A-T (Indian Wells Refunding Project) (the "Authority Series B Bonds" and together with the Authority Series A Bonds, the "Authority Bonds") pursuant to an Indenture of Trust, dated as of _____, 2014 (the "Indenture"), between the Authority and Union Bank, N.A., as trustee (the "Authority Trustee"),

WITNESSETH:

WHEREAS, the County of Riverside (the "County") has developed a program (the "Refunding Program") to assist the successor agencies to former community redevelopment agencies within the County to refund tax increment obligations pursuant to California Assembly Bill 1484 (Stats 2012 c. 26) ("AB 1484") in order to provide debt service savings to successor agencies and to increase property tax revenues available for distribution to affected taxing entities, including the County; and

WHEREAS, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing certain local obligations issued by certain local agencies, including tax allocation refunding bonds issued by said successor agencies, as described in Section 34177.5(a)(1) of the California Health and Safety Code; and

WHEREAS, the Authority has determined to issue the Authority Bonds in order to provide funds to acquire issued by the Agency, in order to assist the Agency in refunding certain of its outstanding bonds pursuant to AB 1484; and

WHEREAS, the Agency has issued its Consolidated Whitewater Redevelopment Project Area subordinated Tax Allocation Refunding, Series 2014 A (the "Series A Bonds") and its Consolidated Whitewater Redevelopment Project Area Subordinated Taxable Tax Allocation Refunding, Series A-T (the "Series A-T Bonds," and together with the Series A Bonds, the "Refunding Bonds") pursuant to an Indenture of Trust, dated as of _____, 2014 (the "Indenture"), by and between the Agency and Union Bank, N.A., as trustee (the "Agency Trustee"), as amended or supplemented from time to time in accordance with its terms; and

WHEREAS, such Refunding Bonds will be secured by a pledge of, and lien on, and shall be repaid from Pledged Tax Revenues deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Agency for the benefit of the holders and beneficial owners of the Authority Bonds and in order to assist the underwriters of the Authority Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

8 A

270

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“Annual Report” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Agency’s fiscal year, which date, as of the date of this Disclosure Agreement, is March 1.

“Agency” means the Successor Agency to the Indian Wells Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“Agency Trustee” means Union Bank, N.A., as trustee under the Indenture, or any successor thereto as trustee thereunder, substituted in its place as provided therein.

“Authority” means the Riverside Public Financing Authority duly organized and existing under and pursuant to the laws of the State of California and a Joint Exercise of Powers Agreement, dated as of March 20, 1990, between the County and the Redevelopment Agency for the County of Riverside.

“Authority Trustee” means Union Bank, N.A., as trustee under the Indenture, or any successor trustee substituted in its place as provided therein.

“Bonds” means, collectively, the Authority Bonds and the Refunding Bonds. **“City”** means the City of Indian Wells, California.

“County” means the County of Riverside, a political subdivision of the State of California.

“County Auditor-Controller” means the Auditor-Controller of the County of Riverside.

“Disclosure Representative” means or other as shall designate in writing to the Authority and the Dissemination Agent (if other than the Authority) from time to time.

“Dissemination Agent” means the Authority, acting in its capacity as Dissemination Agent hereunder, or any successor dissemination agent designated in writing by the Authority and which has filed with the Authority and the Agency a written acceptance of such designation.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

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

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

“Project Area” shall have the meaning specified in the Official Statement.

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

Section 2. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2013-14 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Agency, if any, 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, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Authority Bonds by name and CUSIP number. [The Authority shall provide the Agency with the information specified in Exhibit B for inclusion in the Annual Report not later than 30 days prior to the date specified in this subsection (a). **TO BE DISCUSSED**]

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Authority and the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The Agency’s separate audited financial statements, or the City’s audited financial statements including Agency operations as a trust fund, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the audited financial statements, and the audited financial

statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Agency, substantially similar to that provided in the corresponding tables relating to the Agency and the Project Area in the Official Statement (and where not specified by date or period for the preceding fiscal year):

(i) Taxable assessed values for the most recent fiscal year in substantially the format of Table _____ of the Official Statement;

(ii) Pledged Tax Revenues for the most recent fiscal year;

(iii) An update of the ten largest assesseees in substantially the format of Table ___ of the Official Statement for the most recent fiscal year;

(iv) An update of Debt Service Coverage for the Bond Year ending on the immediately preceding September 1 in substantially the format of Table ___ of the Official Statement;

(v) 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;

(vi) Amount of all Agency debt outstanding secured by a pledge of the Tax Increment Revenues and cumulative amount of Tax Increment Revenues received by the Agency to date and, if applicable in furtherance of an Agency covenant regarding Redevelopment Plan Limits, a statement of annual debt service remaining to be paid on all Outstanding Bonds and Parity Obligations and the amount of Tax Increment Revenues which the Agency is permitted to receive under its Redevelopment Plan, the amount of tax increment revenues allocated to the Agency during the one year period covered by the statement, and the amount, if any, to be used or escrowed for use to pay principal and interest on Refunding Bonds and any Parity Debt; and

(vii) [Pertinent information from the recent Recognized Obligation Payment Schedule.]

(viii) Information related to Project Area assessed valuation appeals.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items described above 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 submitted to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Authority to give, or cause to be given, with respect to the Authority Bonds, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Redemptions and Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

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

(b) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Authority to give, or cause to be given, with respect to the Authority Bonds, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.
- (ii) Modifications to rights of holders of the Bonds.
- (iii) Optional, unscheduled or contingent Bond calls.
- (iv) Release, substitution, or sale of property securing repayment of the Bonds.
- (v) Non-payment related defaults.

8 A

283

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Authority shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and the Dissemination Agent and inform such persons of the event.

(d) Whenever the Agency or the Authority obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Agency or the Authority, as applicable shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the Agency or the Authority obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that the occurrence of a Listed Event described in subsection (b) of this Section is material under subsection (d) of this Section, the Agency or the Authority, as applicable shall, or shall cause the Dissemination Agent (if the Authority is not the Dissemination Agent) to, file a notice of the occurrence of such Listed Event with the MSRB within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (a) of this Section and in paragraph (vii) of subsection (a) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Authority Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The obligations of the Agency, the Authority and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Authority Bonds [relating to the Refunding Bonds] or the legal defeasance, prior prepayment or payment in full of all of the Refunding Bonds, if earlier. If such termination occurs prior to the final principal payment date of the Authority Bonds, the Authority shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent (if the Authority is not the Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent (if other than the Authority or the Authority Trustee), with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Authority and the Agency.

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

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsections (a) or (b) of Section 4 hereof, 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 Authority Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Authority Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Authority Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders or beneficial owners of the Authority Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment or waiver 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 shall 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 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other reasonable means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. 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 Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. The parties hereto acknowledge that in the event of a failure of the Authority, the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Authority Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal evidenced by Outstanding Authority Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Authority Trustee), or any holder or beneficial owner of the Authority Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall (so long as the Authority is the Dissemination Agent) be entitled to the protections and limitations from liability afforded to the Authority under the Indenture. The Dissemination Agent shall be not responsible for the form or content of financial statements made part of any Annual Report or notice of Listed Event or for information sourced to the Agency. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Authority or the Authority acting in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Agency shall indemnify and save the Dissemination Agent (if other than the Authority) and the Authority harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or its willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Authority Bonds and the Refunding Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Agency, the Dissemination Agent, the Participating Underwriter and the holder and beneficial owners from time to time of the Authority Bonds, and shall create no rights in any other person or entity.

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

[Balance of this page intentionally left blank.]

8A

286

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY**

By: _____
Treasurer

**SUCCESSOR AGENCY TO THE INDIAN
WELLS REDEVELOPMENT AGENCY**

By: _____
[City Manager]

ACCEPTED AND AGREED:

**RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY, as
Dissemination Agent**

By: _____
Authorized Officer

ACKNOWLEDGED AND AGREED:

UNION BANK, N.A., as Authority Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Riverside County Public Financing Authority

Name of Issue: Riverside County Public Financing Authority
2014 Tax Allocation Revenue Bonds, Series A
(Indian Wells Refunding Project); and Riverside County Public Financing
Authority 2014 Taxable Tax Allocation Revenue Bonds, Series A-T

Obligated Person: Successor Agency to the Indian Wells Redevelopment Agency

Date of Issuance: _____ 2014

NOTICE IS HEREBY GIVEN that the Successor Agency to the [Agency] (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of _____, 2014, by and between the Riverside County Public Financing Authority and the Agency. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

**RIVERSIDE COUNTY PUBLIC
FINANCING AUTHORITY, as
Dissemination Agent, on behalf of the
Successor Agency to the INDIAN WELLS
REDEVELOPMENT AGENCY**

cc: Successor Agency to the Indian Wells Redevelopment Agency

EXHIBIT B

**INFORMATION TO BE ASSEMBLED BY THE
RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY,**

relating to the

**Riverside County Public Financing Authority
2014 Tax Allocation Revenue Bonds, Series A
(Indian Wells Refunding Project)**

and

**Riverside County Public Financing Authority
2014 Taxable Tax Allocation Revenue Bonds, Series A-T
(Indian Wells Refunding Project)**

[TO BE DISCUSSED]

The Authority will provide the following financial information and operating data with respect to the Agency, substantially similar to that provided in the corresponding tables relating to the Agency and the Project Area in the Official Statement:

- (i) Table showing for the most current fiscal year taxable assessed values.
- (ii) Table showing for the most current fiscal year [Tax Increment Revenues].
- (iii) Table showing for the most current fiscal year update of the ten largest assessees.
- (iv) Table showing Debt Service Coverage for the Bond Year ending on the immediately preceding September 1.
- (v) Table showing for the most current fiscal year tax levy, percentage collected, percentage delinquent, total collections and total collections as a percentage of the most recent year's tax levy.
- (vi) Amount of all Agency debt outstanding secured by a pledge of the [Tax Increment Revenues] and cumulative amount of [Tax Increment Revenues] received by the Agency to date [and, if applicable in furtherance of an Agency covenant regarding Redevelopment Plan Limits, a statement of annual debt service remaining to be paid on all Outstanding Bonds and Parity Obligations and the amount of [Tax Increment Revenues] which the Agency is permitted to receive under its Redevelopment Plan, the amount of tax increment revenues allocated to the Agency during the one year period covered by the statement, and the amount, if any, to be used or escrowed for use to pay principal and interest on Bonds and any Parity Debt].
- (vii) [Pertinent information from the recent Recognized Obligation Payment Schedule].
- (viii) [Information related to Project Area assessed valuation appeals].

APPENDIX H
SPECIMEN BOND INSURANCE POLICY

8A

290

APPENDIX I

**STATE DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE BONDS**

8A

291

TABLE OF CONTENTS

Indian Wells RDA
Indian Wells - Consolidated Whitewater - Refunding
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of March 3, 2014

Report	Page
Indian Wells - Consolidated Whitewater - Refunding	
Sources and Uses of Funds	1
Bond Pricing	2
Bond Maturity Table	3
Summary of Refunding Results	4
Savings	5
Series 2014A - Refunding of Series 2003A (Unrefunded)	
Savings	6
Summary of Bonds Refunded	7
Series 2014A-T - Refunding of Series 2003A-T (Taxable)	
Savings	8
Summary of Bonds Refunded	9
Indian Wells - Consolidated Whitewater - Refunding	
Disclaimer	10

SOURCES AND USES OF FUNDS

Indian Wells RDA
 Indian Wells - Consolidated Whitewater - Refunding
 2014 Tax Allocation Refunding Bonds

*** Preliminary - Subject to Change ***

Rates as of March 3, 2014

Sources:	Series 2014A - Refunding of Series 2003A (Unrefunded)	Series 2014A-T - Refunding of Series 2003A-T (Taxable)	Total
Bond Proceeds:			
Par Amount	6,400,000.00	27,295,000.00	33,695,000.00
Premium	948,663.50	-	948,663.50
	<u>7,348,663.50</u>	<u>27,295,000.00</u>	<u>34,643,663.50</u>
Other Sources of Funds:			
Bond Fund	52,815.97	213,538.33	266,354.30
	<u>7,401,479.47</u>	<u>27,508,538.33</u>	<u>34,910,017.80</u>
Uses:			
Refunding Escrow Deposits:			
Cash Deposit	7,227,815.98	26,778,538.33	34,006,354.31
Delivery Date Expenses:			
Cost of Issuance	56,032.05	238,967.95	295,000.00
Underwriter's Discount	32,000.00	136,475.00	168,475.00
Bond Insurance	56,436.06	240,690.99	297,127.05
Surety Policy	26,320.75	112,253.90	138,574.65
	<u>170,788.86</u>	<u>728,387.84</u>	<u>899,176.70</u>
Other Uses of Funds:			
Additional Proceeds	2,874.63	1,612.16	4,486.79
	<u>7,401,479.47</u>	<u>27,508,538.33</u>	<u>34,910,017.80</u>

Notes:

Assumes insured bonds with A- underlying rating

Assumes insurance cost @ 0.75% of total debt service and surety cost @ 4% of reserve requirement

BOND PRICING

Indian Wells RDA
 Indian Wells - Consolidated Whitewater - Refunding
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of March 3, 2014

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Series 2014A - Refunding of Series 2003A (Unrefund, Tax-Exempt A- Serial Bonds:						
	09/01/2019	3,625,000	5.000%	2.020%	115.044	545,345.00
	09/01/2020	<u>2,775,000</u>	5.000%	2.510%	114.534	<u>403,318.50</u>
		6,400,000				948,663.50
Series 2014A-T - Refunding of Series 2003A-T (Taxa, Taxable A- Serial Bonds:						
	09/01/2014	3,065,000	0.200%	0.200%	100.000	-
	09/01/2015	3,510,000	1.070%	1.070%	100.000	-
	09/01/2016	3,550,000	1.720%	1.720%	100.000	-
	09/01/2017	3,605,000	2.360%	2.360%	100.000	-
	09/01/2018	3,690,000	2.860%	2.860%	100.000	-
	09/01/2019	170,000	3.360%	3.360%	100.000	-
	09/01/2020	1,205,000	3.760%	3.760%	100.000	-
	09/01/2021	4,165,000	4.070%	4.070%	100.000	-
	09/01/2022	<u>4,335,000</u>	4.320%	4.320%	100.000	-
		27,295,000				-
		33,695,000				948,663.50

Dated Date	04/24/2014	
Delivery Date	04/24/2014	
First Coupon	09/01/2014	
Par Amount	33,695,000.00	
Premium	948,663.50	
Production	34,643,663.50	102.815443%
Underwriter's Discount	-168,475.00	-0.500000%
Purchase Price	34,475,188.50	102.315443%
Accrued Interest	-	
Net Proceeds	34,475,188.50	

BOND MATURITY TABLE

Indian Wells RDA
 Indian Wells - Consolidated Whitewater - Refunding
 2014 Tax Allocation Refunding Bonds

*** Preliminary - Subject to Change ***

Rates as of March 3, 2014

Maturity Date	Series 2014A - Refunding of Series 2003A (Unrefunded)	Series 2014A-T - Refunding of Series 2003A-T (Taxable)	Total
09/01/2014	-	3,065,000	3,065,000
09/01/2015	-	3,510,000	3,510,000
09/01/2016	-	3,550,000	3,550,000
09/01/2017	-	3,605,000	3,605,000
09/01/2018	-	3,690,000	3,690,000
09/01/2019	3,625,000	170,000	3,795,000
09/01/2020	2,775,000	1,205,000	3,980,000
09/01/2021	-	4,165,000	4,165,000
09/01/2022	-	4,335,000	4,335,000
09/01/2023	-	-	-
09/01/2024	-	-	-
09/01/2025	-	-	-
09/01/2026	-	-	-
09/01/2027	-	-	-
09/01/2028	-	-	-
09/01/2029	-	-	-
09/01/2030	-	-	-
09/01/2031	-	-	-
09/01/2032	-	-	-
09/01/2033	-	-	-
09/01/2034	-	-	-
09/01/2035	-	-	-
09/01/2036	-	-	-
09/01/2037	-	-	-
09/01/2038	-	-	-
09/01/2039	-	-	-
09/01/2040	-	-	-
09/01/2041	-	-	-
09/01/2042	-	-	-
09/01/2043	-	-	-
09/01/2044	-	-	-
	6,400,000	27,295,000	33,695,000

SUMMARY OF REFUNDING RESULTS

Indian Wells RDA
 Indian Wells - Consolidated Whitewater - Refunding
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of March 3, 2014

	Series 2014A - Refunding of Series 2003A (Unrefunded)	Series 2014A-T - Refunding of Series 2003A-T (Taxable)	Total
Dated Date	04/24/2014	04/24/2014	04/24/2014
Delivery Date	04/24/2014	04/24/2014	04/24/2014
Arbitrage Yield	3.331161%	3.331161%	3.331161%
Escrow Yield	-	-	-
Value of Negative Arbitrage	-	-	-
Bond Par Amount	6,400,000.00	27,295,000.00	33,695,000.00
True Interest Cost	2.338396%	3.547119%	3.241058%
Net Interest Cost	2.524724%	3.573269%	3.322364%
All-In TIC	2.715406%	4.116011%	3.759555%
Average Coupon	5.000000%	3.457346%	3.826486%
Average Life	5.786	4.313	4.593
Par amount of refunded bonds	7,175,000.00	26,565,000.00	33,740,000.00
Average coupon of refunded bonds	5.000000%	5.460000%	5.362688%
Average life of refunded bonds	4.674	4.705	4.699
PV of prior debt	7,730,675.51	29,168,793.31	36,899,468.82
Net PV Savings	722,913.75	1,568,151.11	2,291,064.86
Percentage savings of refunded bonds	10.075453%	5.903072%	6.790352%
Percentage savings of refunding bonds	11.295527%	5.745195%	6.799421%

SAVINGS

Indian Wells RDA
 Indian Wells - Consolidated Whitewater - Refunding
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of March 3, 2014

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 04/24/2014 @ 3.3311608%
09/01/2014	3,919,599.50	266,354.30	3,653,245.20	3,425,950.40	227,294.80	221,574.81
09/01/2015	4,827,570.00	-	4,827,570.00	4,527,036.50	300,533.50	292,419.27
09/01/2016	4,827,093.00	-	4,827,093.00	4,529,479.50	297,613.50	279,190.60
09/01/2017	4,822,495.00	-	4,822,495.00	4,523,419.50	299,075.50	270,542.65
09/01/2018	4,823,503.00	-	4,823,503.00	4,523,341.50	300,161.50	261,941.77
09/01/2019	4,824,298.00	-	4,824,298.00	4,522,807.50	301,490.50	253,889.27
09/01/2020	4,819,357.00	-	4,819,357.00	4,520,845.50	298,511.50	243,068.35
09/01/2021	4,823,407.00	-	4,823,407.00	4,521,787.50	301,619.50	237,365.99
09/01/2022	4,820,379.00	-	4,820,379.00	4,522,272.00	298,107.00	226,585.36
	42,507,701.50	266,354.30	42,241,347.20	39,616,939.90	2,624,407.30	2,286,578.07

Savings Summary

PV of savings from cash flow	2,286,578.07
Plus: Refunding funds on hand	4,486.79
Net PV Savings	2,291,064.86

SAVINGS

Indian Wells RDA
Series 2014A - Refunding of Series 2003A (Unrefunded)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 04/24/2014 @ 3.3311608%
09/01/2014	829,375.00	52,815.97	776,559.03	112,888.89	663,670.14	655,368.11
09/01/2015	1,011,250.00	-	1,011,250.00	320,000.00	691,250.00	661,086.58
09/01/2016	1,012,000.00	-	1,012,000.00	320,000.00	692,000.00	640,032.95
09/01/2017	1,011,000.00	-	1,011,000.00	320,000.00	691,000.00	618,069.98
09/01/2018	1,008,250.00	-	1,008,250.00	320,000.00	688,250.00	595,330.35
09/01/2019	1,008,750.00	-	1,008,750.00	3,945,000.00	-2,936,250.00	-2,461,307.76
09/01/2020	1,007,250.00	-	1,007,250.00	2,913,750.00	-1,906,500.00	-1,545,577.22
09/01/2021	1,008,750.00	-	1,008,750.00	-	1,008,750.00	791,813.15
09/01/2022	1,008,000.00	-	1,008,000.00	-	1,008,000.00	765,222.97
	8,904,625.00	52,815.97	8,851,809.03	8,251,638.89	600,170.14	720,039.12

Savings Summary

PV of savings from cash flow	720,039.12
Plus: Refunding funds on hand	2,874.63
Net PV Savings	722,913.75

SUMMARY OF BONDS REFUNDED

Indian Wells RDA
Series 2014A - Refunding of Series 2003A (Unrefunded)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Indian Wells RDA - Series 2003A (Unrefunded):					
SERIAL	09/01/2014	5.000%	650,000.00	04/24/2014	100.000
	09/01/2015	5.000%	685,000.00	04/24/2014	100.000
	09/01/2016	5.000%	720,000.00	04/24/2014	100.000
	09/01/2017	5.000%	755,000.00	04/24/2014	100.000
	09/01/2018	5.000%	790,000.00	04/24/2014	100.000
	09/01/2019	5.000%	830,000.00	04/24/2014	100.000
	09/01/2020	5.000%	870,000.00	04/24/2014	100.000
	09/01/2021	5.000%	915,000.00	04/24/2014	100.000
	09/01/2022	5.000%	960,000.00	04/24/2014	100.000
			7,175,000.00		

SAVINGS

Indian Wells RDA
Series 2014A-T - Refunding of Series 2003A-T (Taxable)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 04/24/2014 @ 3.3311608%
09/01/2014	3,090,224.50	213,538.33	2,876,686.17	3,313,061.52	-436,375.35	-433,793.30
09/01/2015	3,816,320.00	-	3,816,320.00	4,207,036.50	-390,716.50	-368,667.30
09/01/2016	3,815,093.00	-	3,815,093.00	4,209,479.50	-394,386.50	-360,842.35
09/01/2017	3,811,495.00	-	3,811,495.00	4,203,419.50	-391,924.50	-347,527.33
09/01/2018	3,815,253.00	-	3,815,253.00	4,203,341.50	-388,088.50	-333,388.58
09/01/2019	3,815,548.00	-	3,815,548.00	577,807.50	3,237,740.50	2,715,197.03
09/01/2020	3,812,107.00	-	3,812,107.00	1,607,095.50	2,205,011.50	1,788,645.56
09/01/2021	3,814,657.00	-	3,814,657.00	4,521,787.50	-707,130.50	-554,447.16
09/01/2022	3,812,379.00	-	3,812,379.00	4,522,272.00	-709,893.00	-538,637.61
	33,603,076.50	213,538.33	33,389,538.17	31,365,301.02	2,024,237.15	1,566,538.95

Savings Summary

PV of savings from cash flow	1,566,538.95
Plus: Refunding funds on hand	1,612.16
Net PV Savings	1,568,151.11

SUMMARY OF BONDS REFUNDED

Indian Wells RDA
Series 2014A-T - Refunding of Series 2003A-T (Taxable)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Indian Wells RDA - Series 2003A-T (Taxable):					
TERM	09/01/2022	5.460%	26,565,000.00	04/24/2014	100.000
			26,565,000.00		

DISCLAIMER

Indian Wells RDA
Indian Wells - Consolidated Whitewater - Refunding
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of March 3, 2014

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This presentation is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate us to enter into such a commitment, nor are we acting as a fiduciary to you. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a 'Transaction').

Prior to entering into any Transaction, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such Transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any Transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any Transaction) and our disclaimer as to these matters. By acceptance of these materials, you and we hereby agree that from the commencement of discussions with respect to any Transaction, and notwithstanding any other provision in this presentation, we hereby confirm that no participant in any Transaction shall be limited from disclosing the U.S. tax treatment or U.S. tax structure of such Transaction.

IRS Circular 230 Disclosure: Citigroup, Inc. and its affiliates do not provide tax or legal advice. Any discussion of tax matters in these materials (i) is not intended or written to be used, and cannot be used or relied upon, by you for the purpose of avoiding any tax penalties and (ii) may have been written in connection with the 'promotion or marketing' of the Transaction. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

We are required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with us. We will ask for your complete name, street address, and taxpayer ID number. We may also request corporate formation documents, or other forms of identification, to verify information provided.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration, are subject to change at any time without notice and are not intended as a solicitation with respect to the purchase or sale of any instrument. The information contained in this presentation may include results of analyses from a quantitative model which represent potential future events that may or may not be realized, and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute our judgment as of the date hereof and are subject to change without any notice. We and/or our affiliates may make a market in these instruments for our customers and for our own account. Accordingly, we may have a position in any such instrument at any time.

Citi maintains a policy of strict compliance to the anti-tying provisions of the U.S. Bank Holding Company Act of 1956, as amended, and the regulations issued by the Federal Reserve Board implementing the anti-tying rules (collectively, the 'Anti-tying Rules'). Moreover, our credit policies provide that credit must be underwritten in a safe and sound manner and be consistent with Section 23B of the Federal Reserve Act and the requirements of federal law. Consistent with these requirements and our Anti-tying Policy:

The extension of commercial loans or other products or services to you by Citibank, N.A. ('Citibank') or any of its subsidiaries will not be conditioned on your taking other products or services offered by Citibank or any of its subsidiaries or affiliates, unless such a condition is permitted under an exception to the Anti-tying Rules.

We will not vary the price or other terms of any product or service offered by Citibank or its subsidiaries on the condition that you purchase another product or service from Citibank or any Citi affiliate, unless we are authorized to do so under an exception to the Anti-tying Rules.

We will not require you to provide property or services to Citibank or any affiliate of Citibank as a condition to the extension of a commercial loan to you by Citibank or any of its subsidiaries, unless such a requirement is reasonably required to protect the safety and soundness of the loan.

We will not require you to refrain from doing business with a competitor of Citi or any of its affiliates as a condition to receiving a commercial loan from Citibank or any of its subsidiaries, unless the requirement is reasonably designed to ensure the soundness of the loan.

Although this material may contain publicly available information about Citi corporate bond research or economic and market analysis, Citi policy (i) prohibits employees from offering, directly or indirectly, a favorable or negative research opinion or offering to change an opinion as consideration or inducement for the receipt of business or for compensation; and (ii) prohibits analysts from being compensated for specific recommendations or

8A

DISCLAIMER

Indian Wells RDA
Indian Wells - Consolidated Whitewater - Refunding
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of March 3, 2014

views contained in research reports. So as to reduce the potential for conflicts of interest, as well as to reduce any appearance of conflicts of interest, Citi has enacted policies and procedures designed to limit communications between its investment banking and research personnel to specifically prescribed circumstances.

Copyright 2010 Citigroup Global Markets Inc. Member SIPC. All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

8A

Community Activities Budget

As of 2-17-14

Current Budget Per each Event	Budget	Income	Event Costs	Total	Remaining
Opening Patio Party			\$16,581	\$16,581	
Pavilion Party (603 @\$10)		\$6,190	\$25,274	\$19,084	
Patio Party #3 cancelled per committee			\$0	\$0	
Veterans			\$14,173	\$14,173	
WildLights			\$1,000	\$1,000	
Sunnylands (62 @\$35)		\$2,170	\$2,450	\$280	
Follies		\$2,040	\$2,040	\$0	
Galen Tour			\$300	\$300	
Polo (188@\$45)		\$8,460	\$8,460	\$0	
Golf Tournament (100 @\$100)		\$10,000	\$15,000	\$5,000	
Memorial Day - estimated cost			\$6,500	\$6,500	
Total	\$71,430	\$28,860	\$91,778	\$62,918	\$8,512

At Dais, Item ^{Revised} ~~Cancelled~~