PRELIMINARY OFFICIAL STATEMENT DATED ________, 2020

NEW ISSUE—BOOK-ENTRY ONLY **RATING: S&P: "_____"**
(See "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but interest on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

$_______*
CITY OF COACHELLA
TAXABLE PENSION OBLIGATION BONDS
SERIES 2020

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

The City of Coachella (the "City") is issuing its $__________ Taxable Pension Obligation Bonds, Series 2020 (the "Bonds"), pursuant to a Trust Agreement, dated as of _________ 1, 2020, by and between the City and Wilmington Trust, N.A., as trustee, and pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Bonds are being issued to: (i) pay the City's currently unamortized, unfunded accrued liability ("Unfunded Liability") to the California Public Employees' Retirement System ("CalPERS") for the benefit of the City's employees, and (ii) pay costs of issuance of the Bonds. See "PLAN OF REFINANCING" herein.

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"). See "THE BONDS—General" herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The interest on the Bonds is payable semiannually on January 1 and July 1 (each an "Interest Payment Date") of each year, commencing July 1, 2021, through the maturity date of such Bonds. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Bonds will be issued in such principal amounts, and will bear interest at the rates, payable on the dates as shown on the inside front cover of this Official Statement.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS" herein.

THE OBLIGATIONS OF THE CITY UNDER THE BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF THE INTEREST ON AND THE PRINCIPAL OF THE BONDS WHEN DUE OR UPON PRIOR REDEMPTION, ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

This cover page and the inside front cover page contain information for reference only. They are not a summary of this issue. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued, and received by the Underwriter, subject to approval as to their legality by Stradling Carlson Yocca & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel to the City. Certain additional matters will be passed upon by Nixon Peabody LLP, as Disclosure Counsel to the City. Certain other legal matters will be passed upon for the City by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California and for the Trustee by its counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about ___________, 2020.

[RAMIREZ LOGO]

Dated: _________, 2020

____

* Preliminary; subject to change.

$________
CITY OF COACHELLA
TAXABLE PENSION OBLIGATION BONDS
SERIES 2020

MATURITY SCHEDULE

Base CUSIP†: ________

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

$_________ _____% Term Bond due July 1, 20____; Yield ______%; Price ________%; CUSIP†: _______

$_________ _____% Term Bond due July 1, 20____; Yield ______%; Price ________%; CUSIP†: _______

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

CITY OF COACHELLA
COUNTY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Steven Hernandez, *Mayor*
Emmanuel Martinez, *Mayor Pro-Tem*
Philip "Felipe" Bautista, *Council Member*
Megan Beaman Jacinto, *Council Member*
Josie Gonzalez, *Council Member*

CITY OFFICIALS

Arturo Aviles, *Treasurer*
William Pattison, *City Manager**
Nathan Statham, *Finance Director*
Angela M. Zepeda, *City Clerk*
Best Best & Krieger LLP, *City Attorney*

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

BOND COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

DISCLOSURE COUNSEL

Nixon Peabody LLP
Los Angeles, California

TRUSTEE

Wilmington Trust, N.A.
Costa Mesa, California

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* [Discuss Mr. Pattison's announcement regarding retirement.]

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. The information set forth herein has been obtained from sources which are believed to be current and reliable. This information and the expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. Estimates and opinions are included and should not be interpreted as statements of facts. Summaries of documents do not purport to be complete statements of their provisions and such summaries are qualified by references to the entire contents of the summarized documents.

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 a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

This Official Statement is not to be construed as a contract with the purchasers of any of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. Reference is hereby made to such documents on file with the City for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not reproduced or used, in whole or in part, for any other purpose.

NONE OF THE BONDS HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. NONE OF THE BONDS HAVE BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Forward-looking statements in this Official Statement are subject to risks and uncertainties. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when expectations or events, conditions or circumstances on which such statements are based occur.

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OFFICIAL STATEMENT

$_________[*]
CITY OF COACHELLA
TAXABLE PENSION OBLIGATION BONDS
SERIES 2020

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement provides certain information concerning the issuance, sale and delivery of the City of Coachella Taxable Pension Obligation Bonds, Series 2020 (the "Bonds"), in the aggregate principal amount of $_________. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Trust Agreement (the "Trust Agreement"), dated as of __________ 1, 2020, by and between the City of Coachella (the "City") and Wilmington Trust, N.A., as trustee (the "Trustee"). For definitions of certain words and terms used but not otherwise defined herein, see APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The City is a member of the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California (the "State"), including the City. As such, the City is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract between the Board of Administration of CalPERS and the City Council of the City, effective ____________, as such contract has been amended from time-to-time (as amended, the "CalPERS Contract"), to make contributions to CalPERS to (a) fund pension benefits for City employees who are members of CalPERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for such purposes. The City participates in two retirement plans (with tiers within such plans) under the CalPERS Contract. The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), to issue bonds for the purpose of refunding obligations evidenced by the CalPERS Contract. The Bonds are authorized and issued pursuant to the Trust Agreement and a resolution of issuance adopted by the City Council of the City (the "Council") on June 24, 2020 (the "Resolution"). The proceeds from the sale of the Bonds (exclusive of costs of issuance) will be used to refund the City's obligations to CalPERS evidenced by the two retirement plans in which the City participates pursuant to the CalPERS Contract and representing the current unamortized, unfunded accrued liability (the "Unfunded Liability") with respect to certain pension benefits under the Retirement Law.

The obligations of the City under the CalPERS Contract and the Bonds, including the City's obligation to make all payments of interest and principal when due, are absolute and unconditional, without

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[*] Preliminary; subject to change.

any right of set-off or counterclaim. The Bonds are not limited as to payment to any special source of funds of the City.

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Validation

On September 25, 2020, a default judgment (the "Validation Judgment") was entered by the Superior Court of the State of California for the County of Riverside in the case entitled City of Coachella v. All Persons Interested et al., (Case No. PSC2002998). The Validation Judgment was entered in connection with an action which was initiated by the City in connection with the issuance of City pension obligation bonds, including the Bonds. See "VALIDATION."

No Reserve Fund

The City has not funded a reserve fund in connection with the issuance of the Bonds.

Continuing Disclosure

The City has covenanted for the benefit of the Holders of the Bonds to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access platform (EMMA) certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule"). See "APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT" for a description of the specific nature of the annual report and notices of enumerated events and a summary description of the terms of the Disclosure Certificate pursuant to which such reports are to be made. The City and its related entities have entered into previous undertakings to provide continuing disclosure pursuant to the Rule. See "CONTINUING DISCLOSURE" herein.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The City is not obligated to issue any updates or revisions to the forward-looking statements if, or when, its expectations, or events, conditions or circumstances on which such statements are based change.

Miscellaneous

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Included herein are brief summaries of the Trust Agreement and certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" attached hereto. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Holders of the Bonds. Copies of the documents are on file and available for inspection at the corporate trust office of the Trustee in Costa Mesa, California. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as the Trust Agreement. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" attached hereto for definitions of certain words and terms used by not otherwise defined herein.

THE BONDS

General

The Bonds will be issued 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, in the denominations hereinafter set forth. 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 and interest to DTC Participants for subsequent disbursement to Beneficial Owners (herein defined) of the Bonds. See APPENDIX F—"BOOK-ENTRY SYSTEM" herein.

The Bonds will be dated the date of delivery, mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside front cover page of this Official Statement. The Bonds will be delivered in denominations equal to $5,000 or any integral multiple thereof. Interest on the Bonds will be payable on each January 1 and July 1, commencing July 1, 2021, by check mailed by first class mail on such interest payment date to such registered holders at the address shown on the registration books maintained by the Trustee; provided, however, that any Holder of at least $1,000,000 in aggregate principal amount of Bonds may be paid interest by wire transfer upon written request submitted to the Trustee prior to the Record Date immediately preceding the applicable Interest Payment Date. "Record Date" means the fifteenth day of each calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

Optional Redemption of the Bonds

The Bonds maturing on or after July 1, 20___ may be redeemed at the option of the City from any source of funds on any date on or after July 1, 20___ in whole or in part from such maturities as are selected by the City at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of the Bonds

The Bonds maturing July 1, 20___ (the "20___ Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date, without premium. The 20___ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (July 1)	*Principal Amount*

The Bonds maturing July 1, 20___ (the "20___ Term Bonds" and together with the 20___ Term Bonds, the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date, without premium. The 20___ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (July 1)	*Principal Amount*

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption pro-rata from all Term Bonds an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and shall call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth day next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. In the event that the Term Bonds are optionally redeemed, in part, the foregoing mandatory sinking fund payments will be reduced as nearly as practicable on a pro-rata basis in integral multiples of $5,000.

Notice of Redemption

Notice of redemption shall be given by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to (i) above shall be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee. Notwithstanding the foregoing, so long as DTC is acting as securities depository for the Bonds, notice of redemption will be given by sending copies of such notice to DTC (and not to the Beneficial Owners of the Bonds designated for redemption).

Each notice of redemption shall state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or part. Each such notice shall also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon shall cease to accrue. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

Failure to give the notices described in the Trust Agreement or any defect therein shall not in any manner affect the redemption of any Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

The City shall have the right to rescind any notice of optional redemption previously sent pursuant to the Trust Agreement. Any such notice of rescission shall be sent in the same manner as the notice of redemption. Neither the City nor the Trustee shall incur any liability, to Bondholder, DTC, or otherwise, as a result of a rescission of a notice of redemption.

Selection of Bonds for Redemption

Bonds are subject to redemption pro rata within a maturity. So long as DTC is securities depository for the Bonds, there will be only one registered owner and neither the City nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of Bonds. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Bond Payments

The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any and interest when due, are absolute and unconditional, without any right of set-off or counterclaim.

The Trust Agreement requires that the City: (i) no later than the Closing Date, deliver funds to the Trustee for deposit to the Revenue Fund (as defined below) in an aggregate amount equal to the Deposit Amount for the first Payment Calculation Period, and (ii) no later than July 31 of each year beginning in 2021, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the aggregate amount of principal and interest required to be paid on the Bonds (the "Deposit Amount") (less amounts on deposit in the Revenue Fund) for the Payment Calculation Period in which such July 31 falls. No assurance can be given as to the amount and source of money available in the City treasury for such transfer at any particular time. However, the Trust Agreement provides that the City shall punctually pay the interest on and the principal of and premium, if any, to become due on the Bonds.

"Payment Calculation Period" means the twelve-month period commencing on each July 2 and ending on the next succeeding July 1, except that the first Payment Calculation Period shall commence on the Closing Date and end on July 1, 2021.

From time to time, the City may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Bonds or to refund any Unfunded Liability under the CalPERS Contract, any other obligations due to CalPERS, or any bonds issued to refund the Unfunded Liability. Such Additional Bonds may be issued on a parity with the Bonds.

Revenue Fund

The Trust Agreement creates the "City of Coachella Taxable Pension Obligation Bonds, Series 2020 Revenue Fund" (the "Revenue Fund") and a "Bond Interest Account" and "Bond Principal Account" therein.

All amounts received by the Trustee from the City in respect of interest payments on the Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account shall be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City shall promptly deposit funds to such Account to cure such deficiency. On July 2 of each year beginning in 2021, so long as no Event of Default under the Trust Agreement has occurred and is continuing, the Trustee shall wire transfer all amounts on deposit in the Bond Interest Account to the City to be used for any lawful purpose.

All amounts received by the Trustee from the City in respect of principal payments on the Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City shall promptly deposit funds to such Account to cure such deficiency.

The moneys in such Revenue Fund and the accounts therein shall be held by the Trustee in trust and applied as provided in the Trust Agreement and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under the Trust Agreement.

As described above, the City may issue Additional Bonds under the Trust Agreement. In the event the City issues Additional Bonds under the Trust Agreement, amounts on deposit in the Revenue Fund and the accounts therein will secure the Bonds and such Additional Bonds on a parity basis.

Limited Obligations

THE BONDS ARE GENERAL OBLIGATIONS OF THE CITY PAYABLE FROM ANY LAWFULLY AVAILABLE FUNDS OF THE CITY AND ARE NOT LIMITED AS TO PAYMENT TO ANY SPECIAL SOURCE OF FUNDS OF THE CITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City will in each Fiscal Year include in its budget a provision to provide funds in an amount sufficient to pay the principal, premium, if any, and interest on the Bonds coming due in such Fiscal Year, but only to the extent that such amounts exceed the amount of available funds then on deposit in the Revenue Fund, and shall make annual appropriations for all such amounts. If such principal, premium, if any, and interest on the Bonds coming due in any Fiscal Year exceeds the sum of amounts budgeted in respect thereof together with amounts then on deposit in the Revenue Fund, then the City will amend or supplement the budget to provide for such excess amounts.

PLAN OF REFINANCING

On September 25, 2020, the Superior Court of the State of California in and for the County of Riverside (the "County") entered a default judgment to the effect, among other things, that (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability and its normal annual contributions for a fiscal year by issuing bonds and applying the proceeds of bonds to the retirement of the its Unfunded Liability and payment of its current year normal annual contributions.

CalPERS has notified the City as to the amount of the Unfunded Liability based on the June 30, 2018 actuarial valuation, which is the most recent actuarial valuation performed by CalPERS for the City's Miscellaneous Plan and Safety Plan. Based on the June 30, 2018 actuarial valuation as reported by CalPERS to the City, CalPERS has projected the City's total Unfunded Liability under the CalPERS Contract to be $________ as of ____________, consisting of $_________ with respect to the City's Miscellaneous Plans and $________ with respect to the City's Safety Plan. The Bonds are being issued to finance the [total] Unfunded Liability as of __________. Upon the issuance of the Bonds, the City will pay $__________ to CalPERS for deposit to the CalPERS Payment Fund. [With this deposit, the City will have fully funded its Unfunded Liability as of _________ and will not be required to make any further payments to CalPERS with respect to the Unfunded Liability refinanced by the Bonds.] It is possible that CalPERS will determine at a future date that an additional unfunded liability exists that is attributable to the City if actual plan experience differs from the current actuarial estimates.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are estimated to be applied as set forth below.

Estimated Sources of Funds
Principal Amount of Bonds
Total Sources of Funds

Estimated Uses of Funds
Funding of the Unfunded Liability and normal annual contribution(1)
Costs of Issuance(2)
Total Uses of Funds

(1) Deposit to CalPERS Payment Fund. See "PLAN OF REFINANCING" herein.
(2) Includes Underwriter's discount, rating fees, legal fees, printing costs, trustee fees and other costs of issuance deposited in the Costs of Issuance Fund.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required to be made available for the payment of principal of the Bonds, at maturity or by mandatory sinking fund redemption, for the payment of interest on the Bonds, and for the total debt service on the Bonds, assuming no optional redemption occurs prior to maturity.

Year Ending July 1	***Principal***	***Interest***	***Total***
Total			

THE CITY

General

The City is located in the center of the County at the east end of the Coachella Valley, approximately 134 miles east of Los Angeles and 30 miles southeast of Palm Springs. The City covers an area in excess of 28 square miles and had a population of approximately 47,186 as of January 2020. Interstate 10 and State Routes 86 and 111 traverse the City. The City was incorporated in 1946 and is a general law city operating under a council-manager form of government. Further information concerning the City is set forth below and in Appendix B.

Government and Administration

The City operates under a council-manager form of government, which consists of a Mayor, Mayor Pro-Tem, three Councilmembers and the City Manager. The position of Mayor is independently elected every two years, while the position of Mayor Pro-Tem is rotated among the other elected Councilmembers. The five City Council members are elected at large for staggered four-year terms.

The City Manager, appointed by the City Council, serves as the City's chief administrative officer and is responsible for the management of all City services and oversees the daily operations of City departments. Functions of the City Manager's Office include implementation and administration of policies and programs adopted by the City Council and the preparation of the annual budget.

Bill Pattison is the City Manager. Mr. Pattison was appointed City Manager in January 2017. Prior to being appointed City Manager, Mr. Pattison was the Finance Director of the City, overseeing the City's finance, accounting, accounts payable, billing, payroll processing, employee insurance, budget reporting and bond issuance functions. Mr. Pattison was appointed Finance Director in August 2010. Prior to joining the City, Mr. Pattison worked for the Town of Apple Valley from 2007 through 2010 as an Assistant Town Manager, and as the Finance Director for the City of Hemet from 2000 through 2007. Mr. Pattison has a Bachelor of Science Degree and a Master of Business Administration from California State University, San Bernardino and is a licensed Certified Public Accountant in the State of California.

Nathan Statham is the City's Finance Director. Mr. Statham was appointed Finance Director in March of 2020 and oversees the City's finance, accounting, accounts payable, billing, payroll processing, budgeting, bond issuance and financial reporting functions. Prior to joining the City, Mr. Statham filled an equivalent roll for the City of La Verne from January 2018 through March 2020. From January 2012 through December 2017 Mr. Statham was a municipal auditor with the audit firm Rogers, Anderson, Malody and Scott, LLP. Mr. Statham has a Bachelor Degree and Master of Business Administration from California State University, San Bernardino and is a licensed Certified Public Accountant in the State of California.

City Employees

The City had approximately 72 full-time equivalent employees as of June 30, 2020, including employees of the Coachella Water Authority and the Coachella Sanitary District, which provide water and wastewater service, respectively, to City residents. Most of the City's employees are represented by the Coachella City Employees Association (the "**Union**"), with relations between the Union and the City governed by a memorandum of understanding (the "**MOU**"). The current MOU extends through June 30, 2021. Certain management and confidential employees are exempt from collective bargaining. Compensation for such employees is governed by the resolution of the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City provides code enforcement, development services, economic development, park and street maintenance, planning and zoning and engineering services to City residents. Police protection is provided by contract with the Riverside County Sheriff's Office, fire protection is provided by contract with the Riverside County Fire Department, library services are provided by the Riverside County Library System, electricity service is provided by the Imperial Irrigation District, refuse collection is provided by contract with Burrtec Waste and Recycling Services, public transit is provided by contract with Sunline Transit Agency and cable television service is provided by Time Warner Cable. Water and wastewater services are provided through the Coachella Water Authority and the Coachella Sanitary District, which are legally separate component units of the City for which the City Council serves as the board of directors.

CITY FINANCIAL INFORMATION

Overview

The following is a description of the City's budget process, current budget, historical budget information, changes in fund balance, balance sheets, major revenues and expenditures, indebtedness, investments and certain other financial information relating to the City.

The City's audited financial statements along with accompanying notes and opinions from the Auditor for the Fiscal Year ended June 30, 2019, which is the City's most recent audited Fiscal Year, are set forth in

Appendix A. The City's financial statements are public documents and are included within this Official Statement without the prior approval the Auditor. Accordingly, the Auditor has not performed any post-audit analysis of the financial condition of the City.

Included in the City's audited financial statements is the City Management's Discussion and Analysis, which is not audited, but is supplementary information required by the Governmental Accounting Standards Board ("**GASB**"). Management's Discussion and Analysis presents a summary and overview of the City's financial condition. Management's Discussion and Analysis should be reviewed in conjunction with the information presented below to obtain an understanding of the City's financial condition.

COVID-19 Pandemic

The recent global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is significantly affecting the national capital markets and national, state and local economies. See "RISK FACTORS – COVID-19 Pandemic" herein.

[The City has held recent meetings of its Council remotely, unhindered by the COVID-19 Pandemic. The City's employees and consultants have continued to work on site and remotely, leveraging available technology to continue City operations. The City currently does not expect its business operations to be materially curtailed.]

The City has identified sales tax revenue as the primary revenue source to be affected by COVID-19. The City's Fiscal Year 2020-21 budget takes this into account by reducing budgeted sales tax revenues by 20% ($1,550,000). Sales tax revenue for Fiscal Year 2019-20 showed a 2.7% ($216,445) decline from the original budgeted amount. Sales tax revenue reported for the first half of calendar year 2020 reflects a decrease of 9.8% ($364,435) when compared to the same period of the prior year. Based on this data, the City is not currently anticipating the need for additional steps to mitigate financial challenges related to COVID-19.

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("**GAAP**") and the standards established by GASB. In certain cases, GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized as expenses in a subsequent Fiscal Year. See Appendix B. Except as otherwise expressly noted herein, all financial information derived from the City's audited financial statements reflects the application of GAAP.

Comprehensive financial statements are produced following the close of each Fiscal Year. The City Council employs an independent certified public accountant, who, at such time or times as specified by the City Council, at least annually, and at such other times as the City Council determines, examines certain financial statements of the City in accordance with GAAP, including tests of those accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable after the end of each Fiscal Year, a final audit and report pertaining to those financial statements is submitted by the independent certified public accountant to the City Council.

The City's basic financial statements consist of government-wide statements, including the Statement of Net Position and the Statement of Activities, and fund financial statements, which provide a more detailed level of financial information. The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fee and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: (i) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges that are provided by a given function or segments; and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

Net assets, which is equity, is reported in the following categories: (a) net investment in capital assets, which represents the City's equity interest in the capital assets; (b) restricted assets, which are net assets the use of which is not subject to the City's own discretion; and (c) unrestricted net assets, which are the remaining assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then to use unrestricted resources as needed.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current Fiscal Year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current Fiscal Year are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current Fiscal Year. Only the portion of special assessments receivable due within the current Fiscal Year is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. It is expected that Rental Payments will be paid from amounts in the General Fund. Tables 1 through 3 below set forth certain historical and current Fiscal Year budget information for the General Fund. Information on the remaining governmental funds of the City as of June 30, 2019 is set forth in Appendix B.

Budget Procedure, Current Budget and Historical Budget Information

The budget process begins in January of each year. The proposed budget is prepared by the City Manager and transmitted to the City Council for review. Once transmitted to the City Council, the proposed budget is made available for public inspection. A public hearing is held to give the public the opportunity to comment upon the proposed budget, and notice of such public hearing is given in a newspaper of general circulation.

An annual budget is adopted by the City Council prior to the first day of each Fiscal Year, or if necessary no later than 45 days after the beginning of the Fiscal Year. If the budget is not adopted by the beginning of the Fiscal Year, a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted prior to the beginning of the Fiscal Year. The following is a summary of the City's budget calendar:

- January – Budget materials distributed to departments
- February – Preliminary revenue estimates due
- March – Operating and capital improvement program budgets due
- March/April – Fund balances and budget requests are reviewed by the Administrative Services Department and the City Manager's Office
- April/May – Final budgetary adjustments made; budget documents prepared and printed
- June – Presentation of the operating and capital improvement program budgets at a Budget Workshop; City Council adopts the operating and capital improvement program budgets by resolution

The adoption of the annual budget for each component unit is accomplished by the approval of a Budget Resolution. The level of budgetary control is by department within the fund. Any budget modifications that would result in an appropriation increase, a transfer of appropriations among departments or an appropriation transfer within a department for the purpose of increasing a salary appropriation requires City Council approval. The City Manager is authorized to transfer non-salary related appropriations within a department budget. All appropriations that are not obligated, encumbered or expended at the end of the Fiscal Year lapse and become part of the unreserved fund balance that may be appropriated for the next Fiscal Year.

In late February, the Finance Department prepares and distributes a Budget Preparation Package. The package includes maintenance and operations history, which is used to guide departments in developing their non-personnel expenditure needs for the new Fiscal Year, and itemized costs of capital outlay items that staff is requesting for the new Fiscal Year. This procedure serves the additional purpose of assisting the Finance Department in identifying new fixed asset record requirements.

Each year from approximately the beginning of April through mid-April, the City Manager, the Finance Director and the Accounting Manager (who comprise the budget committee) meet with each department and agency to discuss their respective budget packages. These sessions include discussions of goals and objectives, staffing needs and assumptions used to develop budget line item requests. A computer-generated staffing model is employed to create salary and benefits information based on input from the Human Resources Manager and in conjunction with current bargaining unit agreements. The model generates salary and benefit costs that are combined with non-personnel information and new staffing requests to produce a "full-view" budget package for each department and agency.

Budget study sessions are held between early May and the end of May. Typically, there are two such sessions. During these sessions, the City Council receives the City Manager's recommendations and a review of revenue projections by the Finance Director. The discussion usually focuses on short- and long-term priorities, including goals and objectives as viewed by the City Council. At the conclusion of the study sessions, the budget committee reconciles the City Council's feedback with the City Manager's recommendations and prepares a new recommended budget package.

At the last City Council meeting in May, any unresolved items are presented and responses to prior City Council study sessions are addressed. A series of resolutions are approved to adopt and implement the budget for the following Fiscal Year. After City Council approval, the Finance Department prepares and distributes the final budget document, which may be preceded by a special report or schedules to assist department personnel as they make the transition into the new Fiscal Year

The City Council approved the City's budget for Fiscal Year 2020-21 on June 10, 2020.

Set forth in Table 1 are the General Fund budgets that were adopted for Fiscal Years 2017-18 through 2020-21 and audited Fiscal Year 2017-18 and 2018-19 results and unaudited Fiscal Year 2019-20 results. During the course of each Fiscal Year, the budget may be amended and revised as necessary by the City Council.

TABLE 1
CITY OF COACHELLA
GENERAL FUND BUDGETS
FISCAL YEARS 2013-14 THROUGH 2016-17

	Adopted Fiscal Year 2017-18 Budget	***Fiscal Year 2017-18 Audited Results***	***Adopted Fiscal Year 2018-19 Budget***	***Fiscal Year 2018-19 Audited Results***	***Adopted Fiscal Year 2019-20 Budget***	***Fiscal Year 2019-20 Unaudited Results***	***Adopted Fiscal Year 2020-21 Budget***
Revenues:							
Taxes	$16,360,992	$17,093,655	$17,834,637	$18,926,194	$18,807,016	$18,465,874	$17,230,516
Licenses, Permits and Fees	305,917	271,365	326,000	285,092	545,000	510,245	500,000
Charges for Services	543,271	1,267,423	625,000	780,511	535,000	508,595	487,500
Fines, Forfeitures and Penalties	415,000	527,480	485,000	374,848	460,000	395,733	450,000
Intergovernmental Revenue	705,907	690,970	740,000	784,791	777,461	869,603	871,919
Special Assessments[(1)]	920,000	1,035,609	1,005,000	953,806	1,131,802	1,056,064	1,358,631
Investment Income	60,000	150,066	40,000	74,283	40,000	226,993	60,000
Other Revenues[(2)]	431,000	738,470	452,000	742,735	416,000	943,183	405,000
Total Revenues	$19,742,087	$21,775,038	$21,507,637	$22,922,260	$22,712,279	$22,976,289	$21,363,566
Expenditures:							
General Government	$ 3,969,645	$ 5,766,925	$ 2,503,150	$ 6,196,391	$ 6,099,507	$6,362,418	$ 6,313,910
Community Development	1,214,428	1,399,217	1,375,688	1,221,762	1,063,159	1,356,111	1,166,172
Building Department	171,639	436,395	306,570	354,812	267,815	308,991	269,943
Engineering Department	706,913	735,513	754,127	900,558	852,488	1,082,567	858,752
Public Safety – Police	8,741,770	8,512,576	9,298,999	8,815,830	9,656,954	9,278,033	9,955,639
Public Safety – Fire	1,769,465	1,560,802	1,777,783	1,224,826	1,922,555	1,630,963	1,776,978
Public Safety – Animal Control	316,000	255,029	298,000	228,416	280,000	256,100	250,000
Public Works	1,464,919	1,398,552	1,504,900	1,526,062	1,696,120	3,120,543	1,757,242
Parks and Recreation	1,757,754	1,814,259	1,755,278	1,715,245	1,867,045	288,496	1,973,300
Total Expenditures	$19,230,152	$20,348,720	$19,574,495	$20,959,076	$23,705,643	$23,684,222	$24,321,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 511,935	$ 1,426,318	$ 1,933,142	$ 1,963,184	$ (993,364)	$ (707,933)	$(2,958,370)
Other Financing Sources (Uses)							
Transfers In[(3)]	$ 3,255,980	$12,921,719	$ 2,981,199	$ 3,091,512	$ 3,180,972	$ 2,569,632	$ 2,899,750
Transfers Out[(4)]	(2,827,030)	(2,670,573)	(3,365,068)	(2,503,951)	(611,709)	(237,134)	(612,131)
Total Other Financing Sources (Uses)	$ 428,950	$10,251,146	$ (383,869)	$ 587,561	$ 2,569,263	$ 2,332,497	$ 2,287,619
Net Change in Fund Balances	$ 940,885	$11,677,464	$ 1,549,273	$ 2,550,745	$ 1,575,899	$ 1,624,565	$ (670,751)

(1) Reflects revenues from a special tax assessment on new development within the City for public safety services.
(2) Includes revenues from operation of a recycled goods transfer station that is operated through a joint powers authority with the City of Indio.
(3) Reflects moneys payable from other funds, including amounts payable to the General Fund for administration of the Coachella Sanitary District, the Coachella Water Authority and the Successor Agency to the Coachella Redevelopment Agency.
(4) Includes moneys payable to other funds, including the Coachella Fire Protection District fund, for services provided to the City.

Sources: Audited financial statements for Fiscal Years 2017-18 and 2018-19. Adopted annual budgets for Fiscal Years 2017-18 through 2020-21.

Comparative Change in Fund Balance of the City General Fund

Table 2 presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2014-15 through 2018-19 and an unaudited actual statement for Fiscal Year 2019-20.

TABLE 2
CITY OF COACHELLA
GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FISCAL YEARS 2014-15 THROUGH 2018-19

	Fiscal Year 2014-15 Audited Results	*Fiscal Year 2015-16 Audited Results*	*Fiscal Year 2016-17 Audited Results*	*Fiscal Year 2017-18 Audited Results*	*Fiscal Year 2018-19 Audited Results*
Revenues:					
Taxes	$ 14,097,995	$16,483,448	$17,209,278	$17,093,655	$18,926,194
Licenses, Fees and Permits	538,012	798,212	816,351	271,365	285,092
Charges for Services	364,494	411,845	594,455	1,267,423	780,511
Fines, Forfeitures and Penalties	184,794	502,295	602,642	527,480	374,848
Intergovernmental	188,439	396,551	358,426	690,970	784,791
Special Assessments(1)	834,866	843,068	941,246	1,035,609	953,806
Investment Income	17,858	90,840	(2,071)	150,066	74,283
Other Revenues(2)	467,929	638,919	299,972	738,470	742,735
Total Revenues	$ 16,644,387	$20,165,178	$20,820,299	$21,775,038	$22,922,260
Expenditures:					
Current					
General Government	$4,276,846	$ 4,343,113	$ 5,069,279	$ 5,766,925	$ 6,067,202
Public Safety – Police	9,298,234	7,738,136	8,238,225	8,512,576	8,815,830
Public Safety – Animal Control	--	292,133	282,432	255,029	228,416
Community Development	--	493,235	595,967	1,399,217	1,221,762
Community Development – Building	--	216,277	191,422	436,395	354,812
Public Works - Engineering	--	362,340	598,721	735,513	900,558
Public Works	1,625,806	1,627,221	1,802,147	1,398,552	1,526,062
Parks and Recreation	1,984,820	2,028,230	2,476,561	1,814,259	1,715,245
Capital Outlay	22,263	23,310	146,390	30,254	129,189
Total Expenditures	$17,207,969	$17,123,995	$19,401,144	$20,348,720	$20,959,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (563,582)	$ 3,041,183	$ 1,419,155	$ 1,426,318	$ 1,963,184
Other Financing Sources (Uses)					
Transfers In(3)	$ 2,129,145	$ 1,853,070	$ 2,315,220	$12,921,719	$ 3,091,512
Transfers Out(4)	(1,827,950)	(2,181,632)	(2,557,861)	(2,670,573)	(2,503,951)
Total Other Financing Sources (Uses)	$ 301,195	$ (328,562)	$ (242,641)	$10,251,146	$ 587,561
Net Change in Fund Balances	$ (262,387)	$ 2,712,621	$ 1,176,514	$11,677,464	$ 2,550,745
Fund Balances – Beginning of Year (as adjusted)	$7,410,625	$ 7,148,238	$ 9,860,859	$11,037,373	$12,691,710
Fund Balances – End of Year	$7,148,238	$ 9,860,859	$11,037,373	$22,714,837	$15,242,455

(1) Reflects revenues from a special tax assessment on new development within the City for public safety services.
(2) Includes revenues from operation of a recycled goods transfer station that is operated through a joint powers authority with the City of Indio.
(3) Reflects moneys payable from other funds, including amounts payable to the General Fund for administration of the Coachella Sanitary District, the Coachella Water Authority and the Successor Agency to the Coachella Redevelopment Agency.
(4) Includes moneys payable to other funds, including the Coachella Fire Protection District fund, for services provided to the City.
Sources: Audited financial statements for Fiscal Years 2014-15 through 2018-19.

Comparative General Fund Balance Sheets of the City

Table 3 presents the City's audited General Fund balance sheets for Fiscal Years 2015-16 through 2018-19 and an unaudited actual statement for Fiscal Year 2019-20.

TABLE 3
CITY OF COACHELLA
GENERAL FUND BALANCE SHEETS
FISCAL YEARS 2015-16 THROUGH 2019-20

	Fiscal Year 2015-16 Audited Results	***Fiscal Year 2016-17 Audited Results***	***Fiscal Year 2017-18 Audited Results***	***Fiscal Year 2018-19 Audited Results***	***Fiscal Year 2019-20 Unaudited Actual Results***
Assets					
Cash and Investments	$ 6,369,134	$ 3,358,289	$ 3,369,746	$ 6,516,572	$10,221,481
Receivables:					
Accounts Receivable	266,015	247,061	737,544	739,918	1,428,275
Interest	–	–	–	29,659	13,500
Due from Other Governments	2,199,269	1,952,292	2,011,901	2,127,723	1,628,695
Due from Other Funds	1,372,707	7,540,411	4,068,678	664,771	465,195
Prepaid Items	1,086,738	1,133,582	1,160,141	1,469,452	1,683,410
Advances to Other Funds(2)	–	–	14,501,238	7,301,898	6,552,355
Total Assets	$13,251,111	$14,231,635	$25,849,248	$18,849,993	$21,992,911
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	$ 3,160,185	$ 3,033,702	$ 2,878,023	$ 3,198,616	$ 3,528,528
Accrued Wages Payable	–	–	150,361	117,281	181,385
Deposits And Other Liabilities	72,847	101,832	–	–	1,058,541
Due to Other Governments	–	–	8,882	–	–
Unearned Revenue	82,220	58,728	97,145	85,565	359,634
Total Liabilities	$ 3,390,252	$ 3,194,262	$ 3,134,411	$ 3,401,462	$ 5,128,088
Deferred Inflows of Resources:					
Unavailable revenue	$ –	$ –	$ –	$ 206,076	$ 359,634
Fund Balances(3)					
Nonspendable	$ 1,086,738	$ 4,508,082	$15,661,379	$ 8,771,350	$ 8,235,765
Restricted	1,048	1,046	1,045	1,079	139,383
Committed	962,021	1,895,358	58,049	79,063	–
Assigned	545	545	545	545	–
Unassigned	7,810,507	4,632,342	6,993,819	6,390,418	8,489,675
Total Fund Balances	$ 9,860,859	$11,037,373	$22,714,837	$15,242,455	$ 16,864,823
Total Liabilities, Deferred Inflows or Resources and Fund Balances	$13,251,111	$14,231,635	$25,849,248	$18,849,993	$21,992,911

(1) Reflects amounts due to the City under the Successor Agency to the Coachella Redevelopment Agency's Recognized Obligation Payment Schedule. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION—Redevelopment Dissolution."
(2) Reflects _____________.
(3) Note 1(Q) to the City's audited financial statements for Fiscal Year 2018-19 set forth in Appendix B contains a table with a detailed breakdown of each fund balance as of June 30, 2019.
Sources: Audited financial statements for Fiscal Years 2015-16 through 2018-19. City for Fiscal Year 2019-20.

Major Revenues

The City's major General Fund revenues, as reflected in Table 2 under the caption "—Comparative Change in Fund Balance of the City General Fund," include property taxes, Measure U taxes, utility users taxes, sales and use taxes and other taxes (including franchise taxes and business license taxes, among others). Together, these revenues comprised approximately 80% of total General Fund revenues in Fiscal Year 2019-20. A description of these major General Fund revenues follows.

TABLE 4
CITY OF COACHELLA
MAJOR GENERAL FUND TAX REVENUES FOR FISCAL YEAR 2019-20[1]

Revenue Source	***Amount***
Vehicle License Fee In-Lieu Taxes	$4,714,590
Measure U Taxes	4,191,015
Sales and Use Taxes	3,492,540
Utility Users Taxes	2,216,522
Property Taxes	1,285,733
Franchise Taxes	965,943
Business License Taxes	633,554
Other Taxes	965,977
	$18,465,874

(1) Unaudited actual amounts.
Source: City.

State of California Motor Vehicle In-Lieu Payments

Vehicle License Fee ("**VLF**") receipts of $4,714,590 provided the largest source of revenues for the City's General Fund in Fiscal Year 2019-20 (based on unaudited actual Fiscal Year 2019-20 results), contributing approximately 26% of General Fund tax revenues and approximately 21% of total General Fund revenues in Fiscal Year 2019-20.

The State imposes the VLF, which is the portion of the fees paid in lieu of personal property taxes on a vehicle. The VLF is based on vehicle value and declines as a vehicle ages. Prior to the adoption of the State fiscal year 2004-05 State budget, the VLF was 2% of the value of a vehicle. Through legislation in prior fiscal years, the State enacted VLF reductions under which the State was required to "backfill" local governments for their revenue losses resulting from the lowered fee. The State fiscal year 2004-05 State budget permanently reduced the VLF from 2% to 0.65% of the value of a vehicle and deleted the requirement for backfill payments, providing instead that the amount of the backfill requirement will be met by an increase in the property tax allocation to cities and counties. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION."

TABLE 5
CITY OF COACHELLA
VLF REVENUES
FISCAL YEARS 2011-12 THROUGH FISCAL YEAR 2015-16

Fiscal Year	*VLF Revenues*	*Increase/ (Decrease)*
2015-16	$3,776,059	–%
2016-17	4,002,278	6.02
2017-18	4,250,142	6.19
2018-19	4,525,650	6.48
2019-20[1]	4,714,590	4.17

[1] Unaudited actual amount.
Source: City.

Measure U Taxes

Measure U tax receipts of $4,191,015 provided the second largest source of revenues for the City's General Fund in Fiscal Year 2019-20 (based on unaudited actual Fiscal Year 2019-20 results), contributing approximately 23% of General Fund tax revenues and approximately 18% of total General Fund revenues in Fiscal Year 2019-20.

The Measure U tax is a 1% retail transactions and use tax that is collected simultaneously with other sales taxes. The tax was approved by a majority of City voters in November 2014. It became effective on April 1, 2015 and does not have a sunset provision. As a general tax, proceeds of the Measure U tax may be used for any lawful City program, improvement or service. See the caption "—Sales Taxes" for further information with respect to sales tax revenues of the City.

Sales Taxes

Sales and use tax receipts of $3,492,540 (excluding Measure U tax receipts described under the caption "—Measure U Taxes") provided the third largest source of revenues for the City's General Fund in Fiscal Year 2019-20 (based on unaudited actual Fiscal Year 2019-20 results), contributing approximately 19% of General Fund tax revenues and approximately 15% of total General Fund revenues in Fiscal Year 2019-20.

A sales tax is imposed on retail sales or consumption of personal property. The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current sales tax rate in the City (including the 1% Measure U tax) is 9%.

The table below sets forth actual General Fund sales tax revenue collections in the City as of June 30 for Fiscal Years 2015-16 through 2019-20 and estimated General Fund sales tax revenue collections in the City for Fiscal Year 2019-20. Only sales tax revenues that are attributable to the City's General Fund are legally available to pay the Base Rental Payments.

TABLE 6
CITY OF COACHELLA
GENERAL FUND SALES TAX REVENUES (INCLUDING MEASURE U TAX REVENUES)
FISCAL YEARS 2015-16 THROUGH FISCAL YEAR 2019-20

Fiscal Year	*Sales Tax Revenues Attributable to General Fund*	*Increase/(Decrease)*
2015-16	$6,749,730	–%
2016-17	7,135,961	5.72
2017-18	7,536,017	5.61
2018-19	8,566,089	13.67
2019-20(1)	7,683,555	(10.31)

(1) Unaudited actual amount. [Discuss reason for decrease.]
Source: City.

The 25 largest sales tax generators in the City for Fiscal Year 2019-20 by industry type are shown in the table below.

TABLE 7
CITY OF COACHELLA
PRINCIPAL SALES TAX GENERATORS
FISCAL YEAR 2019-20

Category	
Transportation	$1,274,855
Food Products	406,642
General Retail	243,366
Light Industry	182,958
Heavy Industry	81,851
Other	81,163
Total	$2,270,835

The City expects to add sales tax producers in the future and does not know of any major sales tax generator that is planning to leave the City.

Utility Users Taxes

Utility users tax receipts of $2,216,522 provided the fourth largest source of revenues for the City's General Fund in Fiscal Year 2019-20 (based on unaudited actual Fiscal Year 2019-20 results), contributing approximately 12% of General Fund tax revenues and approximately 10% of total General Fund revenues in Fiscal Year 2019-20.

The utility users tax is a 5% tax on telecommunications (including mobile telephone and text messaging), electricity, gas refuse, water and sewer services. The tax is computed on the basis of monthly usage and is collected by each utility services provider on such provider's periodic bill. The utility user tax is overseen by a five-member Citizens Oversight Committee. The tax was approved by a majority of City voters in June 2010. It became effective in Fiscal Year 2011 and does not have a sunset provision. As a general tax, proceeds of the utility users tax may be used for any lawful City program, improvement or service. See the caption "—Sales Taxes" for further information with respect to sales tax revenues of the City.

TABLE 8
CITY OF COACHELLA
UTILITY USERS TAX REVENUES
FISCAL YEARS 2015-16 THROUGH FISCAL YEAR 2019-20

Fiscal Year	*Utility Users Tax Revenues Attributable to General Fund*	*Increase/ (Decrease)*
2015-16	$2,305,909	–
2016-17	2,431,579	5.4%
2017-18	2,311,494	(4.9)
2018-19	2,289,439	(1.0)
2019-20(1)	2,216,522	(3.2)

(1) Unaudited actual amount.
Source: City.

Property Taxes

Property tax receipts of $1,285,733 provided the fifth largest source of revenues for the City's General Fund in Fiscal Year 2019-20 (based on unaudited actual Fiscal Year 2019-20 results), contributing approximately 7% of General Fund tax revenues and approximately 6% of total General Fund revenues in Fiscal Year 2019-20. Property tax revenues deposited in the General Fund for Fiscal Year 2019-20 represented an increase of approximately $391,750 (44%) over Fiscal Year 2015-16 amounts.

Property that is subject to *ad valorem* taxes in the State is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax that becomes a lien on secured property has priority over all other liens, arising pursuant to State law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property become delinquent on the following December 10 and April 10 of the subsequent calendar year. Taxes on unsecured property are due July 1 and become delinquent August 31.

Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of forcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or taxable to the assessee.

A 10% penalty is added to delinquent taxes that have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1.5% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the 10% penalty, plus interest at the rate of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 25 *et seq*. of the State Revenue and Taxation Code) provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current Fiscal Year and the full 12 months of the next Fiscal Year.

For a number of years, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund ("**ERAF**"). In Fiscal Years 1993 and 1994, in response to serious budgetary shortfalls, the State Legislature permanently redirected over $3 billion of property taxes from cities, counties, and special districts to schools and community college districts pursuant to ERAF shifts. The Fiscal Year 2004-05 State Budget included an additional $1.3 billion shift of property taxes from certain local agencies, including the City, in Fiscal Years 2004-05 and 2005-06.

On November 2, 2004, State voters approved Proposition 1A, which amended the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not: (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes; (ii) shift property taxes from local governments to schools or community colleges; (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature; or (iv) decrease VLF revenues without providing local governments with equal replacement funding. Beginning in State fiscal year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten fiscal years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

On July 27, 2009, the Governor signed a revised Fiscal Year 2009-10 State budget that included an ERAF shift of approximately 8% of 1% *ad valorem* property tax revenues from certain local agencies, including the City. The City participated in the State of California Proposition 1A Receivables Program to securitize its receivable from the State, and, as a result, received the shifted funds in the amount of $4,380,355, without interest, in two installments in 2010 from the California Statewide Communities Development Authority.

See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" for further information with respect to Proposition 1A.

The table below sets forth the secured and unsecured assessed valuations for property in the City for the Fiscal Years 2016-17 through 2020-21.

TABLE 9
CITY OF COACHELLA
ASSESSED VALUATION
FISCAL YEARS 2016-17 THROUGH 2020-21

Fiscal Year Ended June 30	*Residential Property*	*Commercial Property*	*Other Property*	*Unsecured Property*	*Less: Tax Exempt Property*	*Total Taxable Assessed Value*	*Increase/ (Decrease) in Total Taxable Assessed Value*
2017	$1,104,720,729	$420,392,171	$231,715,679	$73,438,584	$166,032,882	$1,664,234,281	–
2018	1,172,395,753	443,568,534	237,132,181	77,733,839	161,356,142	1,769,474,165	6.32%
2019	1,228,726,992	486,061,733	254,825,359	91,090,579	175,491,782	1,885,212,881	6.54
2020	1,286,033,321	508,708,992	271,974,789	86,353,060	180,726,879	1,972,343,283	4.62
2021							

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to the actual value. Tax rates are per $1,000 of assessed value.
Sources: MuniServices, LLC; Riverside County Assessor combined tax rolls.

With respect to collection of property taxes, the County adopted in 1993 the Teeter Plan, which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan" for distribution of certain property tax and assessment levies on the secured roll.

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan (the "Revenue Districts") on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes and 100% of the then-current year's secured roll levy. Supplemental taxes are currently excluded from the Teeter Plan.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the county. An electing county may, however, determine to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

There can be no assurance that the County will not discontinue its Teeter Plan in the future.

The table below sets forth secured tax charges and collections in the City as of June 30 for Fiscal Years 2010-11 through 2019-20. As discussed above, the County distributes 100% of property tax levy amounts to the City.

TABLE 10
CITY OF COACHELLA
SECURED TAX CHARGES AND COLLECTIONS
FISCAL YEARS 2009-10 THROUGH 2018-19

Fiscal Year Ended June 30	*Taxes Levied for the Fiscal Year*	*Collected within the Fiscal Year of the Levy*	
		Amount	***Percentage of Levy***
2011	$14,749,000	$14,749,000	100.00%
2012	13,216,059	13,216,059	100.00
2013	12,225,753	12,225,753	100.00
2014	13,188,561	13,188,561	100.00
2015	14,499,234	14,499,234	100.00
2016	15,693,198	15,693,198	100.00
2017	15,918,858	15,918,858	100.00
2018	17,498,590	17,498,590	100.00
2019	18,665,171	18,665,171	100.00
2020	19,528,287	19,528,287	100.00

Source: Riverside County Assessor's Office.

The ten largest property taxpayers in the City as shown on the Fiscal Year 2020-21 secured tax roll, the assessed valuation and the percentage of the City's total secured assessed valuation attributable to each are shown in the table below.

TABLE 11
CITY OF COACHELLA
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEAR 2020-21

	Property Owner	***Fiscal Year 2020-21 Assessed Valuation***[1]	***Percentage of Total***[2]
1.	Armtec Defense Products Co.	36,262,886	19.64
2.	California Artichoke & Veg Growers Corp.	27,820,312	15.07
3.	Soco	21,496,141	11.64
4.	Anthony Vineyards Inc.	19,378,348	10.49
5.	Kpc Dev Co.	15,979,067	8.49
6.	Wal Mart Stores Inc.	14,107,262	7.64
7.	Sun World International	14,104,124	7.64
8.	Halum Abesud	12,800,000	6.93
9.	99 Cents Only Stores	11,859,540	6.42
10.	Hpt Ta Prop Trust	11,157,713	6.04
	Total	184,663,393	100.00%

(1) Secured property only.
(2) Approximate Fiscal Year 2020-21 Local Secured Assessed Valuation: $1,972,343,283.
Source: County Assessor's combined tax rolls.

Other Taxes

The City is authorized to and does collect certain other taxes, including cannabis tax, construction tax and transient occupancy tax.

The table below sets forth actual other tax collections attributable to the General Fund in the City for Fiscal Years 2015-16 through 2018-19 and unaudited other tax collections attributable to the General Fund in the City for Fiscal Year 2019-20.

TABLE 12
CITY OF COACHELLA
OTHER TAX REVENUES
FISCAL YEARS 2015-16 THROUGH 2019-20

Fiscal Year	*Cannabis Tax*	*Construction Tax*	*Transient Occupancy*	*Total*	*Increase/ (Decrease)*
2015-16	–	$152,357	$6,421	$158,778	–
2016-17	–	152,839	14,475	167,314	5%
2017-18	$18,345	366,981	90,361	475,687	184
2018-19	466,714	100,226	143,216	710,156	49
2019-20(1)	440,962	297,939	227,076	965,977	36

(1) Unaudited actual amounts.
Source: City.

General Fund Reserves

The City held General Fund reserves of approximately $8,629,058 as of July 1, 2020, of which approximately $8,489,675 is unrestricted. The City's policy is to maintain reserves in an amount equal to at least 20% of General Fund expenses. See the caption "—Comparative Change in Fund Balance of the City General Fund" for General Fund expenses as of such date.

For the past five years, the City has held an average of approximately $7,275,975 in unrestricted General Fund reserves, consisting of cash on hand and other available moneys. See Note 2 to the City's audited financial statements set forth in Appendix A for further information with respect to the City's reserves and investments.

Indebtedness

General Fund-Supported Debt Obligations. The City has no outstanding General Fund debt obligations other than the lease obligations relating to the Coachella Financing Authority Lease Revenue Bonds, Series 2016, with an outstanding principal amount of $11,005,000 as of June 30, 2020.

Other Long-Term Debt Obligations. As of June 30, 2020, the City and component units of the City had the following other long-term debt obligations, which are not obligations of the General Fund:

State Gas Tax Debt. As of June 30, 2020, the City had a total principal amount of $4,535,000 payable from State gas tax revenues under revenue bonds that were executed in 2019.

Water System Debt. As of June 30, 2020, the Coachella Water Authority had a total principal amount of $11,833,071 payable from revenues of the municipal water system under two series of bonds that were issued in 2008 and 2012.

Wastewater System Debt. As of June 30, 2020, the Coachella Sanitary District had a total principal amount of $19,705,456 payable from revenues of the municipal wastewater system under a 2005 State Revolving Fund loan from the State Water Resources Control Board, a 2011 loan from the United States Department of Agriculture, one series of bonds that was issued in 2005 and one series of bonds that was issued in 2015.

Redevelopment Debt. As of June 30, 2020, the Successor Agency to the Coachella Redevelopment Agency had a total principal amount of $33,471,286 payable from tax increment revenues that were formerly allocated to the Coachella Redevelopment Agency under three series of bonds that were issued in 2013, 2014 and 2016. See the caption "STATE OF CALIFORNIA BUDGET—Redevelopment Dissolution."

For further information about the City's long-term debt obligations, see Note 6 to the City's audited financial statement set forth in Appendix B.

Short-Term Debt Obligations. The City currently has no short-term debt outstanding.

Retirement Contributions

*This caption contains certain information relating to the California Public Employees Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City and the Authority have not independently verified the information provided by CalPERS and neither make any representations nor express any opinions as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. Neither the City nor the Authority can guarantee the accuracy of such information. Actuarial assessments are forward-looking statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Summary of Plans. The City contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan, on behalf of 68 total City employees who participate in the City's Miscellaneous, Miscellaneous Second Tier and Safety Plans. Benefits vest after at least five years of service. The City's Safety Plan was established for the City's former public safety (police and fire) employees. There are presently no active employees in the Safety Plan and the City's contributions thereto fund the unfunded liability only. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City.

Required employer and employee contributions are determined from rates established by CalPERS based upon various actuarial assumptions which are revised annually. The City currently funds the normal pension costs, which are determined by CalPERS using the Entry Age Normal Actuarial Cost Method, as well as an amortization of the City's unfunded actuarial liability. For Fiscal Years 2014-15 and 2015-16, the City's contributions to its CalPERS Plans totaled $840,008 and $983,854, respectively, which were equal to the respective annual required contributions (each, an "**ARC**") of the City. The contribution rates for Fiscal Years 2016-17 and 2017-18 for the Miscellaneous Plan have been established at 12.657% and 12.700%, respectively, of annual covered payroll. The contribution rates for Fiscal Years 2016-17 and 2017-18 for the Miscellaneous Second Plan have been established at 7.159% and 7.200%, respectively, of annual covered payroll.

Summaries of the City's CalPERS Plan provisions and benefits are set forth below.

CITY OF COACHELLA
SUMMARY OF CALPERS PLAN PROVISIONS AS OF JUNE 30, 2015

	Miscellaneous Plan		***Miscellaneous Second Tier Plan***			***Safety Plan***
Hire Date	***Prior to 7/1/2002***	***On or after 7/1/2002***	***Prior to 11/11/2012***	***11/11/2012 – 1/1/2013***	***On or after 1/1/2013***	***Prior to 7/1/2012***
Benefit Formula	2.0% at 55	3.0% at 60	3.0% at 60	2.0% at 60	2.0% at 62	2.0% at 50
Benefit Vesting Schedule	5 years	5 years	5 years	5 years	5 years	5 years
Lifetime Benefit Payments	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Retirement Age	50	50	50	50	50	50
Required Employee Contribution Rate	7.761%	7.761%	6.880%	6.880%	6.250%	N/A
Required City Contribution Rate	18.483%	18.483%	8.049%	8.049%	6.550%	N/A

Source: City.

Employees hired on or after January 1, 2013 who meet the definition of a "New CalPERS Member" are subject to the California Public Employees' Pension Reform Act of 2013 ("**AB 340**"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier (2% at 62 formula) with a maximum benefit formula of 2.5% at age 67. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36 month period. Employees are required to pay at least 50% of the total normal cost rate. Such participants are currently required to contribute the percentages of their annual covered salary shown above for each of the City's CalPERS Plans. The City does not pay any portion of such contributions.

Effective January 1, 2013, AB 340: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013 who were not already enrolled in CalPERS through their previous employers; (iii) establishes a compulsory maximum non-safety benefit formula of 2.5% at age 67; (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period; and (v) caps pensionable income at $110,100 ($132,120 for employees not enrolled in Social Security) subject to Consumer Price Index increases.

Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting purchases of additional non-qualified service credit. If AB 340 is implemented fully, CalPERS estimates savings for local agency plans of approximately $1.653 billion to $2.355 billion over the next 30 years due primarily to increased employee contributions and, as the workforce turns over, lower benefit formulas that will gradually reduce normal costs. Savings specific to the City have not been quantified.

Provisions in AB 340 will not likely have a material effect on City's contributions in the short term. However, additional employee contributions, limits on pensionable compensation and higher retirement ages for new members will reduce the City's total pension liability and potentially reduce City contribution levels in the long term.

The City Council adopted a resolution creating an additional tier of CalPERS pension benefits for employees hired after January 1, 2013 to comply with AB 340's compulsory reduced formula. Participants hired on or after January 1, 2013 who were not already enrolled in CalPERS through their previous employers are required to contribute the percentage of their annual covered salary under the City's CalPERS Plans required by CalPERS, which will not exceed 50% of the normal cost rate, as determined by CalPERS. The City does not make any portion of such contributions for such participants.

The City's Miscellaneous Plan is part of a CalPERS risk pool. The City's proportionate net pension liability for the risk pool of which the Miscellaneous Plan is a part was $10,834,812 as of June 30, 2019, based on a market value of assets of $34,426,722, as set forth in the Fiscal Year 2014-15 GASB Statement No. 68 ("**GASB 68**") Accounting Valuation Report prepared by CalPERS with a measurement date of June 30, 2018, and an estimated total pension liability of $10,834,812 for the Miscellaneous Plan for Fiscal Year 2019-20.

The City's Safety Plan is part of a CalPERS risk pool. The City's proportionate net pension liability for the risk pool of which the Safety Plan is a part was $4,878,054 as of June 30, 2019, based on a market value of assets of $11,430,659, as set forth in the Fiscal Year 2018-19 GASB 68 Accounting Valuation Report prepared by CalPERS with a measurement date of June 30, 2018.

The following table summarizes the City's total annual required contributions for its Miscellaneous Plans for the last five Fiscal Years.

Fiscal Year	*Employer Contribution*	*Employee Contribution*	*Annual Pension Cost*	*Percentage of Annual Pension Cost Contributed*
2016	$983,562	$405,896	$1,389,458	100.00%
2017	637,204	430,781	1,067,985	100.00
2018	608,876	412,545	1,021,421	100.00
2019	655,797	432,727	1,088,524	100.00
2020	689,148	445,660	1,134,808	100.00

Source: City.

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The following table summarizes the City's total annual required contributions for the Safety Fire Plan for the last five Fiscal Years.

Fiscal Year	***Employer Contribution***	***Employee Contribution***	***Annual Pension Cost***	***Percentage of Annual Pension Cost Contributed***
2016	$162,021	$–	$162,021	100.00%
2017	195,192	–	195,192	100.00
2018	241,940	–	241,940	100.00
2019		–		
2020		–		

Source: City.

The following table sets forth the combined schedule of funding for the City's Miscellaneous and Miscellaneous Second Tier Plans. The employer contribution rate for Fiscal Year 2020-21 is _____% and _____% of annual covered payroll for the Miscellaneous and Miscellaneous Second Tier Plans, respectively.

Valuation Date (June 30)	***Entry Age Normal Accrued Liability***(1)	***Total Pension Liability***(2)	***Market Value of Assets***(3)	***Funded Ratio***(4)	***Annual Covered Payroll***
2015	$35,872,229	$8,217,351	$27,654,878	77.1%	$4,827,013
2016	38,731,626	10,751,340	27,980,286	72.2	5,475,348
2017	42,722,861	10,551,452	32,171,409	75.3	5,412,001
2018	47,007,594	12,140,724	34,866,870	74.2	5,826,184
2019	49,018,149	12,682,730	36,335,419	74.1	6,124,186

(1) Reflects the actuarial present value of the projected benefits of each individual included in an actuarial valuation allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The portion of this actuarial present value that is allocated to a valuation year is called the normal cost. The portion of this actuarial present value that is not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
(2) Entry Age Normal Accrued Liability less actuarial value of assets (not shown).
(3) Represents the estimated price for which plan assets could be sold in an arm's length transaction.
(4) Market Value of Assets divided by Entry Age Normal Accrued Liability.
Source: CalPERS Actuarial Report Dated October 2019.

The following table sets forth the schedule of funding for the City's Safety Plan.

Valuation Date (June 30)	***Entry Age Normal Accrued Liability***[1]	***Total Pension Liability***[2]	***Market Value of Assets***[3]	***Funded Ratio***[4]	***Annual Covered Payroll***[5]
2015	15,075,533	3,690,345	11,385,188	75.5%	$0
2016	15,237,870	4,655,381	10,582,489	69.4	0
2017	15,505,072	4,721,717	10,783,355	69.5	0
2018	16,306,487	5,300,549	11,005,938	67.5	0
2019	16,360,683	5,467,073	10,893,610	66.6	0

(1) Reflects the actuarial present value of the projected benefits of each individual included in an actuarial valuation allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The portion of this actuarial present value that is allocated to a valuation year is called the normal cost. The portion of this actuarial present value that is not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
(2) Entry Age Normal Accrued Liability less actuarial value of assets (not shown).
(3) Represents the estimated price for which plan assets could be sold in an arm's length transaction.
(4) Market Value of Assets divided by Entry Age Normal Accrued Liability.
(5) There are presently no active employees in the City's Safety Plan. City's contributions thereto fund the unfunded liability only.
Source: CalPERS Actuarial Report Dated October 2019.

CalPERS reported significant investment losses in 2009. CalPERS earnings reports for Fiscal Years 2010 through 2016 reported an investment gain of 13.0%, 21.7%, 1%, 12.5%, 18.4%, 2.4% and 0.61%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The CalPERS pension trust pays all retiree benefit payments associated with the City's plan.

Actuarial Methods. In recent years, the CalPERS Board of Administration (the "CalPERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its managed plans. Many of the assumptions and policies implemented by the CalPERS Board have increased and are likely to continue to increase both the required contributions and the unfunded liabilities of its member employers, including the City.

On March 14, 2012, the CalPERS Board voted to lower the CalPERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "CalPERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the CalPERS Board voted to keep the CalPERS Discount Rate unchanged at 7.5%. On November 17, 2015, the CalPERS Board approved a new funding risk mitigation policy to incrementally lower the CalPERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing CalPERS Discount Rate by at least four percentage points. On December 21, 2016, the CalPERS Board voted to lower the CalPERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017/18, 7.25% in fiscal year 2018/19 and 7.00% in fiscal year 2019/20. The new discount rate went into effect July 1, 2018 for the City and other member employers. Lowering the CalPERS Discount Rate means member employers like the City will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the PEPRA (defined below) will also see their contribution rates rise.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 ("PEPRA") took effect. Among other things, PEPRA created a new benefit tier for public employees hired on or after January 1, 2013. The City believes that the provisions of PEPRA will help control its pension benefit liabilities in the future.

In April 2013, the CalPERS Board approved revised actuarial policies that aimed at returning the CalPERS system to fully-funded status within 30 years. These policies include a rate-smoothing method with a

30-year fixed amortization period for gains and losses (rather than the current 30-year rolling amortization method). CalPERS delayed the implementation of the new policy until fiscal year 2015/16, and as described below further revised these policies in subsequent years.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016/17.

The CalPERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the CalPERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2017 actuarial valuation and to 2.50% for the June 30, 2018 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2017 actuarial valuation and 2.75% for the June 30, 2018 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the CalPERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While CalPERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

There can be no assurances that CalPERS will not make additional changes to its actuarial assumptions and policies in the future impacting upon the City's required funding contributions and its unfunded accrued liability.

Changes in Pension Accounting Standards. Reporting obligations under GASB 68 commenced with financial statements for Fiscal Year 2014-15. Under GASB 68, an employer reports the net pension liability, pension expense and deferred outflows/deferred inflows of resources (as such terms are described in the following paragraph) related to pensions in its financial statements as part of its financial position. As a result of this change in accounting standards, in Fiscal Year 2014-15: (i) the City's total net position (for government funds only) decreased by approximately $6,791,750; (ii) the City's deferred outflows-contributions increased by $687,105 (for government funds only); and (iii) the City's net pension liability increased by $7,478,855 (for government funds only).

The net pension liability is the plan's total pension liability based on the Entry Age Normal Actuarial Cost Method less the plan's fiduciary net position. The pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year, less adjustments. Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense. Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year in which the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

GASB 68 is a change in accounting reporting standards, but it does not change the City's CalPERS plan funding obligations.

Change in Pensionable Compensation. On August 21, 2014, the CalPERS Board approved changes to clarify the types of compensation upon which pension benefits are based, primarily for employees hired after January 1, 2013. Under the changes, the CalPERS Board identified several dozen specific types of compensation which will count toward pension benefit calculations, including temporary and special assignment payments and certain categories of tasks, and identified types of compensation that will not be included in pension benefit calculations. Although the changes could result in an increase in the City's future CalPERS contributions, it is not currently possible to quantify the magnitude of such increases. The City believes that any such changes would be immaterial to its CalPERS contributions.

For additional information relating to the City's CalPERS Miscellaneous Plan, see Note 5 to the City's audited financial statements set forth in Appendix B.

No assurance can be provided that the City's CalPERS Miscellaneous Plan expenses will not increase significantly in the future.

Other Post-Employment Benefits

In addition to the pension benefits described under the caption "—Retirement Contributions," the City provides certain health care benefits ("**OPEB**") for retired employees and eligible dependents. As of July 1, 2015, approximately 17 former City employees received OPEB benefits, with an additional 49 retirees not currently receiving benefits but eligible to do so in the future. The City's defined benefit post-employment healthcare plan, the Coachella Retiree Healthcare Plan, is part of the California Employers' Retiree Benefit Trust Program ("**CERBT**"). CERBT is an agent multiple-employer post-employment healthcare plan administered by the CalPERS Board of Administration, which acts as a common investment and administrative agent for participating public employers in the State. The plan provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. Eligible retirees may elect coverage through the City's contract with CalPERS.

The contribution requirements for plan members and the City are established and may be amended by the City Council. The City provides a retiree healthcare stipend for medical coverage up to a cap. The 2016 cap is $452.90 for management and elected officials and $189.00 for other employees. The CERBT program's funding policy provides for the contributions by the City at actuarially determined rates described as the annual required contribution (the actuarial value of benefits earned during plus costs to amortize the unfunded actuarial accrued liability, or "**OPEB ARC**") of the employer.

The OPEB ARC is actuarially determined in accordance with GASB Statement No. 45 ("**GASB 45**") and represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as approved by the City Council. For Fiscal Years 2014-15 and 2015-16, the City contributed approximately $255,563 and $304,927 to the OPEB plan, including amounts for current premiums. For Fiscal Year 2016-17, the City expects to contribute approximately $50,000 to the OPEB plan, based on an OPEB ARC of $283,203. Plan members pay the portion of premiums not paid by the City (e.g., in excess of capped amounts).

The City retained Actuarial & Financial Consulting (the "**Actuarial Consultant**") to calculate the City OPEB funding status. In a report dated November 6, 2019 (the "**Report**"), the Actuarial Consultant concluded that, as of June 30, 2019, the City's unfunded actuarial accrued liability (the "**OPEB UAAL**") for OPEB was $4,219,725, while the actuarial value of OPEB plan assets was $0, for a funded ratio of 0%. The Actuarial Consultant also concluded that the City's OPEB ARC was $283,203.

For Fiscal Years 2018-19, 2017-18, 2016-17, 2015-16 and 2014-15, the City's annual OPEB contributions of $102,056, $82,962, $53,878, $304,927 and $255,563, respectively, to CERBT were equal to or exceeded the OPEB ARC. The City is currently exploring whether to develop and implement a plan to begin paying down the OPEB UAAL. There can be no assurance as to whether the City will elect to do, or as to the timing of such a plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future, including assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress set forth below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The most recent actuarial valuation for the City's OPEB plan was obtained as of November 6, 2019.

A summary of the City's OPEB plan for the past five years is set forth below.

Actuarial Valuation Date (July 1)	***Actuarial Accrued Liability***	***Actuarial Value of Assets***	***OPEB UAAL***	***Funded Ratio***	***Annual Covered Payroll***	***OPEB UAAL as a Percentage of Annual Covered Payroll***[(1)]
2015	$2,191,979	$0	$2,191,979	0%	$5,063,737	43.29%
2016	2,446,479	0	2,446,479	0	5,475,348	44.68
2017	3,180,724	0	3,180,724	0	5,412,001	58.77
2018	3,698,609	0	3,698,609	0	5,826,184	63.48
2019	4,219,725	0	4,219,725	0	6,124,186	68.90

[(1)] OPEB UAAL divided by Annual Covered Payroll.
Source: Report of Actuarial Consultant Dated November 6, 2019.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

[In the Report, the Entry Age Normal Cost Method was used. The actuarial assumptions included an annual healthcare cost trend rate of 5% per annum until benefits reach a maximum of $647 and $270 for management/elected and other employees, respectively. The actuarial assumptions also included a discount rate of 3.75% per annum. The OPEB UAAL is being amortized as a level percentage of projected payroll on a closed basis over 30 years. The remaining amortization period was 25 years as of June 30, 2015.][UPDATE]

For Fiscal Year 2020-21, the City budgeted approximately $________ with respect to OPEB, which is equal to the Fiscal Year 2020-21 OPEB ARC. The City currently does not expect that any increased funding of OPEB in the future would have a material adverse effect on the ability of the City to make Rental Payments.

For additional information relating to the City's OPEB plan, see Note 9 to the City's audited financial statements set forth in Appendix B.

City Investment Policy

The City invests its funds in accordance with the City's Investment Policy, which was adopted by the City Council on February 10, 2016 in accordance with Section 53600 *et seq*. of the State Government Code. Idle cash management and investment transactions are the responsibility of the City Treasurer. The Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy has a stated objective, among others, of insuring the safety of invested funds by utilizing a "prudent investor" standard. Eligible investments are described below.

Authorized Investment Type	*Maximum Maturity*[(1)]	*Maximum Percentage of Portfolio*[(2)]	*Maximum Investment in One Issuer*
Local Agency Bonds	5 years	None	None
United States Treasuries	5 years	None	None
United States Agency Securities	5 years	30%	None
United States Corporate Bonds	N/A	25%	5%
Banker's Acceptances	270 days	40%	None
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Demand Deposits	N/A	None	None
Repurchase Agreements	2 weeks	10%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	15%	None
Money Market Mutual Funds	N/A	10%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
JPA Pools	N/A	None	None

(1) No more than 50% of the portfolio may have maturity dates that are in excess of two years at any given time.
(2) Excluding amounts that are held by bond trustees. See the caption "—Indebtedness."
Source: City.

Funds are invested in the following order of priority:

- Safety of Principal
- Liquidity
- Return on Investment

See Note 2 to the audited financial statements set forth in Appendix B for further information with respect to the City's investment policies and investments as of June 30, 2019.

Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and emissions and natural disasters. The City is a member of the Public Entity Risk Management Authority ("**PERMA**"), a joint powers authority that was formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is currently comprised of 34 participating member agencies. The City participates in the liability, worker's compensation, employment practices and property insurance programs of PERMA.

The City is self-insured for the first $125,000, $250,000 and $25,000 of each occurrence or accident in the liability, workers' compensation and employment practices programs, respectively. For property insurance the City is self-insured for the first $5,000 per occurrence except as follows: $100,000 for flood, 24-hour service interruption. Excess costs above the self-insured amounts are shared between participating members based on their respective deposit premium contributions and in accordance with PERMA policies.

The City's property insurance includes earthquake and flood damage coverage in amounts up to $5,000,000, with a 5% ($50,000 minimum) deductible for earthquake coverage and a $50,000 deductible for flood coverage.

During the past three Fiscal Years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured coverage from the prior year.

For further information regarding the City's insurance coverage and risk management, including changes in the balances of claim liabilities during the past three years, see Note 10 to the audited financial statements set forth in Appendix B.

State Budget Information

The following information concerning the State's budgets has been obtained from publicly available information which the City believes to be reliable; however, the City does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest due with respect to the Bonds is payable from any funds of the State.

In 2008, the State began experiencing the most significant economic downturn and financial pressure since the Great Depression of the 1930s. Despite the recent significant budgetary improvements, according to the State, there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and large unfunded liabilities now totaling in excess of $200 billion for CalPERS, CalSTRS, the University of California ("UC") Retirement System and the State's and UC's retiree healthcare benefits plans. The State's revenues (particularly the personal income tax) can be volatile and correlate to overall economic conditions. There can be no assurances that the State will not face fiscal stress and cash pressures again, or that other changes in the State or national economies will not materially adversely affect the financial condition of the State.

The City cannot predict the extent of any budgetary problems the State will encounter in future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City's finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. See "RISK FACTORS—Dependence on State for Certain Revenues."

RISK FACTORS

The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment 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. There can be no assurance that other risk factors not discussed herein will not become material in the future.

City Obligations

The City has other obligations payable from its General Fund, including but not limited to debt obligations, lease obligations and other obligations related to post-employment retirement benefits as well as certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional lease and other obligations payable from the City's General Fund. See "THE CITY—Indebtedness" for further discussion of the City's obligations.

COVID-19 Pandemic

The recent global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is significantly affecting the national capital markets and national, state and local economies. The State has stated that the negative impact of the Pandemic on revenues will be immediate, affecting the current fiscal year and several fiscal years in the future. The May Revision to the 2020-21 State budget proposal reflected a shortfall of $54.3 billion, and significant reductions in funding for many programs and services were ultimately made in the State's adopted budget for fiscal year 2020-21 in order to address this deficit. Unemployment in the United States has dramatically increased as a result of the outbreak. The State, the County and the City have taken actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of nonessential businesses.

The County Health Officer for Riverside County has adopted and implemented state orders through, "COVID-19 Guidelines and Reopening Plan," that aligns the County with both the Governor's July 13, 2020 announcement requiring the closure of specific activities and business sectors and the State's August 28, 2020 issuance of a "Blueprint For a Safer Economy" and "Adjusting Permitted Sector Activities" which describes tiered approach to relaxing and tightening restrictions on activities based on specified criteria and as permitted by the Order based on County health conditions and circumstances. The County is in a restrictive, or "red - substantial," level of the State's four-tier virus-tracking roadmap. There can be no assurance that more restrictive safety protocols (including business closures) will not be imposed or reimposed in the future, depending on the course of the Pandemic and other factors.

The actual impact of COVID-19 on the City, its economy and its finances will depend on future events, including future events outside of the control of the City, and actions by the federal government, the State and the County. The City cannot predict the extent or duration of the outbreak or what overall impact it may have on the City's financial condition or operations. Any financial information, including projections, forecasts and budgets presented herein do not account for all of the potential effects of COVID-19 unless specifically referenced.

Increasing Retirement Related Costs

The City is required to make contributions to CalPERS for City employees. Such obligations are a significant financial obligation of the City and are projected to increase significantly in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns, and future changes to benefits or actuarial assumptions. There can be no assurances that actual increases in required contributions will not be higher than the projections. See "THE CITY—Employees' Retirement Plan."

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

Natural Disasters

The occurrence of an earthquake, fire, flooding or other natural disaster which resulted in significant damage within the City or otherwise significantly impacted the economy of the City could materially adversely affect the financial condition of the City. In addition, the City's economy could be impacted in the future by potential future increased state or federal regulations.

Earthquakes are considered a threat to the City due to the highly active seismic region in which the City lies and the proximity of fault zones, which could influence the entire southern coastal portion of the State. Although no major earthquake has caused substantial damage to the City, the City is located over the San Andreas Fault.

An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

The City generally is not located within a 100-year floodplain.

The occurrence of natural disasters in the City could result in substantial damage to the City which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make the debt service payments on the Bonds. The potential direct and indirect consequences of a major earthquake, a wildfire or other natural disasters can easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

Hazardous Substances

The discovery of a hazardous substance that limits the beneficial use of taxable property within the City could result in the reduction in the assessed value of property, and therefore property tax revenue available to make Rental Payments. 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 Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, 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 City be affected by a hazardous substance, could be to reduce the marketability and value of such property by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The City has not independently verified, but is not aware of, the presence of any hazardous substances on the Property. Hazardous substance liabilities may arise in the future with respect to any of the property in the City as a result of the existence, currently, of a substance that is presently classified as hazardous but which has not been released or the release of which is not presently threatened. Hazardous substance liabilities may also arise in the future as a result of the existence, currently, on a parcel of a substance that is not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such a substance. These possibilities could significantly affect the value of a parcel and could result in substantial delays in completing planned development on parcels that are currently undeveloped.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. To date, there have been no significant, cyber-attacks on the City's computers and technologies.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Limitation on Sources of Revenues; Additional Expenditures

There are limitations on the ability of the City to increase revenues payable to the City's General Fund. The ability of the City to increase taxes is limited by Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 62. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." In addition to limitations that have been imposed on the ability of the City to raise revenues, State and federally mandated expenditures by City's for justice, health and welfare have increased. There can be no assurances that state or federal actions affecting the City will not have a material adverse financial impact on the City.

Limitation on Remedies; Bankruptcy

The enforceability of the rights and remedies of the Holders of the Bonds are subject to a number of limitations, including bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

In addition, the rights and remedies of the Holders of the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. Should the City file for bankruptcy, there could be adverse effects on the Holders of the Bonds.

If the City is in bankruptcy, the parties (including the Trustee and the Holders of the Bonds) may be prohibited from taking any action to collect any amount from the City or to enforce any obligation of the City, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Holders of the Bonds from funds in the Trustee's possession.

The Bonds are not secured by any property other than the funds that the City has actually deposited with the Trustee. The Bonds are not secured by funds in the City treasury which are allocated for deposit in the Revenue Fund in the City treasury. If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations of funds for deposit to the Revenue Fund, and it may not be obligated to turn over to the Trustee any moneys in the City treasury that have been allocated for deposit to the Revenue Fund. As a result, the Bonds would likely be treated as unsecured obligations of the City in the bankruptcy case. Under such circumstances, the Holders of the Bonds could suffer substantial losses.

The City may be able, without the consent and over the objection of the Trustee or the Holders of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the Holders of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact a City bankruptcy proceeding has occurred could have an adverse effect on the liquidity and value of the Bonds.

In two situations in the State, holders of pension obligations bonds issued by cities that participate in CalPERS experienced significant losses in their investment in such pension obligation bonds as a result of the cities subsequently seeking voluntary protection from their creditors pursuant to Chapter 9 of the Bankruptcy Code.

Limited Secondary Market

As stated herein, investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the State Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the general fund revenues of the City and consequently, having an adverse effect on the security for the Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property 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 newly constructed, or when 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 a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the State 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 included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness 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 the following year. The City is unable 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.

Article XIII B of the California Constitution

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

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for the City in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the City's option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The City Council adopted the annual appropriation limit for the Fiscal Year 2019-20 of $137,139,558. The limitation applies only to proceeds of taxes (and investment earnings thereon) and therefore does not apply to service fees and charges, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs (or investment earnings on the foregoing). In Fiscal Year 2019-20, the funds subject to limitation total $30,136,045 (total general operating budget minus revenues excluding taxes, investment earnings thereon, and debt service).

Proposition 62

Proposition 62, which was adopted by the voters at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax under Section 53722 of the Government Code, and was held invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the Guardino decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al*. In this case, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City believes that all taxes currently being collected by it comply with the requirements of Proposition 62.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the City, to impose and collect both existing and future taxes, assessments, fees and charges. The City is unable to predict terms pf Proposition 218 will be interpreted and applied by the courts in the future. Proposition 218 could substantially restrict the City's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the City's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the City does not presently believe that the potential impact on the financial condition of the City as a result of the provisions of Proposition 218 will adversely affect the City's ability to pay principal of and interest on the Bonds and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote of the electorate and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues through General Fund taxes, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the "Proposition 218 Omnibus

Implementation Act"), which directed that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the City's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The City is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the City's General Fund. The City believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the City, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the City would be able to pay the principal of and interest on the Bonds as and when due or any of its other obligations payable from the City General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the City, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the City is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the City will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the City anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the City to pay the principal of and interest on the Bonds, as and when due. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency (subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C) upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the City, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the City and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D is not substantial. Accordingly, the City does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the City to pay the principal of and interest on the Bonds as and when due. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City General Fund in the event the fees and charges that presently finance them are reduced or repealed.

The fees and charges of the City's enterprise funds, including those which are not property related for purposes of Article XIII D, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the City may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the City may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Unitary Property

Some amount of property tax revenue of the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City) according to statutory formula generally based on the distribution of taxes in the prior year.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in April 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "—Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The State's Legislative Analyst's Office (LAO) states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need.

Proposition 1A

As part of former Governor Schwarzenegger's agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A ("Proposition 1A") at the November 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State may borrow up to 8 percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two–thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than 2 fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

The 2009-10 State budget included a Proposition 1A diversion of $1.935 billion in local property tax revenues from cities, counties, and special districts to the State to offset State general fund spending. Such diverted revenues must be repaid, with interest, no later than June 30, 2013. The amount of the Proposition 1A diversion from the City was $833,681. The City participated in a State-sponsored program financing the Proposition 1A diversion and, accordingly, received its full share of property tax revenues.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. The limitations imposed upon the City by these provisions hinder the City's ability to raise revenues through taxes or otherwise and may therefore prevent the City from meeting increased expenditure requirements. From time to time, other initiative measures could be adopted, some of which may place further limitations on the ability of the State, the City or local districts to increase revenues or to spend money or which could have other financially adverse effects such as requiring the City to undertake new responsibilities. Such other initiatives could have a material adverse effect on the City's financial condition.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but interest on the Bonds is exempt from State of California personal income tax.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which a Bond Owner may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. Bond Owners should consult their own tax advisor with respect to taking into account any original issue discount on the Bond.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Bond Owner's particular situation. The ownership and disposal of a Bond and the accrual or receipt of interest with respect to the Bond may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

VALIDATION

On July 2, 2020, the City, acting pursuant to the provisions of Section 860 et seq. of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California in and for the County of Riverside seeking judicial validation of the transactions relating to the CalPERS Contract and the Bonds and certain other matters entitled City of Calexico v. All Persons Interested et al. (Case No. PSC2002998). On September 25, 2020, the court entered the Validation Judgment to the effect, among other things, (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability by issuing the Bonds and applying the proceeds of the Bonds to the retirement of the its Unfunded Liability. Pursuant to Section 870 of the California Code of Civil Procedure, the last day to timely file a notice of appeal to this judgment was October 25, 2020. On October 26, 2020, the judgment became binding and conclusive in accordance with California law. The City is unaware of any threatened challenge to this judgment. In issuing its approving opinion, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, will rely, among other things, upon the above-described judgment.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Certain additional matters will be passed upon by Nixon Peabody LLP, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney, for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California and for the Trustee by its counsel. Bond Counsel has not undertaken any responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expresses no opinion relating thereto.

LITIGATION

[CONFIRM]

To the best knowledge of the City there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution and delivery or the issuance of the Bonds, or the execution and delivery of the Trust Agreement, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City, such other lawsuits and claims presently pending will not have a material adverse effect on the ability of the City to pay the principal of and interest on the Bonds.

RATING

S&P Global Ratings ("S&P") has assigned the rating of "______" to the Bonds. An explanation of the significance and status of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by any of S&P, if in its judgment, circumstances so warrant. A revision or withdrawal of any rating for the Bonds could have an effect on the market prices and marketability of the Bonds. The City cannot predict the timing or impact of future actions by S&P.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix A are the audited financial statements of the City as of and for the year ended June 30, 2019, together with the report thereon dated December 12, 2019 of The Pun Group, LLP (the "Auditor"). The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 12, 2019.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than March 31 of each year commencing with the report for the 2019-20 Fiscal Year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the Dissemination Agent with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") or any successor assigned by the Municipal Securities Rulemaking Board or Securities and Exchange Commission. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events by the City is set forth in APPENDIX E—"FORM OF CONTINUING DISCLOSURE AGREEMENT."

The former redevelopment agency of the City, the Successor Agency to the City's former redevelopment agency, the Coachella Financing Authority, the Coachella Sanitary District and the Coachella Water Authority, which are related entities to the City, have previously entered into continuing disclosure undertakings under Rule 15c2-12 in connection with the issuance of municipal obligations. [In the past five years, certain material event notices disclosing ratings downgrades of the bond insurer for various bond issues of the City's related entities were not filed. In order to correct these prior noncompliance issues and to ensure future compliance with all its continuing disclosure undertakings on a timely basis, the City has contracted with the Urban Futures, Inc., to act as dissemination agent and to prepare and perform the required filings for all of its continuing disclosure obligations. The Dissemination Agent submitted corrective filings with the Municipal Securities Rulemaking Board with respect to the above-described matters.]

UNDERWRITING

The Bonds are being purchased by Ramirez & Co. LLC, as Underwriter. The Underwriter has agreed to purchase the Bonds at a purchase price of $____________ (representing the principal amount of the Bonds less an underwriting discount of $__________). The Bond Purchase Agreement with respect to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to certain conditions contained in such Bond Purchase Agreement.

The Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriter. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

MUNICIPAL ADVISOR

The City has retained Urban Futures, Inc., Tustin, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds and the Trust Agreement and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies of the Trust Agreement, in reasonable quantity, may be obtained during the offering period from the Underwriter and thereafter upon request to the principal corporate trust office of the Trustee. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the City. This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or owners of any of the Bonds.

CITY OF COACHELLA

By:_______________________________________

City Manager

APPENDIX A

THE CITY OF COACHELLA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF COACHELLA

This appendix sets forth general economic and demographic information in and about the City of Coachella ("Coachella") including information with respect to its finances. The following information concerning Coachella, County of Riverside (the "County") and the State of California (the "State") is included only for general background purposes. It is not intended to suggest that the Bonds are payable from any source other than Deposit Amounts.

General

The City is located in the center of the Riverside County (the "County") at the east end of the Coachella Valley, approximately 134 miles east of Los Angeles and 30 miles southeast of Palm Springs. The City covers an area in excess of 28 square miles and had a population of approximately 46,351 as of January 1, 2019. Interstate 10 and State Routes 86 and 111 traverse the City. The City covers an area in excess of 19 square miles at an average elevation of 67 feet below sea level. The City has a temperate climate with a mean average temperature of 73.1 degrees and average annual rainfall of 3.38 inches.

Incorporated in 1946, the City operates as a general law city. It has a council-manager form of government, with five City Council members elected at large for staggered four-year terms. The City Council elects one of the Council members as Mayor.

Population

The following table presents population statistics for the City for the last 10 years.

CITY OF COACHELLA
POPULATION ESTIMATES(1)

Calendar Year	*Population*
2011	41,614
2012	42,412
2013	43,473
2014	44,113
2015	44,291
2016	44,836
2017	45,537
2018	45,777
2019	46,885
2020	47,186

(1) Estimated by the California Department of Finance, Demographic Research Unit, as of January 1 of each year.
Source: California Department of Finance.

Industry and Employment

The following table summarizes the civilian labor force, employment and unemployment figures for the City and for the County for the years 2011 through 2019.

CITY OF COACHELLA AND COUNTY OF RIVERSIDE
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(Yearly Average)[1]

	City of Coachella			Riverside County	California
Year	Labor Force	Employed	Unemployed Rate	Unemployment Rate	Unemployment Rate
2011	18,100	14,500	19.6%	13.2%	11.7%
2012	18,200	15,000	17.4	11.6	10.4
2013	18,100	15,400	15.0	9.9	8.9
2014	18,400	16,100	12.5	8.2	7.5
2015	18,600	16,600	10.3	6.7	6.2
2016	19,600	17,000	13.6	6.1	5.5
2017	19,800	17,400	12.3	5.3	4.8
2018	20,000	17,800	11.0	4.5	4.3
2019	20,100	18,100	10.1	4.2	4.0

[1] Not seasonally adjusted. Figures represent the 12-month average for each such year.
Source: California Employment Development Department.

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The County is a part of the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"), which includes all of the County and San Bernardino County. The following table summarizes the civilian labor force in the MSA for the calendar years 2015 through 2019. These figures reflect statistics for the MSA and may not necessarily accurately reflect employment trends in the City.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA
ANNUAL AVERAGE EMPLOYMENT[(1)]
Calendar Years 2015-2019

	2015	***2016***	***2017***	***2018***	***2019***
Total Farm	14,800	14,600	14,500	14,500	15,100
Total Nonfarm	1,354,400	1,403,300	1,454,900	1,506,700	1,541,800
Total Private	1,121,100	1,161,000	1,203,900	1,249,500	1,281,300
Goods Producing	183,100	191,600	197,600	207,500	208,300
Mining, Logging, and Construction	87,000	92,900	98,400	106,400	107,100
Construction	85,700	92,000	97,400	105,200	105,900
Manufacturing	96,200	98,700	99,200	101,100	101,200
Service Providing	1,171,200	1,211,700	1,257,300	1,299,300	1,333,500
Trade, Transportation and Utilities	333,100	347,900	365,500	379,600	390,700
Wholesale Trade	60,500	61,600	62,600	65,500	66,700
Retail Trade	174,400	178,300	180,900	181,200	181,300
Transportation, Warehousing and Utilities	98,100	108,000	122,100	132,900	142,800
Information	11,700	11,800	11,600	11,400	11,500
Financial Activities	43,700	44,300	43,900	43,800	44,200
Professional and Business Services	147,400	144,900	146,900	151,400	155,500
Educational and Health Services	206,300	215,700	226,700	239,500	250,100
Leisure and Hospitality	151,700	160,200	166,300	170,600	175,200
Other Services	44,000	44,600	45,400	45,800	45,800
Government	233,300	242,300	251,000	257,200	260,500
Total, All Industries[(1)]	5,617,700	5,825,400	6,046,100	6,269,100	6,418,500

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.
Source: California Employment Development Department, Labor Market Information Division.

Development in the County area has brought a number of large firms to the area around the City. Much of the City's economy involves agribusiness, with the major crops being grapes, grapefruit and dates.

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Major Employers

The following table lists the largest employers in the City as of June 30, 2019, the most recent fiscal year for which such information is available.

CITY OF COACHELLA
PRINCIPAL EMPLOYERS

Name of Company	***Number of Employees***	***Type of Business***
Coachella Valley Unified School District[(1)]	564	Education
Spotlight 29 Casino	433	Indian gaming
Ernie Ball Inc./Paladar	380	Manufacturing
Augustine Casino	350	Indian gaming
Armtec Defense (Subsidiary of Esterline Defense Technology)	288	Munitions
Valley Pride[(2)]	214	Farming
Coachella Valley Water District	196	Public Works
Teserra Outdoors (formerly California Pools)	161	Pool/Landscaping
Cardenas (Market #18)	110	Grocery Store
Coca-Cola Enterprises, Inc.	100	Food and Beverage

(1) Includes full-time and part-time employees
(2) Count is at peak of season during harvest (November – March)
Source: City of Coachella FY 19 Comprehensive Annual Financial Report; Avenue Insights & Analytics.

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Commercial Activity

Taxable sales in the City totaled approximately $337,274,947 in 2019, the most recent full year for which figures are available. The following table summarizes the volume of retail sales and taxable transactions for the City and the County for 2009 through 2019, as provided by the California Department of Tax and Fee Administration (formerly the Board of Equalization).

TAXABLE SALES
City of Coachella and Riverside County
2009 - 2019
(Dollars in Thousands)

	City of Coachella Taxable Transactions		Riverside County Taxable Transactions	
Year	**Retail and Food Services**	**Other**	**Retail and Food Services**	**Other**
2009	$185,768	$57,40	$16,057,488	$6,170,390
2010	197,136	62,693	16,919,500	6,233,280
2011	215,754	73,469	18,576,285	7,065,212
2012	227,022	75,031	20,016,668	8,079,341
2013	232,627	77,231	21,306,774	8,758,693
2014	249,818	80,506	22,646,343	9,389,344
2015	234,969	72,922	23,281,724	9,629,186
2016	235,306	63,928	24,022,136	10,209,008
2017	245,455	61,987	25,581,948	10,550,866
2018	262,098	65,874	28,042,692	10,876,806
2019	270,445	66,830	29,020,401	11,537,444

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

Personal Income

Personal income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in the County increased by 52.35% between 2009 and 2018. The following tables summarize personal income for the County for 2009 through 2018, the most recent full year for which such information is available.

PERSONAL INCOME
Riverside County
2009-2018
(Dollars in Thousands)

Year	*Riverside County*	*Annual Percent Change*
2009	$65,369,622	(2.03)%
2010	67,568,045	3.36
2011	71,949,357	6.48
2012	74,075,529	2.96
2013	76,493,787	3.26
2014	80,637,967	5.42
2015	86,092,487	6.76
2016	90,273,976	4.86
2017	94,210,345	4.36
2018	99,591,680	5.71

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following tables summarizes per capita personal income for the County, the State of California and the United States for the years 2010 through 2019, the most recent full year for which such information is available. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2010-2019

Fiscal Year	*Riverside County*	*California*	*United States*
2010	$30,685	$43,609	$40,545
2011	32,179	46,145	42,727
2012	32,707	48,751	44,582
2013	33,383	49,173	44,826
2014	34,732	52,237	47,025
2015	36,603	55,679	48,940
2016	37,827	57,497	49,831
2017	38,975	60,219	51,910
2018	40,637	63,711	54,526
2019	N/A	66,661	56,663

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain definitions and provisions of the Trust Agreement which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Trust Agreement for a full and complete statement of its provisions.

APPENDIX D

FORM OF BOND COUNSEL OPINION

[Date of Delivery]

City Council
City of Coachella
Coachella, California

Re: $________ City of Coachella Taxable Pension Obligation Bonds, Series 2020

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of Coachella (the "City") relative to the issuance and sale by the City of its Taxable Pension Obligation Bonds, Series 2020, in the aggregate principal amount of $__________ (the "Bonds"), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Trust Agreement, dated as of _______ 1, 2020 (the "Trust Agreement"), by and between the City and Wilmington Trust, N.A., as trustee (the "Trustee"). The Bonds have been issued for the purpose of refunding the City's obligations to the Public Employees Retirement System ("PERS') evidenced by the contract between the Board of Administration of CalPERS and the City Council of the City, effective __________, as such contract has been amended from time-to-time (as amended, the "CalPERS Contract") to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employee's Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"). In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on September 25, 2020 by the Superior Court of the County of Riverside in the action entitled City of Coachella v. All Persons Interested et al., Case No. PSC2002998, and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of issuance of the Bonds.

The Bonds are dated the date hereof, and mature on the dates and bear interest at the rates per annum set forth in the Trust Agreement. The Bonds are registered bonds in the forms set forth in the Trust Agreement, redeemable in the amounts, at the times and in the manner provided for in the Trust Agreement. All terms not defined herein have the meanings ascribed to those terms in the Trust Agreement.

Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

2. The Bonds have been duly authorized and issued by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon issuance and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

The opinions expressed in paragraphs (1) and (2) above are limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Trust Agreement.

Except as expressly set forth in paragraph (3) above, we express no opinion regarding any tax consequences with respect to the Bonds.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F has been provided by DTC for use in securities offering documents, and the City takes no responsibility for the accuracy or completeness thereof. The City cannot give or does give any assurances that DTC, DTC Direct Participants or DTC Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct 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.

1. The Depository Trust Company ("DTC"), New York, New York, 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 certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

4. 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 affect 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Neither the City nor the Trustee will have any responsibility or obligation to such Direct Participants and Indirect Participants or the persons for whom they act as nominees with respect to the Bonds. 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 Trust Agreement. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments with respect to 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 Trustee, on payable dates 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 City or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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.

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

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). If the City determines not to continue the DTC book-entry only system, or DTC discontinues providing its services with respect to the Bonds and the City does not select another qualified securities depository, the City will deliver physical Bond certificates to the Beneficial Owners. The Bonds may thereafter be transferred upon the books of the Trustee by the registered owners, in

person or by authorized attorney, upon surrender of Bonds at the Office of the Trustee in Costa Mesa, California, accompanied by delivery of an executed instrument of transfer in a form approved by the Trustee and upon payment of any charges provided for in the Trust Agreement. Certificated Bonds may be exchanged for Bonds of other authorized denominations of the same aggregate principal amount and maturity at the Office of the Trustee in Costa Mesa, California, upon payment of any charges provided for in the Trust Agreement. No transfer or exchange of Bonds will be made by the Trustee during the period between the record date and the next Interest Payment Date.

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

11. The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OF THE BONDS (OTHER THAN UNDER THE CAPTION “TAX MATTERS” HEREIN) SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

12. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.