

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 29, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: “AA+” (SERIES 2026A BONDS)
(See “RATING” herein)

In the opinion of Rutan & Tucker, LLP, Irvine, California (“Bond Counsel”), interest on the Series 2026A Bonds is not excludable from gross income for federal income tax purposes but such interest is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Series 2026A Bonds. See the caption “TAX MATTERS” herein.

\$19,545,000*

**IRVINE FACILITIES FINANCING AUTHORITY
(FOOD AND BEVERAGE PROJECT)
TAXABLE LEASE REVENUE BONDS, SERIES 2026A**

Dated: Date of Delivery

Due: May 1, as shown on inside cover

The Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A (the “Series 2026A Bonds”) are payable from base rental payments (the “Base Rental Payments”) to be made by the City of Irvine (the “City”) for the right to use certain City-owned property as described herein (the “Property”) pursuant to a Lease Agreement, dated as of December 1, 2026 (the “Lease Agreement”), by and between the City, as lessee, and the Irvine Facilities Financing Authority (the “Authority”), as lessor. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS.” The Series 2026A Bonds are payable from the Base Rental Payments on a parity with the payments made by the City with respect to any additional bonds issued under the Indenture (as defined below) in the future.

The Series 2026A Bonds are being issued to provide funds to (i) finance the construction of certain facilities to be owned by the City and leased to a third party, as described herein, (ii) fund interest on the Series 2026A Bonds through November 1, 2029, and (iii) pay the costs incurred in connection with the issuance of the Series 2026A Bonds. See “THE PROJECT.” The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City’s right to use and occupy any portion of the Property. See “RISK FACTORS—Abatement.”

The Series 2026A Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Interest on the Series 2026A Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2027. Purchasers will not receive certificates representing their interest in the Series 2026A Bonds. Individual purchases of the Series 2026A Bonds may be made in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2026A Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the Beneficial Owners of the Series 2026A Bonds. See “THE SERIES 2026A BONDS—Book-Entry Only System” herein.

The Series 2026A Bonds will be issued pursuant to an Indenture, dated as of December 1, 2026 (the “Indenture”), by and among the City, the Authority and the Trustee. The Series 2026A Bonds and any additional bonds issued pursuant to the Indenture (“Additional Bonds”) are collectively referred to herein as the “Bonds.” The Authority has not funded a debt service reserve fund for the Series 2026A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS.”

The Series 2026A Bonds are subject to redemption prior to maturity. See “THE SERIES 2026A BONDS—Redemption.”

The Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

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

The Series 2026A Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Rutan & Tucker, LLP, Irvine, California, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is acting as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City and the Authority by Rutan & Tucker, LLP, Irvine, California, as the City Attorney of the City, for the Underwriter by Anzel Galvan LLP, San Francisco, California, and for the Trustee by its counsel. It is anticipated that the Series 2026A Bonds in definitive form will be available for delivery through the facilities of DTC on or about December __, 2026.

STIFEL

Dated: ____, 2026

* Preliminary, subject to change.

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

\$ _____
IRVINE FACILITIES FINANCING AUTHORITY
(FOOD AND BEVERAGE PROJECT)
TAXABLE LEASE REVENUE BONDS, SERIES 2026A

MATURITY SCHEDULE

BASE CUSIP[†]: _____

<i><u>Maturity Date</u></i> <i><u>(May 1)</u></i>	<i><u>Principal Amount</u></i>	<i><u>Interest Rate</u></i>	<i><u>Yield</u></i>	<i><u>Price</u></i>	<i><u>CUSIP[†]</u></i>
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\$ _____ % Term Bonds due May 1, 2057 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 FactSet Research Systems Inc. Copyright© 2026 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 Authority, the City or the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the Series 2026A Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Series 2026A 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 representations of fact.

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 a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described herein since the date hereof. The Series 2026A Bonds may not be sold nor may an offer to buy be accepted prior to the time this Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2026A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “RISK FACTORS” and in APPENDIX A — “INFORMATION REGARDING THE CITY OF IRVINE.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES 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. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2026A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES 2026A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

A wide variety of other information, including financial information, concerning the City is available from publications and website of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted.

IRVINE FACILITIES FINANCING AUTHORITY

BOARD OF DIRECTORS

Larry Agran, *Chair*
James Mai, *Vice Chair*
Melinda Liu, *Director*
William Go, *Director*
Mike Carroll, *Director*
Betty Martinez Franco, *Director*
Kathleen Treseder, *Director*

CITY OF IRVINE

CITY COUNCIL

Larry Agran, *Mayor*
James Mai, *Vice Mayor*
Melinda Liu, *Councilmember*
William Go, *Councilmember*
Mike Carroll, *Councilmember*
Betty Martinez Franco, *Councilmember*
Kathleen Treseder, *Councilmember*

CITY OFFICIALS

Sean Joyce, *City Manager*
Michelle Grettenberg, *Assistant City Manager*
Pete Carmichael, *Assistant City Manager/Chief Development Officer*
Brian King, *Assistant City Manager*
Don Collins, *City Treasurer*
Carl Petersen, *City Clerk*
Jeffrey T. Melching (Rutan & Tucker, LLP), *City Attorney*
Stephanie Frady, *Director of Community Development*
Christopher Slama, *Director of Community and Library Services*
Alex Salazar, *Interim Director of Public Works and Sustainability*
Michael Kent, *Director of Public Safety/Chief of Police*
Melissa Haley, *Director of Communications and Engagement*
Michelle Riske, *Director of Human Resources*
Dahle Bulosan, *Director of Administrative Services*
Steve Torelli, *Director of Great Park*

PROFESSIONAL SERVICES

BOND COUNSEL

Rutan & Tucker, LLP
Irvine, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

TRUSTEE

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

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

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**IRVINE FACILITIES FINANCING AUTHORITY
(FOOD AND BEVERAGE PROJECT)
TAXABLE LEASE REVENUE BONDS, SERIES 2026A**



— Boundaries of the Property are approximate.

Photo taken July 29, 2026

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OFFICIAL STATEMENT

\$19,545,000*

**IRVINE FACILITIES FINANCING AUTHORITY
(FOOD AND BEVERAGE PROJECT)
TAXABLE LEASE REVENUE BONDS, SERIES 2026A**

INTRODUCTION

General

This Official Statement (which includes the cover page, inside cover page and the appendices hereto) (the “Official Statement”), provides certain information concerning the sale and delivery of \$19,545,000* aggregate principal amount of Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A (the “Series 2026A Bonds”).

The Series 2026A Bonds are being issued as part of the City of Irvine’s (the “City”) ongoing development plan within the Irvine Great Park (“Great Park”), a 1,347-acre metropolitan park located within the City. The proceeds of the Series 2026A Bonds will be primarily used as part of a public-private partnership with The Canopy Phase 2 LLC (the “Almquist Lessee”), a subsidiary of Almquist, a California corporation (the “ALMQUIST”), whereby the City finances the construction of a commercial center (the “Project”), located on approximately 4 acres of land in the Great Park, and continues to own the underlying ground, while the Almquist Lessee, under the terms of a lease with the City, operates the Project to provide restaurant, beverage, and specialty retail services to visitors to the Great Park. See “THE PROJECT” herein.

More specifically, the net proceeds of the sale of the Series 2026A Bonds will be used to (i) finance the construction of the Project, which will be owned by the City and leased to the Almquist Lessee, as described herein, (ii) fund interest on the Series 2026A Bonds through November 1, 2029, and (iii) pay the costs incurred in connection with the issuance of the Series 2026A Bonds.

The Series 2026A Bonds will be issued pursuant to an Indenture, dated as of December 1, 2026 (the “Indenture”), by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Pursuant to the Indenture, the Authority may issue additional bonds (“Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2026A Bonds (the Series 2026A Bonds and any such Additional Bonds being collectively referred to herein as the “Bonds”).

In connection with the issuance of the Series 2026A Bonds, the City will lease certain City-owned property to the Authority consisting of a total of 9 acres of property (collectively, the “Property”), a portion of which the Project will be located on, pursuant to a Ground Lease, dated as of December 1, 2026 (the “Ground Lease”), by and between the City and the Authority. See the caption “THE PROPERTY.”

In connection with the issuance of the Series 2026A Bonds, the Authority will enter into a Lease Agreement, dated as of December 1, 2026 (the “Lease Agreement”), between the City, as lessee, and the Authority, as lessor, pursuant to which the Authority will sublease the Property back to the City in exchange for certain Base Rental Payments (defined below), which Base Rental Payments will be sufficient to pay debt service on the Series 2026A Bonds when due. The Lease Agreement obligates the City to make Base Rental Payments to the Authority. See “THE PROPERTY.”

* Preliminary, subject to change.

In connection with the issuance of the Series 2026A Bonds, the Trustee and the Authority will execute and deliver an Assignment Agreement, dated as of December 1, 2026 (the “Assignment Agreement”), pursuant to which the Authority will assign to the Trustee for the benefit of the Owners substantially all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including its rights to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default under the Lease Agreement by the City.

The City will covenant under the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee and other amounts payable under the Lease Agreement) (collectively, the “Rental Payments”), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s right to use and occupy the Property or any portion thereof. See “RISK FACTORS—Abatement.” Abatement of Base Rental Payments under the Lease Agreement, to the extent that payment is not made from alternative sources as set forth below, would result in all Owners receiving less than the full amount of principal of and interest on the Series 2026A Bonds. To the extent that proceeds of insurance are available, Base Rental Payments (or a portion thereof) may be made from such proceeds of insurance during periods of abatement. Under the Lease Agreement, the City is not obligated to, nor does it intend to, provide any rental interruption insurance coverage with respect to the Property. **Accordingly, investors in the Series 2026A Bonds should not expect rental interruption insurance proceeds to be available to make debt service payments on the Series 2026A Bonds in the event of an abatement.**

Because all 9 acres of the Property will be under construction at the time the Series 2026A Bonds are issued, there will be a complete abatement of the Base Rental Payments until approximately the end of 2026, at which point the City estimates that the construction on 5 of the acres will be complete and the City will have sufficient beneficial use of the Property to make the Base Rental Payments in full. Notwithstanding the foregoing, because the Authority and the City are using Series 2026A Bond proceeds to make the payments on the Series 2026A Bonds through November 1, 2029, any abatement prior to that time will have no impact upon the timely payment of the Series 2026A Bonds. See “THE PROJECT,” “THE PROPERTY” and “CONSTRUCTION AND OPERATION OF THE PROJECT” and “RISK FACTORS – Abatement.”

The Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California (the “State”), or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no power to tax.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

The Authority is not funding a debt service reserve fund for the Series 2026A Bonds.

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). See

“CONTINUING DISCLOSURE” herein for a description of the specific nature of the annual report and notices of listed events and a summary description of the terms of the disclosure agreement pursuant to which such reports are to be made.

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee with respect to the Series 2026A Bonds. The Series 2026A Bonds will be issued subject to the approval as to their legality by Rutan & Tucker, LLP, Irvine, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by Rutan & Tucker, LLP, Irvine, California, as the City Attorney of the City and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP, San Francisco, California. The City’s financial statements for the fiscal year ended June 30, 2025 included as Appendix C hereto have been audited by CliftonLarsonAllen LLP, Irvine, California (the “Auditor”). See APPENDIX C — “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025” herein. 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.

Bondholders’ Risks

Certain events could affect the ability of the City to make the Base Rental Payments when due. See “RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2026A Bonds.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for a budget discussion for Fiscal Year 2026-27, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. See APPENDIX A for financial and operating information related to the City.

Other Information in this Official Statement

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the Series 2026A Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein, some of which are summarized in APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS.”

THE PROJECT

The Great Park is a 1,347-acre metropolitan park located on a portion of the site of the former Marine Corps Air Station (MCAS) El Toro within the City boundaries. Approved by the City Council of the City in 2022, the Great Park Framework Plan organizes 800+ acres of the Great Park into four distinct thematic zones: 1) the Cultural Terrace where the City expects an amphitheater, museums and a library to be built, 2) the Heart of the Park where a large meadow, cascading lakes and a waterfall will be built, 3) the Bosque and Western Sector where, in addition to a botanic garden and linear park, a veterans memorial will be built and 4) the Sports Complex which already has 194 acres of fields and an ice rink and is expected to be expanded to include water polo, basketball, and volleyball facilities.

Approximately 1.6 million people visit the Great Park on an annual basis. To date, there have been very limited retail and restaurant uses developed within the Great Park. Accordingly, the development of “The Canopy at Great Park” and the Project (known as Canopy II) represents an important step for the City, as further described below.

The Project sits on 4 acres, all of which are located within the Property, and is being financed with the proceeds of the Series 2026A Bonds. Upon completion, the Project will consist of a curated mix of restaurant, beverage, and specialty retail concepts designed to serve the Great Park, the broader Irvine community, and attract visitors from throughout Southern California. More specifically, the Project will consist of three newly constructed retail buildings totaling approximately 14,252 square feet; a re-constructed 10,000 square foot Hangar 10 (a revitalized historic World War II military hangar) for retail, fitness, and restaurant uses; “Pop Ups in the Park” shipping containers repurposed as an indoor/outdoor bar with food offerings; curated outdoor gathering areas, including a live performance space and open lawn areas for families and kids to enjoy; and surface parking and integrated site improvements. The Project’s contemporary architectural style, outdoor gathering spaces, and carefully selected tenant mix are meant to establish it as a distinct lifestyle destination.

The City is currently developing the 5 acres adjacent to the Project (which are part of the 9 acres that comprise the Property) into parking improvements to benefit the Project and expects to complete such development by the end of 2026. In addition, the City will make ancillary site improvements to the entirety of the Property during the course of the construction of the Project. The City expects to spend a total of \$25 million on parking and ancillary site improvements for the entire Property and has spent approximately \$975,000 through October 1, 2026.

To implement the Project, the City has adopted a public-private partnership model to facilitate development while retaining long-term control over the land. The Project is being developed by the Almquist Lessee, and upon completion, the Project will be operated by the Almquist Lessee. Vertical construction of the Project is anticipated to start in January 2027, with shell completion anticipated to be in August 2027 and substantial completion of the Project shortly thereafter. Tenant improvements are anticipated to be completed in December 2027 whereupon the Project is expected to open to the public and begin generating revenue. The Project will provide retail and dining options currently missing from the Great Park.

The Project is immediately adjacent to “The Canopy at Great Park” project currently under construction by another affiliate of ALMQUIST, Great Park Retail LLC, which is not being financed with the proceeds of the Series 2026A Bonds. The Canopy at Great Park is anticipated to include 91,238 square feet of retail, restaurant and other commercial space, sitting on a total of approximately 12 acres. The projects share significant components, including fire and delivery access (via reciprocal easements) and a shared parking approach that draws no distinction between the two phases of the project. In addition, the building architecture and landscape palette are consistent between the phases, and they are linked by pathways, which make the projects feel like one development. The Project site also extends into the existing sports complex, to integrate it into the existing environment. Great Park Retail LLC began construction of The Canopy at Great Park in May 2025 and commenced vertical construction of the buildings in October 2025. As of October 1, 2026, ALMQUIST has completed the shell buildings and delivered spaces to tenants for construction of their tenant

improvements. Surrounding site work remains underway, with ALMQUIST's construction expected to be completed in December 2026. Tenant openings are anticipated in late 2026 and continuing through early to mid-2027. In-N-Out was the first tenant to open at the project in September 2026. The Canopy at Great Park project is not part of the Property.

The Project will be operated by the Almquist Lessee under the terms of the Almquist Lease (as defined below). See "CONSTRUCTION AND OPERATION OF THE PROJECT."

THE PROPERTY

The Property consists of 9 acres, located immediately adjacent to "The Canopy at Great Park" project in the Great Park portion of the City. The Property is currently under development, but upon completion by the Almquist Lessee, will consist of the Project, located on approximately 4 acres, and parking and ancillary site improvements currently being developed by the City, located on approximately 5 acres. The City currently estimates that the fair market value of the Property is approximately \$53 million. Upon completion of the Project, the total fair market value of the Property is currently projected to total approximately \$65 million.

Because all 9 acres of the Property will be under construction at the time the Series 2026A Bonds are issued, there will be a complete abatement of the Base Rental Payments until approximately the end of 2026, at which point the City estimates that the construction on 5 of the acres for parking and ancillary site improvements will be complete and the City will have sufficient beneficial use of the Property to make the Base Rental Payments in full. Notwithstanding the foregoing, because the Authority and the City are using a portion of Series 2026A Bond proceeds to make the payments on the Series 2026A Bonds through November 1, 2029, any abatement prior to that time will have no impact upon the timely payment of the Series 2026A Bonds. See "RISK FACTORS—Abatement" for a brief discussion of the risk of abatement in the event the City does not complete construction of the parking and ancillary site improvements prior to the beginning of 2027.

CONSTRUCTION AND OPERATION OF THE PROJECT

The Property, on which the Project and the parking and ancillary site improvements will be located upon completion, as described under "THE PROPERTY" above, is being developed through a public-private partnership between the City, as lessor, and the Almquist Lessee, as lessee, under a long-term ground lease (the "Almquist Lease"). Under the Almquist Lease, the Almquist Lessee is expected to make lease payments to the City in an amount sufficient to make all Base Rental Payments in connection with the Series 2026A Bonds. The Almquist Lease is contingent upon and will be deemed effective upon the issuance of the Series 2026A Bonds, and it commences on the date that the Series 2026A Bonds are issued (the "Almquist Lease Commencement Date"), with the expiration of the Almquist Lease being 30 lease years following the "Operations Commencement Date," which means the earliest of (a) the date the City issues a certificate of occupancy for the Property, (b) the date that is thirty-six (36) months after the Almquist Lease Commencement Date, and (c) November 1, 2029. The Almquist Lessee has several options to extend the term of the Almquist Lease, with each instance being for an additional 10-year period. Under the Almquist Lease, construction of the Project by the Almquist Lessee must commence no later than 90 days after the later of (i) the Almquist Lease Commencement Date and (ii) the date the City issues a notice to proceed to the contractor constructing the "City Additional Land Preparation Activities" pursuant to the Predevelopment Agreement by and between the City and the Almquist Lessee; provided, however, that in no event will the date that construction commences occur prior to the date temporary fire access and fire water are available to the Property on which the Project is located (the "Construction Commencement Date"). Furthermore, construction must be completed within 36 months after the Almquist Lease Commencement Date. If the Almquist Lessee cannot initiate or complete construction by the time specified in the Almquist Lease, such failure could result in a default, and if not cured pursuant to the Almquist Lease, the City has certain rights including but not limited to terminating the Almquist Lease and bringing an action to reenter and retain possession of the Property.

The Almquist Lease and all of the Almquist Lessee's right, title, and interest in and to the Property on which the Project is located is subject, subordinate and inferior to the Ground Lease and Lease Agreement and to the right, title and interest of the City, the Authority and the Trustee under the Ground Lease and Lease Agreement. Under the Almquist Lease, in no event will any foreclosure, sale or assignment negatively affect or impair the rights of any holders of the Series 2026A Bonds. In addition, under the Almquist Lease, the City will reasonably consider amendments to the Almquist Lease requested by a holder of a mortgage or other lien secured by an interest in the leasehold estate or any improvements, fixtures, or equipment on the Property (the "Leasehold Mortgagee") or potential Leasehold Mortgagee provided such amendments do not, among other things, negatively affect or impair the rights of any holders of the Series 2026A Bonds.

The Almquist Lessee is an affiliate of ALMQUIST, a private commercial real estate and development company based in Southern California. ALMQUIST specializes in retail-focused placemaking and mixed-use developments that are intentionally designed with community integration and experiential quality at their core. ALMQUIST's work spans a range of retail-anchored and lifestyle real estate projects, such as River Street Marketplace in San Juan Capistrano, The Groves in Whittier, and Rodeo 39 Public Market in Stanton. Dan Almquist serves as Chief Executive Officer & President of ALMQUIST and has extensive experience leading commercial projects across Southern California.

Vertical construction of the Project is anticipated to start in January 2027, with shell completion anticipated to be in August 2027 and substantial completion of the Project shortly thereafter. Tenant improvements are anticipated to be completed in December 2027 whereupon the Project is expected to open to the public and begin generating revenue. The Project will provide retail and dining options currently missing from the Great Park.

IT IS ANTICIPATED THE ALMQUIST LESSEE WILL MAKE LEASE PAYMENTS TO THE CITY FOR THE USE OF THE PROPERTY THAT WILL BE SUFFICIENT TO PAY DEBT SERVICE ON THE SERIES 2026A BONDS WHEN DUE. HOWEVER, THE OBLIGATION TO REPAY THE SERIES 2026A BONDS RESTS SOLELY WITH THE CITY. NONE OF THE PAYMENTS PAYABLE BY THE ALMQUIST LESSEE UNDER THE ALMQUIST LEASE ARE PLEDGED AS SECURITY FOR THE SERIES 2026A BONDS OR ANY ADDITIONAL BONDS ISSUED IN THE FUTURE. THE BONDS ARE SECURED SOLELY BY BASE RENTAL PAYMENTS AND OTHER ASSETS PLEDGED UNDER THE INDENTURE.

THE SERIES 2026A BONDS

General

The Series 2026A Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2026A Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Series 2026A Bonds will be paid semiannually on May 1 and November 1 (each, an "Interest Payment Date") of each year, commencing May 1, 2027.

Interest on the Series 2026A Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2026A Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day (the "Record Date"), in which event it will bear interest from such Interest Payment Date, (ii) a Series 2026A Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the dated date thereof, or (iii) interest on any Series 2026A Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest will be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership

of the Series 2026A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date or by wire transfer to Owners of more than \$1,000,000 in principal amount of Series 2026A Bonds who have provided account information and wiring instructions satisfactory to the Trustee.

The principal of the Series 2026A Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series 2026A Bonds will be subject to redemption as set forth herein.

Registration, Transfers and Exchanges

The Series 2026A Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2026A Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2026A Bonds. See “THE SERIES 2026A BONDS—Book-Entry Only System.”

Redemption*

Extraordinary Redemption from Condemnation Award or Insurance Proceeds. The Series 2026A Bonds shall be subject to redemption, in whole or in part, on any date, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of: (i) Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, and (ii) eminent domain proceeds received pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption. The Series 2026A Bonds maturing on or after May 1, 2037, are subject to optional redemption, in whole or in part, on any date on or after May 1, 2036, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2026A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2026A Bonds with a stated maturity on May 1, 20__ (the “20__ Term Bonds”) are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20__, in integral multiples of \$5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (May 1)</i>	<i>Principal Amount</i>
	\$

*

* Final Maturity.

* Preliminary, subject to change.

In the event of a partial optional redemption or extraordinary mandatory redemption of any of the Term Bonds, each of the remaining mandatory sinking fund payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis in the amount of \$5,000 or any integral multiple thereof as directed by an Authorized City Representative.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority provided to the Trustee at least 30 but no more than 60 days prior to the date of such redemption, (b) with respect to any redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, as directed in a Written Request of the Authority provided to the Trustee at least 30 but no more than 60 days prior to the date of such redemption, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Notice of Redemption. Notice of redemption shall be given by the Trustee, not less than 20 nor more than 60 days prior to the redemption date (i) as to Series 2026A Bonds not registered in the name of a Securities Depository or its nominee, to the respective Owners of the Series 2026A Bonds designated for redemption at their addresses appearing on the Registration Books, (ii) as to Series 2026A Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Series 2026A Bonds, and (iii) the Information Services. Notice of redemption to the Owners pursuant to (i) above shall be given by mail at their addresses appearing on the Registration Books, or any other method agreed upon by such Owner 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.

Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Series 2026A Bond numbers and the maturity or maturities (except in the event of redemption of all of the Series 2026A Bonds of such maturity or maturities in whole) of the Series 2026A Bonds to be redeemed, and will require that such Series 2026A Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2026A Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so given, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Series 2026A Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of optional redemption of the Series 2026A Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Series 2026A Bonds to be redeemed and upon other conditions set forth therein and that, if such money has not been so received or such other conditions have not been satisfied, said notice is of no force and effect and the Trustee is not required to redeem such Series 2026A Bonds. If any condition stated in the redemption notice for an optional redemption has not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the Authority will not be required to redeem such Series 2026A Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption. Notice having been given as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the principal corporate trust office of the Trustee, said Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof has been given as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon. All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

Book-Entry Only System

General. DTC will act as securities depository for the Series 2026A Bonds. The Series 2026A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2026A Bond will be issued for each maturity of the Series 2026A Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F — "BOOK-ENTRY ONLY SYSTEM."

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series 2026A Bonds apply only during any period in which the Series 2026A Bonds are not subject to DTC's book-entry system. While the Series 2026A Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Series 2026A Bond may, in accordance with its terms, be transferred upon the Registration Books required to be kept by the Trustee pursuant to the provisions of the Indenture by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Series 2026A Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2026A Bond or Series 2026A Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Series 2026A Bond or Series 2026A Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Series 2026A Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Series 2026A Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Series 2026A Bonds. The Trustee will require the payment by the Series 2026A Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee is not obligated to make any transfer or exchange of Series 2026A Bonds during the period established by the Trustee for the selection of Series 2026A Bonds for redemption, or with respect to any Series 2026A Bonds selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS

Pledge of Revenues

The Series 2026A Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund established under the Indenture. Base Rental Payments will be payable by the City from any and all legally available funds; however, the City expects that its General Fund will be the primary source of funds to make Base Rental Payments. See “RISK FACTORS” and APPENDIX A — “INFORMATION REGARDING THE CITY OF IRVINE” for a description of such available funds and the potential risks associated with the availability of such funds to make Base Rental Payments. The City covenants in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, has assigned to the Trustee for the benefit of the Bond Owners all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority will retain the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See “—Base Rental Payments” below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2026A Bonds. See APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Conditions for the Issuance of Additional Bonds” and “—Procedure for the Issuance of Additional Bonds.”

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

The Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no power to tax.

Base Rental Payments

Rental Payments (defined in the Lease Agreement as collectively, the Base Rental Payments and the Additional Rental Payments) will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid. Each Base Rental Payment will be deposited with the Trustee no later than the 25th day of the month next preceding each Interest Payment Date (the “Base Rental Deposit Date”) on which such Base Rental Payment is due. All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each May 1, commencing May 1, 2027, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund to provide for the payment of principal of and interest on the Series 2026A Bonds.

The Base Rental Payments due under the Lease Agreement are calculated to be sufficient to pay the principal of and interest on the Series 2026A Bonds. The City expects to make Base Rental Payments from its General Fund. The debt service schedule for the Series 2026A Bonds is set forth below under the heading “DEBT SERVICE SCHEDULE.”

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as Additional Rental Payments thereunder, in addition to the Base Rental Payments, such amounts as shall be required for the payment of the following:

(i) All taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein.

(ii) All reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees.

(iii) Insurance premiums for all insurance required pursuant to the Lease Agreement.

(iv) All other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Under the Almquist Lease, the Almquist Lessee shall be responsible for the payment of all taxes and assessments relating to the portion of the Property on which the Project is located (which amount totals approximately 4 of the 9 acres constituting the Property, and includes the Project), while the City shall be responsible for all taxes and assessments of any type relating to the remainder of the Property.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments are subject to abatement proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending when such use and occupancy is restored. In the event of abatement, the term of the Lease Agreement will be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of the Lease Agreement will in no event be extended by more than ten years beyond May 1, 2056. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See APPENDIX B — "SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement."

Because all 9 acres of the Property will be under construction at the time the Series 2026A Bonds are issued, there will be a complete abatement of the Base Rental Payments until approximately the end of 2026, at which point the City estimates that the construction on 5 of the acres will be complete and the City will have sufficient beneficial use of the Property to make the Base Rental Payments in full. Notwithstanding the foregoing, because the Authority and the City are using Series 2026A Bond proceeds to make the payments on the Series 2026A Bonds through November 1, 2029, any abatement prior to that time will have no impact upon the timely payment of the Series 2026A Bonds. See "THE PROJECT," "THE PROPERTY" and "CONSTRUCTION AND OPERATION OF THE PROJECT" and "RISK FACTORS – Abatement."

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds), such Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

Substitution, Addition and Removal of Property

The Authority and the City may amend the Lease Agreement to substitute alternate property for any portion of the Property, to release a portion of the Property from the Lease Agreement or to add additional property to the encumbrance of the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement as described below. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement.

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution, release or addition. Any such substitution, release or addition is subject to the specific conditions precedent to such substitution, release or addition in the Lease Agreement, including the following:

(a) a Written Certificate of the City to the effect that the Property, as constituted after such substitution, release or addition: (i) has an annual fair rental value at least equal to the maximum annual Base Rental Payments, during the remaining term of the Lease Agreement, payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds.

(b) with respect to any substituted or added property, the City obtains or causes to be obtained a CLTA or ALTA title insurance policy or policies with respect to the Property (as such term will be defined after such substitution or addition) that when taken together with other title insurance policies covering the Property, will be in an amount at least equal to the aggregate principal amount of any Outstanding Bonds, of the type and with the endorsements described in the Lease Agreement; and

(c) the City, the Authority and the Trustee execute, and the City causes to be recorded with the County of Orange Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted or added real property in the description of the Property contained in the Lease Agreement and in the Ground Lease.

See APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE—Substitution or Release of, or Addition to, the Property.”

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. See “RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental.”

For purposes of certain actions of Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Bond Owners do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Bonds.

In the event of a default under the Lease Agreement there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable. There is no right under the Indenture to accelerate debt service payments on the Bonds in the event of a default under the Indenture or the Lease Agreement.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—DEFAULTS AND REMEDIES” and “—THE INDENTURE—DEFAULT AND LIMITATIONS OF LIABILITY.”

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Series 2026A Bonds.

Additional Bonds

Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the outstanding Bonds upon satisfaction of certain conditions, including, but not limited to, the following:

(a) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(b) The City shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(c) The Ground Lease and the Lease Agreement shall have been amended, to the extent necessary, (i) so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City); and (ii) to include provisions for the prepayment of Base Rental Payments attributable to such Additional Bonds.

See APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Conditions for the Issuance of Additional Bonds” and “—Procedure for the Issuance of Additional Bonds.”

Insurance Provided by the City

General. The Lease Agreement requires that the City maintain certain insurance coverages on the Property, or a portion thereof, for loss due to property damage, title defect and other liability as described below. Under the Lease Agreement, the City may self-insure for the coverages required under the captions “*Property Insurance*,” “*General Liability Insurance*,” and “*Workers’ Compensation Insurance*.” The City self-insures up to certain amounts and purchases additional coverage from commercial carriers as described in Appendix A hereto under “INFORMATION REGARDING THE CITY OF IRVINE—Risk Management.”

Property Insurance. The Lease Agreement requires the City to maintain or cause to be maintained fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property other than the portion of the Property on which the Project is located (such portion referred to herein as the “City Portion of the Property”), in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Series 2026A Bonds, which with respect to any portion of the City Portion of the Property for which initial construction of improvements thereon has not been completed, initially may be in the form of a builder’s risk policy providing coverage in an amount not less than the construction costs expended for such projects and, if no builder’s risk policy is in effect, in an amount not less than 100% of the replacement cost of such improvements. Such property insurance required to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed \$500,000.

General Liability Insurance. The Lease Agreement requires the City to maintain or cause to be maintained a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the City Portion of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a

deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks.

No Rental Interruption Insurance. No rental interruption insurance shall be required under the Lease Agreement, and investors should not expect the Authority or the City to provide such insurance with respect to the Property, Base Rental Payments or the Series 2026A Bonds in general.

Workers' Compensation Insurance. The City is also required to maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act.

Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate under the Lease Agreement in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or the Lease Agreement or required thereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Neither the Lease Agreement nor any interest of the City thereunder shall be sold, mortgaged, pledged, assigned, or transferred by the City by voluntary act or by operation of law or otherwise. Other than with respect to the Almquist Lease, the Property may not be subleased in whole or in part by the City without the prior written consent of the Authority. Any such sublease shall be subject to the satisfaction of certain conditions as more specifically set forth in the Lease Agreement.

See APPENDIX B — "SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—INSURANCE."

Insurance Provided by the Almquist Lessee

In addition to the insurance provided by the City, certain additional insurance with respect to the Property will be provided by the Almquist Lessee.

Commercial General Liability Insurance. During the term of the Almquist Lease, the Almquist Lessee shall, at its own expense and at all times, maintain in effect a commercial general liability insurance policy for the Project for the joint benefit of the City and the Almquist Lessee, with deductibles or self-insured retentions reasonably acceptable to the City. Such policy shall provide limits of liability of not less than Four Million Dollars (\$4,000,000) for each occurrence, and Six Million Dollars (\$6,000,000) in general aggregate limit per annum, provided that such limits may be satisfied through a combination of such policy and excess liability insurance (umbrella coverage).

Alcohol Liability Insurance. During the term of the Almquist Lease, the Almquist Lessee shall cause any tenants of the Project that sell alcoholic beverages to maintain in effect an alcohol liability insurance policy with a limit of \$2,000,000 per occurrence and \$4,000,000 annual aggregate.

Automobile Liability Insurance. During the term of the Almquist Lease at all times that the Almquist Lessee has employees, the Almquist Lessee shall, at its own expense and at all times, maintain in effect an automobile liability insurance policy for all owned, non-owned, leased, rented or hired vehicles, with deductibles or self-insured retentions reasonably acceptable to the City, and providing coverage with a combined single limit of at least \$1 million.

Worker’s Compensation Insurance. During the term of the Almquist Lease that the Almquist Lessee has employees, the Almquist Lessee shall, at its own expense, maintain in force for the joint benefit of the City and the Almquist Lessee, worker’s compensation and disability benefits insurance, and employer’s liability insurance (at a minimum limit of \$1,000,000) for all persons whom the Almquist Lessee employs.

Property Insurance. During the term of the Almquist Lease, the Almquist Lessee shall, at its own expense and at all times, maintain in effect insurance for damage to or loss or destruction of all buildings, improvements, equipment, furnishings, fixtures, and other of the Almquist Lessee’s personal property located at the Property the Project is located on, excluding any improvements, equipment, furnishings, fixtures and other personal property owned by retail subtenants or licensees who have the right, granted by the Almquist Lessee, to install, operate and maintain electric vehicle charging stations (the “Almquist Property Insurance”). Such insurance shall provide coverage for 100% of replacement cost of the Project, except excavations, foundations, and footings, without deduction for depreciation, and in an amount (or with an agreed value endorsement) sufficient to prevent coinsurance. In addition, the Almquist Property Insurance shall name the City as loss payee and additional insured as its interest may appear (provided, however, all insurance proceeds will be paid to the Almquist Lessee subject to the Almquist Lessee’s obligations under the Almquist Lease), and must cover all losses caused by the perils covered by the broadest type of property insurance coverage available from time to time consistent with standard insurance industry practices. The Almquist Property Insurance does not need to provide coverage for losses from earthquake, earth movement, and subsidence, from named storms, including storm surge, or from flood and rising water.

The Almquist Property Insurance shall include a loss of business income coverage in an amount at least equal to the maximum annual debt service coming due on the Series 2026A Bonds over a period of at least 24 months. Proceeds of such loss of business income coverage will be payable to the Almquist Lessee and are not pledged to the payment of the Series 2026A Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2026A Bonds are shown below.

Sources	
Principal Amount of Series 2026A Bonds	\$
Plus Net Original Issue Premium	
Total Sources	<u>\$</u>
Uses	
Project Fund	\$
Underwriter’s Discount	
Interest Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Total Uses	<u>\$</u>

⁽¹⁾ Together with interest earnings thereon, will be used to fund interest on the Series 2026A Bonds through November 1, 2029.
⁽²⁾ Includes legal, municipal advisory, rating agency, printing fees and other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

Following is the annual schedule of debt service due with respect to the Series 2026A Bonds:

<i>Fiscal Year</i>	<i>Series 2026A Bonds</i>		<i>Aggregate Debt Service</i>
	<i>Principal</i>	<i>Interest⁽¹⁾</i>	
	\$	\$	\$

Total	\$	\$	\$
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⁽¹⁾ Interest on the Series 2026A Bonds through November 1, 2029 will be funded with proceeds of the Series 2026A Bonds.

THE AUTHORITY

Organization and Membership

The Authority was formed pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the “Act”) and a Joint Exercise of Powers Agreement, by and between the City and the Parking Authority of the City of Irvine, to assist in financing public capital improvements undertaken by either member. The City Council of the City serves as the Board of Directors of the Authority.

THE CITY

General

The City is a charter city that was incorporated in 1971. The City is located in the central portion of the County of Orange (the “County”). The City currently has an estimated population of approximately 320,000 persons. The City’s General Fund budget for Fiscal Year 2026-27 includes approximately \$369.9 million of revenues and approximately \$394.7 million of expenditures (excluding interfund transfers). For financial and demographic information regarding the City see APPENDIX A — “INFORMATION REGARDING THE CITY OF IRVINE.”

A copy of the financial statements of the City for the fiscal year ended June 30, 2025 is attached hereto as Appendix C which should be read in its entirety. See APPENDIX C — “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2026A Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2026A Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Series 2026A Bonds

The Series 2026A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series 2026A Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement in its annual budgets and to make necessary annual appropriations for all such Rental Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general revenues. See “INFORMATION REGARDING THE CITY OF IRVINE —CITY FINANCIAL INFORMATION—Indebtedness” in APPENDIX A hereto.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, the City’s appropriations have never exceeded the limitation on appropriations under

Article XIII B of the State Constitution. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII B of the State Constitution.”

Abatement

In the event of substantial interference with the City’s right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Abatement.” In the event of any such substantial interference with the City’s right to use and occupy any portion of the Property, there could be insufficient funds to make payments to Owners in full. The Authority has not funded a debt service reserve fund for the Series 2026A Bonds.

Under the Lease Agreement, the City is not obligated, nor does it intend to, provide any rental interruption insurance coverage with respect to the Property. **Accordingly, investors in the Series 2026A Bonds should not expect rental interruption insurance proceeds to be available to make debt service payments on the Series 2026A Bonds in the event of an abatement.**

As described under “THE PROPERTY,” “THE PROJECT” and “CONSTRUCTION AND OPERATION OF THE PROJECT,” the Property consists of 9 acres, upon 4 of which the Project will be located, with parking and ancillary site improvements to be located on the remaining 5 acres. While the Project is expected to be under construction through December 2027, the City expects to complete construction of the parking and ancillary site improvements by the end of 2026.

Because all 9 acres of the Property will be under construction at the time the Series 2026A Bonds are issued, there will be a complete abatement of the Base Rental Payments until completion of the parking and ancillary site improvements; at such time, the City should have sufficient beneficial use of the Property to make the Base Rental Payments in full. Notwithstanding the foregoing, because the Authority and the City are using Series 2026A Bond proceeds to make the payments on the Series 2026A Bonds through November 1, 2029, any abatement prior to that time will have no impact upon the timely payment of the Series 2026A Bonds. However, if construction of the parking and ancillary site improvements is delayed beyond November 1, 2029, there could be an abatement of the Base Rental Payments until such time that such construction is completed.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of issuance of the Series 2026A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2026A Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property and if such abated Base Rental Payments are insufficient to make all payments of principal and interest with respect to the Series 2026A Bonds during the period that the City does not have full use and occupancy of any portion of the Property, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Series 2026A Bond Owners for nonpayment under such circumstances.

No Reserve Fund

The Authority has not funded a debt service reserve fund for the Series 2026A Bonds.

Incurrence of Additional Obligations

Subject to satisfying certain conditions set forth in the Indenture, the City, the Authority and the Trustee may by execution of a Supplemental Indenture, without the consent of the Owners, provide for the issuance of Additional Bonds payable from Base Rental Payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS – Additional Bonds” herein.

The Base Rental Payments, and other payments due under the Lease Agreement and the Indenture (including taxes and other governmental charges levied against the Property, insurance premiums, any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee’s pursuit of remedies under the Lease Agreement upon an Event of Default) are payable from funds lawfully available to the City. Neither the Lease Agreement nor the Indenture contains any legal limitations on the ability of the City to enter into other obligations, without the consent of the Owners of the Outstanding Bonds, which may constitute additional obligations payable from its General Fund. To the extent that the City incurs such additional obligations, the City’s funds available to make Base Rental Payments may be decreased. In the event that the amounts which the City is obligated to pay in a Fiscal Year exceed the City’s revenues for such year, there may be a material adverse effect on the City’s ability to make Base Rental Payments in full when due, and by extension, the debt service payments with respect to the Series 2026A Bonds. See “APPENDIX A – CITY FINANCIAL INFORMATION – Indebtedness.”

Natural Disasters and Climate Change

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide, flood or a rise in sea levels as a result of climate change, could have a material adverse impact on the economy within the City, its General Fund and the revenues available for the payment of Base Rental Payments.

All jurisdictions in the State are subject to the effects of damaging earthquakes. Earthquakes are considered a threat to the City due to the highly active seismic region and the proximity of fault zones.

Portions of the City are located above or near active earthquake faults, heightening the risks associated with seismic events, including the Norwalk Fault, the Newport-Inglewood Fault, the Whittier-Elsinore Fault, the San Andreas Fault and the San Jacinto Fault. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, 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 could require a high level of self-help, coordination and cooperation. The City’s building code requires that new projects be designed and constructed in accordance with an approved geotechnical investigation, which would include any particular requirements for the project, depending on the proximity to the fault.

Climate change caused by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels.

The Fourth National Climate Assessment, published by the U.S. Global Change Research Program in November 2018 (“NCA4”), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding

due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of material cost.

Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. The City expects to continue to consider the effects of climate change in its own planning and to participate in regional planning initiatives. The City's current effort in that regard is the preparation of a Climate Action and Adaptation Plan that seeks to work with the community to establish climate goals and work towards setting a path that provides options to realize emissions reduction targets by 2030, 2035 and 2045. The City expects this Climate Action and Adaptation Plan to be completed by 2027. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

In recent years, a series of wildfires have burned in or near the City's borders, including the Canyon II fire, Holy Fire, Silverado Fire, Bond Fire and Coastal Fire. Collectively, these wildfires burned over 50,000 acres and destroyed several dozen structures, causing the temporary evacuation of thousands of residents and putting a significant strain on local fire suppression resources. There is a risk of property within the City being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the City. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

In January of 2025, a wildfire started in the Pacific Palisades area of Los Angeles County, approximately 50 miles northwest of the City, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in Los Angeles County, destroying and threatening numerous structures, including the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more.

Based on mapping by the Department of Forestry and Fire Protection of the State of California ("CalFire") that was last updated in March 2025, which was adopted by the City in June 2025 and became effective in July 2025, the Property is not located within a Fire Hazard Severity Zone. Based on mapping by the California Public Utilities Commission ("CPUC"), last updated in August 2021, the Property is located in close proximity to an area which CPUC has designated as having an elevated fire threat risk.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Property which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Base Rental Payments or cause an abatement in Base Rental Payments. Reduced ability to pay Base Rental Payments could affect the payment of the principal of and interest on the Series 2026A Bonds. The City maintains liability insurance and property casualty insurance (for losses other than from seismic events) for the Property. See the caption "INFORMATION REGARDING THE CITY OF IRVINE—Risk Management" in Appendix A hereto. However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Hazardous Substances

The City knows of no existing hazardous substances which require remedial action on or near the Property that would affect the construction or operation of the Project, or the City's ability to use the Property. However, it is possible such substances do currently or potentially exist and that the City is not aware of them.

Owners and operators of real 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 California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the City, may result in the reduction in the assessed value of property, and therefore property tax revenue.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City. Additionally, the City carries cybersecurity insurance. See "INFORMATION REGARDING THE CITY OF IRVINE— Risk Management" in Appendix A hereto for more information with respect to the City's cybersecurity insurance coverage.

The Authority and the City are also reliant on other entities and service providers in connection with the administration of the Series 2026A Bonds, including without limitation the County tax collector for the levy and collection of taxes and the Trustee. No assurance can be given that these other entities will not be affected by cyber threats and attacks in a manner that may affect the Owners of the Series 2026A Bonds.

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of or add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS—Substitution, Addition and Removal of Property." Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels.

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property, or could be released altogether.

Such a replacement or release could have an adverse impact on the security for the Series 2026A Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE—Substitution or Release of, or Addition to, the Property.”

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith.

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Lease Agreement when due, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City, each constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable. See “THE PROPERTY” for a description of certain additional limitations that may apply to the use of the Property. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS” and APPENDIX B — “SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—DEFAULTS AND REMEDIES.”

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City. For so long as the Almquist Lessee is not in default under the Almquist Lease, in no event shall the exercise of any rights of the City, the Authority or the Trustee relating to the Series 2026A Bonds, including as a result of a default under the Indenture or the Lease Agreement, result in the disturbance or deprivation of the Almquist Lessee’s use and occupancy of the Property under the Almquist Lease.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the event of rejection of a lease by debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Indenture, the Trustee holds a security interest in the Base Rental Payments for the benefit of the Owners of the Bonds, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Authority would recover possession of the Property and the Trustee, as assignee of the Authority, would have a claim for damages against the City. The Trustee’s claim would constitute a secured claim only to the extent of Revenues in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners of the Series 2026A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Series 2026A Bonds. In a bankruptcy case, the amount recovered by Owners of the Series 2026A Bonds could be affected by whether the Lease Agreement is determined to be a “true lease” or a loan or other financing arrangement (a “financing lease”), and the Owners’ recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a “true lease” (rather than a financing lease), the City could choose not to perform under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Base Rental Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Series 2026A Bonds may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Base Rental Payments from the City might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Base Rental Payments held by the Trustee. In addition there can be a substantial disparity in treatment based on the nature of the Property. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest due on the Series 2026A Bonds.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance of the Series 2026A Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for loss or damage to the Property and for title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement, and no assurance can be given as to the adequacy of any such insurance to pay principal of and interest on the Series 2026A Bonds when due. In addition,

certain risks, such as earthquakes and floods, are not required to be insured under the Lease Agreement, and therefore, are not carried by the City.

Under the Lease Agreement, the City is not obligated, nor does it intend to, provide any rental interruption insurance coverage with respect to the Property. **Accordingly, investors in the Series 2026A Bonds should not expect rental interruption insurance proceeds to be available to make debt service payments on the Series 2026A Bonds in the event of an abatement.**

Under the terms of the Almquist Lease, the Almquist Lessee is also required to provide certain additional insurance policies with respect to the Project and that portion of the Property on which the Project is located. Certain of the insurance proceeds under these policies may be available to the City in the event any moneys are paid by the applicable insurer thereunder. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS -- Insurance Provided by the Almquist Lessee.”

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2026A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Dependence on State for Certain Revenues

While the City is not substantially reliant on the State’s finances, a number of the City’s General Fund revenues are collected and disbursed 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.

The State acknowledges that risks to the State’s general fund include significant unfunded liabilities of the two main retirement systems managed by state entities, the California Public Employees’ Retirement System and the California State Teachers’ Retirement System. 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 international, national and State economic conditions and other factors over which the City has no control.

See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A” and “—Proposition 22” below.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Series 2026A Bonds or, if a secondary market exists, that any Series 2026A Bonds can be sold for any particular price. Occasionally,

because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Series 2026A Bonds are payable from Base Rental Payments made from the City's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026A BONDS." Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, 218, 1A, 22 and 26, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits that Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government’s actual appropriations be tested against its limit every two years.

If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

The City’s appropriations have never exceeded the limitation on appropriations under Article XIII B.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote, and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, 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 needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional

special benefit conferred on a parcel; (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIIIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect revenues of this nature, the services and programs funded with these revenues would have to be curtailed and/or the City’s General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City’s General Fund to continue to support such activities.

Article XIIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides 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 (the effective date of Proposition 218) 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 or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City’s General Fund.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (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 governmental 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 XIIIIA; (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 July 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 countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. 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 has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A was approved by the voters at the November 2, 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 eight 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 two 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.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City's financial condition.

Proposition 26

On November 2, 2010, State voters also approved Proposition 26. Proposition 26 amends Article XIII C 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: (a) 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;

(b) 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; (c) 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; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) 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; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. 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.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

TAX MATTERS

In the opinion of Bond Counsel, interest on the Series 2026A Bonds is not excludable from gross income for federal income tax purposes but such interest is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Series 2026A Bonds.

See APPENDIX D — "PROPOSED FORM OF BOND COUNSEL OPINION" for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Series 2026A Bonds.

CERTAIN LEGAL MATTERS

The validity of the Series 2026A Bonds and certain other legal matters are subject to the approving opinion of Rutan & Tucker, LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Stradling Yocca Carlson & Rauth LLP is acting as Disclosure Counsel for the City. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Bond Counsel and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2026A Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Series 2026A Bonds. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP. Counsel to the Underwriter will receive compensation contingent upon the issuance of the Series 2026A Bonds.

ABSENCE OF LITIGATION

To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2026A Bonds, the Lease Agreement, the Ground Lease or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing.

UNDERWRITING

The Series 2026A Bonds are being purchased by Stifel, Nicolaus & Company, Inc. (the “Underwriter”). The Underwriter will purchase the Series 2026A Bonds from the Authority at an aggregate purchase price of \$_____ (representing the principal amount of the Series 2026A Bonds, [plus] net original issue [premium] of \$_____ and less an Underwriter’s discount of \$_____). The purchase agreement relating to the Series 2026A Bonds provides that the Underwriter will purchase all of the Series 2026A Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2026A Bonds to certain dealers (including dealers depositing Series 2026A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority or the City, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority, the City, or the State, or any political subdivision thereof. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATING

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), has assigned a rating of “AA+” to the Series 2026A Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2026A Bonds. None of the Authority, the City or the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series 2026A Bonds a proposed change in or withdrawal of the rating or to oppose any such proposed revision or withdrawal.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. has acted as municipal advisor to the Authority in conjunction with the issuance of the Series 2026A Bonds (the “Municipal Advisor”). The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the Series 2026A Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Series 2026A Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the

information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information.

Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Series 2026A Bonds to provide annually certain financial information and operating data relating to the Series 2026A Bonds and the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City’s undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” The Annual Report is to be provided by the City not later than March 1 after the end of the City’s fiscal year, commencing with the report for Fiscal Year 2025-26.

The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

The City Council of the City serves as the governing board of the Authority and all of the City’s community facilities districts. Within the past five years, the City and its affiliated entities have not failed to comply in all material respects with their respective previous undertakings with respect to the Rule to timely provide annual reports or notices of enumerated events.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C is the Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2025, together with the report thereon dated February 26, 2026 of CliftonLarsonAllen LLP, Irvine, California, certified public accountants (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 February 26, 2026.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which 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. Copies of the Indenture, the Lease Agreement, the Ground Lease and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Irvine, 1 Civic Center Plaza, Irvine, California 92606.

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 Authority or the City and the purchasers or Owners of any of the Series 2026A Bonds.

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

IRVINE FACILITIES FINANCING AUTHORITY

By: _____
Executive Director

CITY OF IRVINE

By: _____
City Manager

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APPENDIX A
INFORMATION REGARDING THE CITY OF IRVINE

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INFORMATION REGARDING THE CITY OF IRVINE

City Council

The City is a charter city that operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a six-member Council. The City Council is responsible for passing the City's ordinances and operating resolutions, adoption of the two-year budget, appointing commissions and committees, and hiring the City Manager, City Clerk, City Treasurer, and City Attorney, as well as many other related duties. Councilmembers are elected to four-year staggered terms and the Mayor is elected to a two-year term. In November 2014, City voters approved amending the Irvine City Charter to set lifetime term limits for City Council members of two four-year terms and the office of Mayor for two two-year terms, and in 2024, City voters approved further amending the Irvine City Charter to expand the number of council members from four to six and having each council member represent a specific district within the City. The City Council is elected on a nonpartisan basis. The current members of the City Council and the expiration dates of their respective terms are as follows:

CITY OF IRVINE City Council

<i>Name</i>	<i>Term Expires</i>
Larry Agran, Mayor	December 2026
James Mai, Vice Mayor	December 2028
Melinda Liu, Council Member	December 2026
William Go, Council Member	December 2028
Mike Carroll, Council Member	December 2028
Betty Martinez Franco, Council Member	December 2026
Kathleen Treseder, Council Member	December 2026

City Management

A summary of certain City executive staff is described below.

City Manager. The City Council appoints the City Manager who heads the executive branch of the government, implements City Council directives and policies and manages the administrative and operational functions through the various departmental heads. The City Manager's office includes legislative support, policy implementation, budget development and strategic planning, economic development, elections, communication services and legal service functions of the City. In addition, the office provides leadership for the operational departments.

The City Manager's Office assists the City Council in the development and formulation of policies, goals and objectives, and keeps them informed of important community issues. It provides administrative direction to the City's executive directors and is responsible for managing the activities and operations of the City, ensuring the provision of quality services. The City Manager's Office is also responsible for representing the City's interests throughout the region and beyond through coordination of international activities, receiving foreign officials and promoting business development with foreign countries.

The City's current City Manager is Mr. Sean Joyce. He was appointed as City Manager effective August 10, 2026. Mr. Joyce also served as City Manager for the City from 2005 to 2018 and has worked in the public sector for over 35 years.

Director of Administrative Services. The Director of Administrative Services is responsible for overseeing the Administrative Services Department and leading a team of 37 full-time staff members responsible for payroll, finance & accounting, treasury, budget, and purchasing. The Administrative Services

Department is tasked with assessing and responding to fiscal trends, coordinating financial transactions and developing contract standards. The department also provides staffing support for the Finance Commission.

Mr. Dahle Bulosan was named the Director of Administrative Services for the City in January 2023 following a national recruitment. Mr. Bulosan has more than 25 years of finance experience and, prior to joining the City, worked for the City of Huntington Beach for 16 years in several finance positions, including as the City of Huntington Beach's Chief Financial Officer. Mr. Bulosan holds a bachelor's degree in Business Administration from the University of Hawaii at Manoa, as well as a Master of Business Administration with a focus in finance from California State University, Long Beach.

City Treasurer. The City Treasurer is appointed by the City Council and is responsible for providing policy oversight and direction to the Investment Manager in conformance with the City's investment policy, annually updating the City's investment policy, and providing monthly investment activity reports. Additionally, the City Treasurer prepares and presents quarterly reports to the Investment Advisory Committee and the City Council. The City Treasurer performs his duties under the administrative direction of the City Manager.

Mr. Don Collins was first appointed City Treasurer in 2015. Mr. Collins is a taxable fixed-income trader and salesperson with Wedbush Securities and has over 35 years of experience as an institutional bond trader. Mr. Collins graduated from the University of Southern California with a degree in Finance and holds Financial Industry Regulatory Authority (FINRA) licenses as an Option Principal (Series 4), a General Securities Registered Representative (Series 7), and a Uniform Securities Agent State Law Exam (Series 63).

City Attorney. The City Attorney is a contract position and is responsible for providing both formal and informal legal opinions, as well as advice to the City's officers, employees, boards and commissions. The current City Attorney is Mr. Jeffrey T. Melching. Mr. Melching is a partner with the law firm of Rutan & Tucker, LLP. Mr. Melching devotes a substantial portion of his practice to municipal law, land use planning and entitlement activities. Mr. Melching received his bachelor's degree from the University of California, Los Angeles and his Juris Doctor from the University of California, Davis, School of Law.

Finance Commission. The City's Finance Commission (the "Finance Commission") acts in an advisor capacity to the City Council in matters pertaining to short and long-term financial planning for City activities. The Finance Commission is composed of seven at-large members appointed by the City Council. The Finance Commission reviews the City's General Fund, Capital Improvement Program and special fund budgets, including a review of policies and procedures, funding alternatives and City Council priorities. The current Chair of the Finance Commission is Don Geller.

Employee and Employee Relations

As of June 30, 2026, the City had approximately 1,571 full-time equivalent employees. In accordance with the provisions of California Government Code Section 3500, the City participates in labor negotiations with its employee associations. The result of the negotiation process is memorialized in memoranda of understanding (MOUs) reached between the City and the City employee associations. The table below lists the City's five employee associations and the approximate membership as of September 30, 2026, as well as the unrepresented employees. The City has not experienced a strike or work stoppage in the last ten years.

<i>Unit/Affiliation</i>	<i>Contract Expiration Date</i>	<i>Number of Members</i>
Associated Supervisor/Administrative Personnel	June 30, 2029	199
Confidential Employees	N/A ⁽¹⁾	35
Irvine City Employees Association	June 30, 2029	406
Irvine Police Association	June 30, 2029	233
Irvine Police Management Association	June 30, 2029	14
Irvine Professional Employees Association	June 30, 2029	74
Management and Non-Represented Employees	N/A ⁽¹⁾	77
Part-Time Employees	N/A ⁽¹⁾	970
Total		<u>2,008</u>

⁽¹⁾ These employees do not have a Memorandum of Understanding with the City.
Source: City of Irvine.

Risk Management

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automobile, and general liability risks. Excess liability coverage above \$500,000 per occurrence and a \$3,000,000 aggregate is provided through a risk-sharing pool, the California Insurance Pool Authority (the "CIPA"). The CIPA also purchases excess liability coverage up to a \$45,000,000 limit for the pool. Excess workers' compensation coverage above \$500,000 per occurrence and up to statutory requirements is provided through the CIPA. Property risk is financed through insurance contracts and has various limits and deductibles.

The City is a member of the CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with 13 other cities from Orange, Los Angeles, and San Bernardino Counties. Premiums paid during Fiscal Year 2025-26 totaled \$5,619,724 and are projected to be \$7,814,126 for Fiscal Year 2026-27. The CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels. The pool is managed by an independent general manager and contracted legal advisers. Three internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of the CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel and electing subcommittee members.

The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years. The City projects that there will be no reductions in the City's coverage during Fiscal Year 2026-27. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund. As of June 30, 2025, \$24,390,441 had been accrued for general liability and workers' compensation claims in the fund. This amount represents the estimated outstanding losses including case reserves, the development on known claims and incurred but not reported claims based upon past experience, modified for current trends and information, including all claims adjustment expenses. The liabilities included in the self-insurance fund are based on the results of an actuarial review performed during Fiscal Year 2024-25. It is the City's policy to assess its risk exposure on an annual basis.

For additional information with respect to the City's risk management program, see Note IV to the City's audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

General. The City maintains its accounting records in accordance with Generally Accepted Accounting Principles (“GAAP”) and the standards established by the Governmental Accounting Standards Board (“GASB”).

The government-wide, proprietary fund, private-purpose trust, pension trust and custodial funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses and interest associated with the current fiscal period.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first and then use unrestricted resources as needed.

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 they determine, examines the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable, after the end of the fiscal year, a final audit and report is submitted by the independent accountant to the City Council.

General Fund. The General Fund is the chief operating fund of the City and is used to account for most of the resources and expenditures traditionally associated with general government. The City expects to pay Base Rental Payments from amounts in the General Fund. Tables 1 through 8 below set forth certain historical and current fiscal year budget information for the General Fund. Information on the other governmental funds of the City as of June 30, 2025 is set forth in Appendix C.

Great Park Fund. The Great Park Fund is a special revenue fund that accounts for the receipt and disbursement of funds used for the specific purpose of managing, developing, operating and maintaining the Great Park. The Great Park Fund accounts for transactions relating to the development and operations of the Great Park located on the site of the former Marine Corps Air Station (MCAS) at El Toro. None of the monies in the Great Park Fund are available to make Base Rental Payments.

Great Park Development Fund. The Great Park Development Fund accounts for expenditures related to the planning, design, demolition, and construction of the Great Park. None of the monies in the Great Park Development Fund are available to make Base Rental Payments.

Community Facilities District Fund. The Great Park Community Facilities District (CFD) covers over 3,100 acres of land and is located in the northeastern portion of the City, south of State Route (SR) 133 and east of Interstate 5. This fund provides for the construction of joint backbone infrastructure and facilities serving both the Great Park Neighborhoods and the Great Park developments. The developer is responsible for

the construction of backbone infrastructure, while the City provides the inspection, project review and reimbursement functions. Beginning in 2022, the City assumed the development responsibilities for several elements of the Great Park. Nine series of bonds have been issued with aggregate improvement proceeds of approximately \$1.0 billion (as of September 2026). Over the next five years, additional series of bond issues are anticipated.

OCFA Settlement Agreement. The City contracts with the Orange County Fire Authority (“OCFA”) for fire protection and emergency medical aid services. OCFA is a joint powers authority originally formed in 1995 by and among multiple cities in the County, including the City. In April 2019, the City entered into an agreement (the “OCFA Settlement Agreement”) whereby the City would remain a member of OCFA through 2030. Under the terms of the OCFA Settlement Agreement, the City is to make annual expenditures of approximately \$2.7 million through 2030 to fund OCFA’s pension program, train medical personnel, provide for a Community Emergency Response Team Coordinator and fund a drone program to assist fire and medical personnel. Under the OCFA Settlement Agreement, the City also had one-time costs of \$21 million, \$20.5 million of which was used to design and construct a Joint Police-Fire Training Facility to be owned and operated by the City. The City has established an OCFA Settlement Agreement Fund to reimburse the City for certain public safety expenditures. Transfers to the OCFA Settlement Agreement Fund are made from the General Fund, but none of the monies in the OCFA Settlement Agreement Fund are available to make Base Rental Payments. The City cannot predict whether it will continue to contract with the OCFA for fire protection and emergency medical aid services after 2030, and accordingly, cannot predict what impact, if any, the provision of fire protection and emergency medical aid services will have on the General Fund thereafter.

City Blended Component Units and Discrete Component Units

General. Under GASB guidelines, component units of a primary government (i.e. the City) generally include those that are legally separate entities but raise and hold economic resources for the direct benefit of the primary government. Blended component units, although separate legal entities are, in substance, part of the government’s operations. Their funds are treated similarly to funds of the primary government (other than the General Fund). Discrete component units do not meet the definition of a blended component unit as they do not share the same governing body and do not only provide services to the primary government unit.

The City’s three blended component units (the Orange County Great Park Corporation (the “GPC”), the Irvine Public Facilities & Infrastructure Authority (the “Infrastructure Authority”), and the Irvine Facilities Financing Authority (the “Financing Authority”), and a discrete component unit (the Irvine Community Land Trust (the “Land Trust”)) are described below.

The Orange County Great Park Corporation. The GPC was established by the City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and effecting the development, operation, and maintenance of the Great Park. The board of directors is comprised of the seven elected City Councilmembers. Since the governing bodies of the City Council and the GPC are substantially the same, and there is a financial burden relationship between the City and the GPC, the GPC is reported as a blended component unit. The transactions of the GPC are reported in the governmental fund financial statements as a part of the major special revenue fund for the Great Park.

The Irvine Public Facilities and Infrastructure Authority. The Infrastructure Authority was used to finance the acquisition and construction of the City’s civic center and other infrastructure improvements in the City. The Infrastructure Authority is governed by a board comprised of elected City Councilmembers. Since the governing bodies of the City and the Infrastructure Authority are substantially the same, this entity is reported as a blended component unit and its transactions are reported in the governmental fund financial statements as debt service. The Infrastructure Authority’s debt was retired in Fiscal Year 2010-11; no additional activity has occurred in this fund. Separate financial statements are not prepared for the Infrastructure Authority.

The Irvine Facilities Financing Authority. The Financing Authority was established March 14, 2023, to finance the costs of acquisition and entitlement of certain real property located in the City. The Financing Authority is governed by a board comprised of elected City Councilmembers. Since the governing bodies of the City and the Financing Authority are substantially the same, the Financing Authority is reported as a blended component unit of the City and its transactions are reported in the governmental fund financial statements as a debt service fund. Separate financial statements are not prepared for the Financing Authority.

Irvine Community Land Trust. The Land Trust was established by the City Council on February 14, 2006, as a support agency to the City for the specific purpose of assisting the City to ensure that its residents are able to secure affordable housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single and multi-family housing. The Land Trust Board of Directors is comprised of seven at-large directors appointed by the Land Trust Board. The at-large directors must be residents of and/or work in the City. Two of the seven at-large directors may be nominated by the City. The Land Trust receives its primary income from rental activities and contributions from the City. Separately issued financial reports are available for the Land Trust. These reports may be obtained by contacting the Irvine Community Land Trust, 930 Roosevelt Avenue, Suite 106, Irvine, California, 92620.

Financial Policies

General. The City has adopted a comprehensive set of financial policies to serve as a guideline for financial matters as further described below.

Reserve Policy. The City has adopted a General Fund Contingency Reserve Policy (the “Reserve Policy”) which seeks to maintain the reserve level between 20-25% of the General Fund adopted appropriations. The contingency reserve may be used at the discretion of the City Council to provide resources during temporary decreases in revenues, in the event of an economic downturn while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. At June 30, 2025, the contingency reserve balance was \$66.2 million, or approximately 23.4% of the approximately \$282.3 million of budgeted expenditures and transfers out for the City’s General Fund operating fund for Fiscal Year 2024-25.

The City currently projects a contingency reserve balance of approximately \$70.1 million at the end of Fiscal Year 2026-27, representing approximately 22.5% of the approximately \$312.1 million of budgeted expenditures and transfers out for the City’s General Fund operating fund. This projected reserve level is within the Reserve Policy’s target range of 20–25%.

Debt Management Policy. The City has adopted a debt management policy (the “Debt Management Policy”) in compliance with California Government Code Section 8855. The Debt Management Policy sets forth the framework for the issuance and use of debt to minimize the City’s debt burden and cost of issuance; obtain and maintain the highest possible credit ratings; ensure full compliance with applicable federal, State and local laws and regulations; and provide optimal financial flexibility for the City. The City’s Debt Management Policy is implemented in conjunction with annual budgeting and the City’s capital improvement program.

Investment Policy. The City invests its funds in accordance with the City’s investment policy (the “Investment Policy”). The ultimate investment goal is to enhance the economic status of the City while protecting funds under management and meeting the daily cash flow demands of the City. The Investment Policy is prepared in conformance with all pertinent existing laws of the State including Government Code Sections 53600, *et seq.*

The Investment Policy applies to the City’s Pooled Investment Portfolio, Bond Proceeds Portfolio, and Special District Funds Portfolio. These portfolios encompass all monies under the direct oversight of the City Treasurer and include the General Fund, Reserve Funds, Special Revenue Funds, Debt Service Funds, Capital

Project Funds, Permanent Fund, Proprietary Funds, Trust and Agency Funds, including the Successor Agency to the Dissolved Irvine Redevelopment Agency, and any other funds that may be created. The Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy sets forth a stated objective, among others, of ensuring the safety of invested funds by limiting credit and market risks. Funds are invested in the following order of priority:

- Safety of Principal
- Liquidity, and
- Return on Investment

Eligible investments are generally limited to managed investment pools, including the Local Agency Investment Fund which is operated by the California State Treasurer, U.S. Treasury bills, notes and bonds, federal agency or United States government sponsored enterprise obligations, medium term corporate notes, commercial paper ranked of “prime” quality of the highest ranking or of the highest letter and number rating, repurchase agreements with banks and primary dealers with whom the City has entered into a master repurchase agreement, and money market mutual funds having a rating of “AAA” or an equivalent.

The City Treasurer is required to provide monthly and quarterly reports to the City Manager and the City Council. The report shall include a listing of each of the City’s investments (a description that adequately describes the security), the purchase date, maturity date, cost basis, current cost value (book value), interest rate, weighted average maturity, current unrealized loss or gain and a listing of investment transactions that includes purchase/deposit and sale/withdrawal activity. The portfolio report shall also include a statement certifying the ability of the City to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. The report will also include comments on the fixed income markets and economic conditions, and the effect, if any, on the portfolio structure and investment strategy. The report shall also detail all repurchase and reverse repurchase positions and associated liabilities. The investment portfolio report shall include market value information for all investments. A monthly market value will be obtained for each security owned by the City. For purposes of reporting, the market value of each security may be obtained from the City’s custodian bank or other pricing source(s) utilized by the City’s designated investment management firm (registered investment advisor). For additional information with respect to the City’s cash and investments, see Note III to the audited financial statements for Fiscal Year 2024-25 attached to the Official Statement as Appendix C.

Capital Improvement Program

As part of the City’s two-year budget and five-year financial plan development process, the City develops a comprehensive five-year Capital Improvement Program (the “CIP”) outlining capital projects and funding sources.

The City’s adopted Fiscal Year 2025-27 CIP totals approximately \$148.6 million, including \$82.1 million for new construction and \$66.4 million in rehabilitation projects. The projects include facility improvements to Wollett Aquatics Center, Great Park infrastructure improvements, and arterial and local road improvements. In addition to capital expenditures, the City spends funds on preventative maintenance, including storm drain inspection and cleaning; graffiti and litter removal; mowing; tree trimming; and regular upkeep on traffic signals. The Project was not included in the City’s most recent CIP; therefore, it is not accounted for in the table below.

<i>Project Description</i>	<i>New Construction</i>	<i>Rehabilitation</i>	<i>Total</i>
Great Park	\$ 13,370,000	\$ 12,600,000	\$ 25,970,000
Facility Improvements	58,185,869	18,705,000	76,890,869
Landscape & Turf	500,000	5,700,000	6,200,000
Street & Mobility Improvements	<u>10,091,447</u>	<u>29,402,894</u>	<u>39,494,341</u>
Total	\$ 82,147,316	\$ 66,407,894	\$148,555,210

Source: Fiscal Year 2025-27 Adopted Budget.

Budget Procedure

General. The City Council is required to adopt the budget by July 1. The City's budget process typically begins in late fall with an analysis of internal data and projections. In early Spring, the Director of Administrative Services presents preliminary financial information to the Finance Commission and the City Council. Also, in the Spring, input from the community is solicited. During May and June, the City Manager submits to the City's Finance Commission and the City Council a proposed two-year operating budget for all funds of the City for the fiscal year commencing the following July 1. In addition, during June, the Great Park Funds' budget is submitted to the Great Park Board. The budget includes expenditures and the means of financing them. The Finance Commission, the Great Park Board and the City Council hold public meetings to consider the proposed budget and the budget is adopted prior to July 1.

After adoption, the two-year budget, except for the Great Park Funds, may be amended by the City Manager if amendments are less than \$50,000 and do not expand or add to the City's programs or services. The legal level of control in the General Fund is considered to be the department level. The City departments are: City Manager, City Clerk, Human Resources, Administrative Services, Community Development, Community Services, Public Safety, Public Works & Transportation, and Project Delivery & Sustainability. The first four departments are classified together for reporting purposes as General Government, but City Manager, City Clerk, Human Resources, and Administrative Services operate separately as departments for budgetary control purposes. Review by the Finance Commission and approval by the City Council are required if an amendment is more than \$50,000. The City evaluates the second year of its budget during a mid-cycle process that occurs toward the end of the first fiscal year. The City evaluates its revenues and City departments determine if any changes or additional funding is needed. Adjustments are reviewed by the City Manager and then go to the City Council for approval.

The legal level of control for all governmental funds other than the General Fund and Great Park Fund is considered to be the fund level.

Long-Term Financial Planning. During the budget development process, the City prepares and presents a detailed five-year forecast that includes an analysis of key revenues and expenditures, and proposed measures to address any projected gaps. This forecast is prepared for the General Fund, the Great Park Funds, capital funds and other key revenue sources. The first two years of the forecast form the foundation of the City's biennial budget.

Balanced Budget. The City Manager presents to the City Council a balanced biennial budget, containing estimated revenues equal to appropriated expenditures in addition to any drawdown on reserves, as needed. The biennial budget is balanced at the individual fund level and estimated revenue sources must be sufficient to cover proposed uses. If shortfalls are projected after the adoption of the biennial budget, the City Manager will present a plan to address such shortfalls with sustainable measures in order to achieve a balanced budget by the end of the fiscal year.

Budget Information

Fiscal Year 2025-27 Budget. The Fiscal Year 2025-27 biennial budget (the “Adopted Budget”) was approved on June 10, 2025. The 2026-27 Revised Budget (the “Revised Adopted Budget”) was approved on June 23, 2026. The General Fund revenue projection for Fiscal Year 2026-27 is approximately \$369.9 million, approximately \$12.1 million (approximately 3.4%) more than the Fiscal Year 2025-26 actual results.

In the Revised Adopted Budget, the General Fund operating expenditures projection is approximately \$394.7 million for Fiscal Year 2026-27, approximately \$83.3 million (approximately 26.8%) more than Fiscal Year 2025-26 actual results. The projected increase in Fiscal Year 2026-27 is due primarily to an inclusion in the Fiscal Year 2026-27 budget for appropriations for one-time projects financed from an accumulated fund balance. See Footnote 4 to Table 1, below.

Historical and Current Budget Information. Set forth in Table 1 below are the final General Fund budgets for Fiscal Years 2024-25 and 2025-26, the audited actual results for Fiscal Year 2024-25, the unaudited results for Fiscal Year 2025-26, and the adopted budget for Fiscal Year 2026-27. Amounts are truncated to the nearest thousand.

In Fiscal Year 2025-26, with respect to the portion of the General Fund that is considered operating revenues—in other words, excluding about \$43 million of budgeted one-time or non-operating revenues for Fiscal Year 2025-26—the City estimates receipts through year-end of \$302.4 million and fiscal year-end expenditures of approximately \$305.5 million. Additional non-operating or one-time money was also received in Fiscal Year 2025-26, which balanced the General Fund in Fiscal Year 2025-26.

The City balanced the previously reported Fiscal Year 2025-26 budget deficit through a one-time allocation of \$6.3 million, with 50 percent funded from the Asset Management Plan Fund and 50 percent from the Contingency Reserve Fund, which currently have a reserve fund balance of \$64 million and \$69 million, respectively. The City’s goal is to replenish these funds with future General Fund surpluses and new development revenue. The Asset Management Plan Fund is a discretionary fund used for citywide projects and is funded by surpluses generated by the General Fund.

For Fiscal Year 2026-27, the City is projecting a deficit of approximately \$9 million. Based on City Council direction, the City will implement a combination of citywide efficiencies to reduce costs, new revenue-generating services/programs, and a revised rate/fee structure for existing services/programs.

The City’s goal to reduce costs within the General Fund budget includes 1) not filling vacant staffing positions, and 2) extending the replacement of City vehicles and equipment, which will decrease the funding contribution from the General Fund to the Fleet Replacement Fund.

The new Fiscal Year 2026-27 revenues will align projections to initial budget expectations. The additional revenues will be generated from rate adjustments to certain services/programs and from solid waste agreements.

The City will continue to review the projections for Fiscal Year 2027-28 and beyond, based on anticipated adjustments to Fiscal Year 2026-27, to make additional recommendations for future fiscal years.

TABLE 1
CITY OF IRVINE
GENERAL FUND BUDGETS TO ACTUAL COMPARISONS⁽¹⁾

	<i>Final Fiscal Year 2024-25 Budget⁽²⁾</i>	<i>Fiscal Year 2024-25 Actual Results</i>	<i>Final Fiscal Year 2025-26 Budget⁽²⁾</i>	<i>Fiscal Year 2025-26 Unaudited Results</i>	<i>Adopted Fiscal Year 2026-27 Budget⁽²⁾</i>
REVENUES					
Taxes	\$ 245,475	\$ 243,945	\$ 255,423	\$ 254,399	\$ 269,873
Licenses and Permits	13,494	16,611	15,545	15,632	13,840
Fines and Forfeitures	1,505	1,316	1,698	1,253	1,347
Investment Income	4,291	16,876	8,056	11,344	6,957
Intergovernmental	892	1,654	1,065	1,080	1,398
Charges for services	36,167	54,067	56,502	71,050	74,186
Donations	445	458	324	31	64
Other Revenue	<u>6,456</u>	<u>7,364</u>	<u>2,583</u>	<u>2,943</u>	<u>2,202</u>
Total Revenues	\$ 308,723	\$ 342,293	\$ 341,196	\$ 357,732	\$ 369,866
EXPENDITURES					
City Manager & City Council	\$ 58,798	\$ 18,413	\$ 15,915	\$ 15,364	\$ 76,221 ⁽⁴⁾
City Clerk	4,269	4,221	3,700	3,790	3,886
Human Resources	4,890	4,945	5,313	5,547	5,258
Communications and Engagement	3,107	2,888	7,035	6,793	7,195
Administrative Services	9,170	8,767	9,775	9,098	8,565
Public Safety	118,840	118,083	126,169	131,843	136,446
Public Works & Transportation	57,057	56,607	62,659	62,523	63,428
Community Development	31,721	29,772	30,793	31,591	30,911
Community and Library Services	50,110	50,157	44,768	44,806	43,417
Capital Outlay	<u>11,834</u>	<u>11,233</u>	<u>0</u>	<u>0</u>	<u>19,333</u>
Total Expenditures	\$ 349,796	\$ 305,086	\$ 306,127	\$ 311,355	\$ 394,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (41,072)	\$ 37,207	\$ 35,069	\$ 46,377	\$ (24,793)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property/financing of capital asset	\$ 25	\$ 27	\$ 45	\$ 34	\$ 45
Transfers in	1,060	-	6,986	6,329	2,060
Transfers out ⁽³⁾	<u>(50,666)</u>	<u>(30,222)</u>	<u>(73,665)</u>	<u>(62,177)</u>	<u>(17,744)</u>
Total Other Financing Sources (Uses)	\$ (49,582)	\$ (30,195)	\$ (66,634)	\$ (55,814)	\$ (15,639)
Net Change in Fund Balance	\$ (90,654)	\$ 7,012	\$ (31,565)	\$ (9,437)	\$ (40,432)
Fund Balance, Beginning	\$ 221,669	\$ 221,669	\$ 228,681	\$ 228,681	\$ 228,681
Fund Balance, Ending	\$ 131,015	\$ 228,681	\$ 197,116	\$ 219,244	\$ 188,249

(1) Amounts truncated to the nearest thousand.

(2) Fiscal Years 2024-25, 2025-26, and 2026-27 budgeted amounts reflect the application of GAAP.

(3) Fiscal Year 2025-26 unaudited transfers out include approximately \$36.6 million to Internal Service Funds, \$13.5 million to Capital Improvement Funds, \$11.4 million to the Maintenance Assessment Fund and \$0.7 million to other funds.

(4) The Fiscal Year 2026-27 budget includes appropriations for one-time projects financed from an accumulated fund balance, including developer fees and other one-time revenues received in prior fiscal years. The planned use of these one-time resources contributes to a potential budget increase and is separate from the City's practice of balancing ongoing operating expenditures with ongoing revenues.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25; the City for Fiscal Years 2025-26 and 2026-27.

Comparative Change in Fund Balance of the City General Fund

The table below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2020-21 through 2024-25.

TABLE 2
CITY OF IRVINE GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE⁽¹⁾

	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES					
Property Taxes	\$ 80,796	\$ 85,209	\$ 92,794	\$ 100,970	\$ 102,659
Sales Taxes	68,260	84,008	94,241	94,084	97,208
Other Taxes	23,381	32,439	38,862	37,871	44,078
Licenses and Permits	8,559	10,069	11,251	8,935	16,611
Fines and Forfeitures	1,238	1,112	1,254	1,412	1,316
Investment Income	(137)	(6,134)	1,175	10,632	16,876
Intergovernmental	515	773	901	2,555	1,654
Charges for Services	18,629	28,966	30,715	56,347	54,067
Donations	8	14	411	26	458
Other Revenue	<u>2,257</u>	<u>4,185</u>	<u>8,983</u>	<u>8,978</u>	<u>7,364</u>
Total Revenues	\$ 203,506	\$ 240,641	\$ 276,353	\$ 321,811	\$ 342,293
EXPENDITURES					
City Manager & City Council	\$ 7,933	\$ 7,660	\$ 10,038	\$ 13,179	\$ 18,413
City Clerk	3,078	2,476	3,312	3,418	4,221
Human Resources	3,538	3,881	4,386	5,199	4,945
Communications and Engagement	-	-	-	-	2,888
Administrative Services	7,984	9,494	9,648	7,546	8,767
Public Safety	92,188	92,570	103,520	113,084	118,082
Public Works & Transportation	34,314	40,345	56,310	52,418	56,607
Community Development	26,982	25,499	29,173	34,973	29,772
Community and Library Services	36,230	39,860	44,939	46,760	50,157
Capital Outlay	--	--	--	--	11,234
Debt Service:					
Principal Retirement	--	24	--	--	--
Interest and Fiscal Charges	--	<u>1</u>	--	--	--
Total Expenditures	<u>\$ 212,247</u>	<u>\$ 221,810</u>	<u>\$ 261,326</u>	<u>\$ 276,578</u>	<u>\$ 305,086</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (8,741)	\$ 18,831	\$ 15,027	\$ 45,233	\$ 37,207
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Property/Financing of Capital Asset	\$ 36	\$ 134	\$ --	\$ 35	\$ 27
Transfers in	17,055	58,284 ⁽²⁾	39	249	--
Transfers out	<u>(7,478)</u>	<u>(8,241)</u>	<u>(11,940)</u>	<u>(54,630)</u>	<u>(30,222)</u>
Total Other Financing Sources (Uses)	<u>\$ 9,613</u>	<u>\$ 50,177</u>	<u>\$ (11,901)</u>	<u>\$ (54,345)</u>	<u>\$ (30,195)</u>
Net Change in Fund Balances	\$ 872	\$ 69,008	\$ 3,126	\$ (9,112)	\$ 7,012
Fund Balances (Deficits) - July 1	<u>\$ 157,774</u>	<u>\$ 158,646</u>	<u>\$ 227,654</u>	<u>\$ 230,781</u>	<u>\$ 221,669</u>
Fund Balances (Deficits) - June 30	<u>\$ 158,646</u>	<u>\$ 227,654</u>	<u>\$ 230,780</u>	<u>\$ 221,669</u>	<u>\$ 228,681</u>

⁽¹⁾ Amounts are truncated to the nearest thousand.

⁽²⁾ In Fiscal Year 2021-22 the City received approximately \$56.4 million from the American Rescue Plan Act.
Source: City Annual Comprehensive Financial Report for Fiscal Years 2020-21 through 2024-25.

Comparative General Fund Balance Sheets of the City

The table below presents the City's audited General Fund Balance Sheets for Fiscal Years 2020-21 through 2024-25.

TABLE 3
CITY OF IRVINE
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON⁽¹⁾

	2020-21	2021-22	2022-23	2023-24	2024-25
ASSETS					
Cash and Investments	\$ 160,020	\$ 229,952 ⁽²⁾	\$ 234,487	\$ 227,397	\$ 240,191
Receivables, net of allowances:					
Taxes	19,389	20,523	25,145	22,960	19,342
Accounts	2,307	3,116	3,478	5,141	6,045
Leases	--	6,805	6,440	5,730	5,012
Accrued Interest	1,517	2,057	3,658	1,964	1,688
Escrow Deposit	--	--	75	434	--
Prepaid Items	1,396	38	118	1,850	96
Due from Other Funds	--	86	--	736	1,760
Due from Other Governments	906	1,733	1,202	2,300	2,468
Due from Developers	6	1	--	--	--
Long-term Notes Receivable, net allowances	<u>2,652</u>	<u>7,652</u>	<u>7,528</u>	<u>7,528</u>	<u>7,528</u>
Total Assets	<u>\$ 188,193</u>	<u>\$ 271,963</u>	<u>\$ 282,131</u>	<u>\$ 276,040</u>	<u>\$ 284,130</u>
LIABILITIES					
Accounts Payable	\$ 4,961	\$ 7,542	\$ 8,551	\$ 9,096	\$ 10,882
Accrued Liabilities	7,804	8,829	11,286	11,658	13,045
Due to Other Governments	117	121	2,154	4,925	1,283
Compensated Absences	67	60	--	--	--
Deposits	9,624	11,331	13,331	14,933	17,802
Unearned Revenue	<u>5,544</u>	<u>7,130</u>	<u>6,697</u>	<u>7,842</u>	<u>7,749</u>
Total Liabilities	<u>\$ 28,117</u>	<u>\$ 35,013</u>	<u>\$ 42,019</u>	<u>\$ 48,454</u>	<u>\$ 50,761</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	\$ 1,430	\$ 9,296	\$ 3,069	\$ 5,408	\$ 52
Leases	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,262</u>	<u>\$ 509</u>	<u>\$ 4,635</u>
Total Deferred Inflows of Resources	<u>\$ 1,430</u>	<u>\$ 9,296</u>	<u>\$ 9,332</u>	<u>\$ 5,917</u>	<u>\$ 4,688</u>
Fund Balances:					
Nonspendable	\$ 1,396	\$ 38	\$ 118	\$ 1,850	\$ 96
Restricted	212	--	--	--	--
Committed	57,664	50,388	57,175	62,653	66,190
Assigned	99,374	147,342	154,143	154,095	159,382
Unassigned	<u>--</u>	<u>29,886</u>	<u>19,344</u>	<u>3,072</u>	<u>3,013</u>
Total Fund Balances (Deficits)	<u>\$ 158,646</u>	<u>\$ 227,654</u>	<u>\$ 230,780</u>	<u>\$ 221,669</u>	<u>\$ 228,681</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 188,193</u>	<u>\$ 271,963</u>	<u>\$ 282,131</u>	<u>\$ 276,040</u>	<u>\$ 284,130</u>

(1) Amounts truncated to the nearest thousand.

(2) Increase from fiscal year 2020-21 primarily the result of the City's receipt of one-time funds related to the COVID-19 pandemic.

Source: City Annual Comprehensive Financial Report for Fiscal Years 2020-21 through 2024-25.

Major Revenues

The City derives its General Fund revenues from a variety of sources including *ad valorem* property taxes, sales taxes, licenses, permits, other taxes, charges for services provided by the City and other miscellaneous revenues. The City's audited total General Fund revenues for selected major revenue sources for Fiscal Years 2020-21 through 2024-25 are set forth below.

TABLE 4
CITY OF IRVINE
SELECTED MAJOR REVENUE SOURCES⁽¹⁾

<i>Revenue Category</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Property Taxes	\$ 80,796	\$ 85,209	\$ 92,794	\$ 100,970	\$ 102,659
Sales Taxes	68,260	84,008	94,241	94,084	97,208
Other Taxes ⁽²⁾	23,381	32,439	38,862	37,871	44,078
Licenses and Permits	8,559	10,069	11,251	8,935	16,611
Charges for Services	18,629	28,966	30,715	56,347 ⁽³⁾	54,067 ⁽³⁾
Total	<u>\$ 199,625</u>	<u>\$ 240,691</u>	<u>\$ 267,863</u>	<u>\$ 298,207</u>	<u>\$ 314,623</u>

(1) Amounts truncated to the nearest thousand.

(2) Includes transient occupancy taxes, franchise taxes and other taxes.

(3) The increase in 2023-24 and 2024-25 was a result of a sharp increase in development fee revenue (due to large residential projects by the Irvine Company).

Source: City Annual Comprehensive Financial Report for Fiscal Years 2020-21 through 2024-25.

Property Taxes

In recent history, property taxes have served as the largest source of revenues for the City. During Fiscal Year 2024-25, property tax receipts of approximately \$102.7 million provided the largest tax revenue source of the City, contributing approximately 30.0% of total General Fund revenues. The City estimates approximately \$111.5 million of General Fund property tax revenues in Fiscal Year 2025-26. For Fiscal Year 2026-27, the City projects receipt of approximately \$116.7 million of General Fund property tax revenues. The City also receives a portion of Department of Motor Vehicles license fees ("VLF") collected Statewide. Several years ago, the State-wide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out, and as of Fiscal Year 2011-12, all of the VLF is now received through an in-lieu payment from State property tax revenues.

The City contracted with the County for library services until July 2025. Under this arrangement, the libraries were run by the Orange County Public Libraries, a subsidiary unit of the County, and certain property taxes collected from within the City were transferred to the County's Orange County Public Libraries Fund to service the three libraries located in the City. The City left the Orange County Public Libraries system and started its own City-run library system in July 2025. The City receives the portion of the property tax that was dedicated to the Orange County Public Libraries system, which is now used to fund the City's Library system. Currently, there is no impact on the General Fund. In Fiscal Year 2025-26 the City estimates that it spent \$7.2 million for library services, all of which were funded with the property taxes discussed above, and none of which could have otherwise been deposited into the General Fund. In Fiscal Year 2026-27 the City expects to spend approximately \$11.4 million for library services.

In California, property which is subject to *ad valorem* taxes 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 which 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 are due November 1 and February 1 and become delinquent on the following December 10 and April 10, respectively. 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 enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) 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) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which 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 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% 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 ten percent penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 75 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assessment 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.

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The table below sets forth the secured and unsecured assessed valuations for property in the City for the Fiscal Years 2016-17 through 2026-27.

TABLE 5
CITY OF IRVINE
ASSESSED VALUATION
FISCAL YEARS 2016-17 THROUGH 2026-27⁽¹⁾

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Unsecured</i>	<i>Total</i>
2016-17	\$61,937,181	\$3,817,062	\$65,754,243
2017-18	67,809,744	4,088,964	71,898,708
2018-19	74,391,378	4,048,378	78,439,756
2019-20	80,881,596	4,163,416	85,045,012
2020-21	85,793,409	4,264,770	90,058,179
2021-22	89,758,310	5,435,422	95,193,732
2022-23	95,725,688	4,504,408 ⁽²⁾	100,230,096
2023-24	102,203,178	5,360,963	107,564,141
2024-25	107,304,924	5,867,282	113,172,207
2025-26	113,405,891	5,737,921	119,143,812
2026-27	119,472,811	6,085,963	125,558,774

⁽¹⁾ Amounts truncated to nearest thousand.

⁽²⁾ Unsecured assets in the City decreased by approximately \$900 million from Fiscal Year 2021-22 to Fiscal Year 2022-23 due to the reversal of the growth in unsecured assets in Fiscal Year 2021-22 because of one-time escape assessments that will not reoccur after Fiscal Year 2021-22. These were “catch-up” payments processed by the assessor each fiscal year on the unsecured roll for tax bills that should have been issued and paid in prior fiscal years, but, due to delayed assessments either after a sale or a development required more research before final values were established. These one-time increases are averaged and factored into a running history when the forecast tools are developed each year so as to moderate their impact on future years but to also account for continued one-time escape assessment processing.

Source: City Annual Comprehensive Financial Report for Fiscal Years 2016-17 through 2024-25; the City for Fiscal Years 2025-26 and 2026-27.

The County operates under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the County. The City’s share of the *ad valorem* property tax levy is included in the County’s Teeter Plan. As a result, the City currently receives 100% of such levy and is not impacted by delinquencies in payment. However, the County may choose to discontinue the Teeter Plan at any time.

The 10 largest property taxpayers in the City for Fiscal Year 2026-27 based on total assessed valuation, the land use and the percentage of the City’s total assessed value attributable to each are shown in the below table. The information in Table 6 has been obtained from third-party sources and is included for general information purposes only. The City has not verified the information in Table 6 and does not guarantee the accuracy of such information.

**TABLE 6
CITY OF IRVINE
TEN PRINCIPAL TAXPAYERS**

	<i>Property Owner</i>	<i>2026-27 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>	<i>Land Use</i>
1.	The Irvine Company LLC	\$ 1,268,372,481	1.01%	Residential
2.	LBA IV-PPI LLC	783,618,992	0.62	Commercial
3.	Edwards Life Sciences LLC	690,656,407	0.55	Industrial
4.	B Braun US Pharmaceutical MFG LLC	685,920,951	0.55	Industrial
5.	Portola Springs Comm. Association	649,799,846	0.52	Residential
6.	Irvine Promenade Apartments LLC	562,965,402	0.45	Residential
7.	Allergan USA Inc.	552,559,774	0.44	Industrial
8.	TPG AF EHC III	544,871,655	0.43	Vacant
9.	Park Place Michelson LLC	510,360,580	0.41	Residential
10.	Irvine Apartment Communities LP	488,665,370	0.39	Residential
		<u>\$ 6,737,791,458</u>	<u>5.37%</u>	

⁽¹⁾ 2026-27 Local Assessed Valuation (secured and unsecured): \$125,558,773,807.
Source: The City.

To the extent completed construction in the City has not yet been reflected in the assessed valuation of property in the City, the value of such projects can be expected to increase the total assessed valuation of property in the City. Similarly, the planned and underway building activity, if completed as currently proposed, can be expected to increase the assessed valuation of property in the City and property tax revenues and/or other City revenues. However, no assurances can be given as to the completion thereof or any such increase.

Sales Taxes

During Fiscal Year 2024-25, sales tax receipts of approximately \$97.2 million provided the second largest tax revenue source for the City, contributing approximately 28.4% of total General Fund revenues. The City estimates sales tax receipts to total approximately \$97.5 million in Fiscal Year 2025-26, and, as of September 2026, is projecting to receive approximately \$100.7 million of sales tax receipts in Fiscal Year 2026-27.

A sales tax is imposed on retail sales or consumption of personal property. The current total sales tax rate in the City is 7.75%. The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters.

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The following table shows the sales tax revenues from the City’s share of the basic sales tax for Fiscal Years 2022-23 through 2026-27. Amounts are truncated to the nearest thousand.

TABLE 7
CITY OF IRVINE
SALES TAX REVENUES⁽¹⁾
(Dollars in Thousands)

<i>Fiscal Year</i>	<i>General Sales Tax Revenues</i>
2022-23	\$94,241
2023-24	94,084
2024-25	97,208
2025-26 ⁽²⁾	97,517
2026-27 ⁽³⁾	100,700

⁽¹⁾ Amounts truncated to the nearest thousand.

⁽²⁾ Result estimated as of September 15, 2026.

⁽³⁾ Projected.

Source: City Annual Comprehensive Financial Report for Fiscal Years 2022-23 through 2024-25; the City for Fiscal Years 2025-26 and 2026-27.

Table 8 summarizes the annual volume of taxable transactions within the City for the years 2021 through 2025 (the most recent date available).

TABLE 8
CITY OF IRVINE
TOTAL TAXABLE TRANSACTIONS
(Dollars in Thousands)

<i>Year</i>	<i>Business Permits</i>	<i>Taxable Transactions</i>
2021	46,222	\$6,268,119
2022	45,216	7,527,093
2023	44,318	8,126,299
2024	45,543	7,892,635
2025	46,725	7,943,848

Source: “Taxable Sales in California (Sales & Use Tax)” — California Department of Tax and Fee Administration for 2021-2025.

Transient Occupancy Tax

A transient occupancy tax is an 8% tax imposed on persons staying 30 days or less in a hotel, motel, inn or other lodging place within the City. In Fiscal Year 2024-25, transient occupancy tax receipts were approximately \$19.3 million, providing approximately 5.6% of total General Fund revenues. The City estimates approximately \$20.2 million in transient occupancy tax revenues for Fiscal Year 2025-26, providing approximately 5.7% of total General Fund revenues, and, as of September 2026, is projecting to receive approximately \$20.7 million of transient occupancy tax revenues in Fiscal Year 2026-27. As of June 30, 2025, the City estimates that it has approximately 5,000 hotel rooms among 23 hotels.

Table 9 summarizes the amount of transient occupancy tax receipts for the five most recent fiscal years; however, commencing in Fiscal Year 2022-23, the Transient Occupancy Tax Revenues shown in Table 9 began to include revenues collected from the Irvine Hotel Improvement District assessments.

TABLE 9
CITY OF IRVINE
TRANSIENT OCCUPANCY TAX REVENUES⁽¹⁾⁽²⁾

<i>Fiscal Year</i>	<i>Transient Occupancy Tax Revenues</i>
2021-22	\$13,750
2022-23	16,933
2023-24	18,173
2024-25	19,270
2025-26 ⁽³⁾	20,200

⁽¹⁾ Amounts truncated to the nearest thousand.

⁽²⁾ Beginning in Fiscal Year 2022-23, amounts shown above include Hotel Improvement District (“HID”) assessment revenues received by both the General Fund and the HID special revenue fund. The City’s 25% share of HID assessment revenues discussed under “Other Revenues” is included in these amounts.

⁽³⁾ Estimated.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25; the City for Fiscal Year 2025-26.

Other Taxes

The City levies certain other taxes, the revenues from which flow into the General Fund. Franchise tax revenue consists of a tax on four franchise operations in the City: electric, gas, cable television and refuse. The State sets electric and gas tax rates equal to 1% of gross annual revenues and 5% of gross cable television revenues from within the City. Electrical-related revenue is the largest component of the City’s franchise tax revenue. In Fiscal Year 2024-25, franchise tax receipts were approximately \$16.8 million, providing approximately 4.9% of General Fund revenues. The City estimates receipt of approximately \$18 million in franchise fee revenue in Fiscal Year 2025-26, providing approximately 5% of total General Fund revenues, and, as of September 2026, is projecting to receive approximately \$19 million of franchise tax revenue in Fiscal Year 2026-27.

Documentary transfer tax revenue is based on the transfer of real property. When property is sold, the City receives \$55 per \$100,000 of the property sale value. Documentary transfer tax revenue corresponds directly to the number of real estate transactions that occur in the City. In Fiscal Year 2024-25, documentary transfer tax revenue was approximately \$4.5 million, providing approximately 1.3% of General Fund revenues. The City estimates receipt of approximately \$4.2 million in documentary transfer tax revenue in Fiscal Year 2025-26, providing approximately 1.2% of total General Fund revenues, and, as of September 2026, is projecting to receive approximately \$4.3 million of documentary transfer tax revenue in Fiscal Year 2026-27.

The City collects a 1.5% utility user tax on all commercial utility activity in the City, including electricity, natural gas and telephone charges. In Fiscal Year 2024-25, utility user tax receipts were approximately \$7.8 million, providing approximately 2.3% of General Fund revenues. The City estimates receipt of approximately \$7.8 million in utility user tax revenue in Fiscal Year 2025-26, providing approximately 2.2% of total General Fund revenue, and, as of September 2026, is projecting to receive approximately \$8.1 million of utility user tax revenue in Fiscal Year 2026-27.

Licenses and Permits

The City collects fees for licenses and permits provided by the City, including, but not limited to, regulatory permits, conditional use permits, development permits, plan check and permitting, building permits and inspections and other development fees. In Fiscal Year 2024-25, the City collected approximately \$16.6 million, providing approximately 4.9% of total General Fund revenues. The City estimates it has collected

approximately \$15.6 million in Fiscal Year 2025-26, providing approximately 4.4% of total General Fund revenues, and, as of September 2026, is projecting to collect approximately \$15.7 million in Fiscal Year 2026-27.

Charges for Services

In Fiscal Year 2024-25, charges of approximately \$54.1 million (approximately 15.8% of total General Fund revenues) were collected for services including charges for recreational classes and childcare programs, as well as certain landfill and land development fees. Charges for services are estimated at approximately \$71.1 million (approximately 19.9% of total General Fund revenues) in Fiscal Year 2025-26, and, as of September 2026, are projected at approximately \$74.2 million in Fiscal Year 2026-27.

Other Revenues

In Fiscal Year 2024-25, the City received other revenues of approximately \$7.4 million (approximately 2.2% of General Fund revenues), estimates to receive approximately \$2.9 million (approximately 0.8% of General Fund revenues) in Fiscal Year 2025-26, and, as of September 2026, projects to receive approximately \$2.2 million in Fiscal Year 2026-27.

General Fund other revenues include the City's 25% share of the 2% Hotel Improvement District ("HID") assessment applied to the cost of hotel or other lodging stays of less than 30 days. The HID assessment is charged in addition to the City's transient occupancy tax. The City's share supports cultural activities, while the remaining 75% is accounted for in the separate HID special revenue fund. The City's share described below is also included in Table 9 and does not represent additional revenue.

In Fiscal Year 2024-25, the City's share of HID assessment receipts was approximately \$1.2 million, providing approximately 0.4% of General Fund revenues. The City estimates receipt of approximately \$1.3 million in Fiscal Year 2025-26, providing approximately 0.4% of General Fund revenues, and, as of September 2026, projects receipt of approximately \$1.3 million in Fiscal Year 2026-27.

Indebtedness

Long-Term Debt. The Financing Authority issued \$326,280,000 of Lease Revenue Bonds, Series 2023A on June 14, 2023. These bonds were issued for the purpose of financing the acquisition and permanent closure of an asphalt plant located in northern Irvine. The repayment of these bonds is secured by approximately 71 acres of residential developable land in northern Irvine. The bonds contain a fixed interest rate from 4.25 percent to 5.25 percent with maturity dates ranging from May 1, 2027, through May 1, 2053, per a prescribed redemption schedule of annual principal and semi-annual interest payments.

See Note III to the City's audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C for a description of the City's outstanding indebtedness.

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

Orange County Power Authority. The Orange County Power Authority (the "OCPA") is a California joint powers authority formed by participating Orange County cities for the purpose of implementing a community choice aggregation program. The City loaned the OCPA \$2,500,000 for pre-launch costs, up to an additional \$250,000 in formation costs, and \$5,000,000 in cash collateral for OCPA to secure a credit facility for additional working capital associated with power procurement and operational support. The loan has an interest rate on the outstanding pre-launch costs and cash collateral, which equals the City's quarterly investment rate. The outstanding formation costs bear no interest. The outstanding loan and interest are due January 1, 2027. As of June 30, 2025, the outstanding balance due was \$7,527,841.

Investments

As discussed above, the City invests its funds in accordance with its Investment Policy. See “CITY FINANCIAL INFORMATION—Financial Policies—*Investment Policy*.” A summary of the City’s investments as of September 30, 2026 is shown in Table 10 below.

TABLE 10
CITY OF IRVINE
INVESTMENT PORTFOLIO SUMMARY

<i>Investments</i>	<i>Par Value</i>	<i>Market Value</i>	<i>Book Value</i>	<i>% of Portfolio</i>	<i>Days to Maturity</i>	<i>Yield to Maturity</i>
Commercial Paper	\$ 28,075,000	\$27,604,240	\$ 27,242,179	2.57%	151	4.11%
Managed Pool Assets	134,920,645	134,920,645	134,920,645	12.63	1	3.94%
Asset Backed Securities	72,160,000	71,204,394	71,986,413	6.67	1,148	4.35%
Money Market Funds	2,097,261	2,097,261	2,097,261	0.20	1	3.73%
Federal Agency	86,900,000	85,325,753	86,607,881	7.99	778	4.15%
Corporate Medium Term Notes	232,430,000	225,163,685	230,315,090	21.08	884	4.23%
Money Backed Securities	134,210,511	128,581,008	133,443,322	12.04	1,251	4.04%
Treasury Securities	307,560,000	298,678,571	304,019,858	27.96	1,124	4.09%
Supranationals	81,625,000	80,294,634	80,529,608	7.52	517	3.52%
Municipal Bonds	14,500,000	14,304,669	14,590,280	1.34	802	4.32%
Total	\$1,094,478,417	\$1,068,174,860	\$1,085,752,537	100.00%	843	3.91%

Source: The City.

Retirement System

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 has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion 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. The City cannot 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 has historically provided five separate retirement plans to its employees: (i) the City of Irvine Defined Benefit Pension Plan (the “Defined Benefit Pension Plan”), (ii) the City of Irvine Defined Contribution Pension Plan (the “Defined Contribution Pension Plan”), (iii) the City of Irvine Defined Contribution Pension Plan – 401(a) (the “Full-Time 401(a) Plan”), (iv) the CalPERS Defined Benefit Pension Plan (the “CalPERS Plan”) and (v) the Public Agency Retirement System Defined Contribution Plan (“PARS”). Each of the retirement plans is discussed in detail below.

Defined Benefit Pension Plan. Prior to February 2, 2002, the City provided pension benefits for all of its sworn employees through the Defined Benefit Pension Plan. The Defined Benefit Pension Plan is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the provisions of the Defined Benefit Pension Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, January 1, 2004, and January 1, 2012. Both the Defined Benefit Pension

Plan and the Defined Contribution Pension Plan are administered by the City and overseen by a Board of Trustees (the “Trustees”).

On February 2, 2002, the City contracted with CalPERS to provide retirement benefits for sworn employees. The Defined Benefit Pension Plan is closed to new participants. An actuarial valuation is performed annually to determine the actuarial implication of the Defined Benefit Pension Plan’s funding policy. The last actuarial valuation date was January 1, 2025. The City issues a publicly available financial report that includes financial statements and required supplementary information for the Defined Benefit Pension Plan.

Defined Contribution Pension Plan. The City provides pension benefits through the Defined Contribution Pension Plan for those full-time non-sworn employees who elected not to participate in CalPERS in 2003. The City is responsible for the administration of the Defined Contribution Pension Plan with the City Council having the authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earnings. Until July 2004, non-sworn full-time employees were eligible to participate from the date of employment; however, the Defined Contribution Pension Plan is closed to new participants. Employer and employee contribution rates to the Defined Contribution Pension Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in Memoranda of Understanding (“MOU”) between those entities.

Defined Contribution Plan – 401(a). The City provides a pension benefit through the Full-Time 401(a) Plan for certain full-time employees. The City is responsible for the administration of the Plan with the City Council having the authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earnings. Employer contribution rates to the Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities.

CalPERS Defined Benefit Pension Plan. The City provides pension benefits to eligible full-time and extended part-time employees not already in the Defined Benefit Pension Plan (as discussed above) for sworn employees or the Defined Contribution Pension Plan (as discussed above) for miscellaneous (non-sworn) employees. The CalPERS Plan is an agent multiple employer public employee defined benefit plan and is administered through CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information and can be found on the CalPERS website at www.calpers.ca.gov.

Public Agency Retirement System Defined Contribution Plan. The City’s part-time, seasonal and temporary employees that are ineligible for another retirement plan are eligible to participate in PARS. PARS is a 401(a) defined contribution plan. The City is responsible for the administration of PARS with the City Council having the authority to amend, modify or terminate the provisions and contributions. Retirement benefits depend on amounts contributed plus investment earnings.

City of Irvine Defined Benefit Pension Plan. The Defined Benefit Pension Plan provides retirement, annual cost of living adjustment, death and disability benefits to certain sworn employees. Benefits are based on years of credited service, equal to one year of full-time employment. The Defined Benefit Pension Plan's provisions and benefits in effect are:

	<i>Defined Benefit Pension Plan</i>
Hire Date	Prior to February 2, 2002
Benefit Formula	2.50%@50
Benefit Vesting Schedule	10 years of service
Benefit Payments	monthly for life
Retirement Age	50-55
Monthly Benefits, as a % of Eligible Compensation	2.50-3.00%

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Employees Covered. As of December 31, 2024 (measurement date) the following employees were covered by the benefit terms of the Defined Benefit Pension Plan.

<i>Description</i>	<i>Number of members</i>
Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>2</u>
Total	34

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Contribution Description. The Defined Benefit Pension Plan as restated January 1, 2012, states that the employer shall regularly make contribution under the Defined Benefit Pension Plan which, together with the assets held in the Defined Benefit Pension Plan Trust Fund, will be adequate to finance the Defined Benefit Pension Plan's benefits on an actuarial basis consistent with the funding policy adopted for the Defined Benefit Pension Plan by the Administrator. The total plan contributions are determined through an annual actuarial process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employee. The Fiscal Year 2024-25, employer contribution rates were as follows:

	<i>Normal Cost</i>	<i>Unfunded Liabilities</i>
July 1 to December 31, 2024	40.40%	195.37%
January 1 to June 30, 2025	33.46%	198.05%

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Employees covered under the Defined Benefit Pension Plan contributed 12% of pensionable-base compensation. For the fiscal year ended June 30, 2025, the City made contributions of \$594,717.

Net Pension Liability. The City's net pension liability for the Defined Benefit Pension Plan is measured as the total pension liability, less Defined Benefit Pension Plan's fiduciary net position. The net pension liability of the Defined Benefit Pension Plan is measured as of December 31, 2024, using an annual actuarial valuation as of January 1, 2025. A summary of principal assumptions and methods used to determine the net pension liability is shown below. See "Changes in Net Pension Liability" below for a description of the net pension liability for the Defined Benefit Pension Plan as of December 31, 2024.

Valuation Date	January 1, 2025
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	3.00%
Salary Increases	5.00%
Mortality	RP-2014 Blue Collar Table with Improvement Scale MP-2021
Post-Retirement Benefit Increase	2.00%

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Asset Allocation. The asset allocation policy developed herein is based on an evaluation of the Defined Benefit Pension Plan's ability to assume modest investment risk in light of its financial and benefit-related goals and objectives, the Defined Benefit Pension Plan's liability structure, and the few remaining active participants after the implementation of CalPERS pension alternative.

The Defined Benefit Pension Plan's cash flow needs can vary significantly based on the anticipated number of elections for lump-sum payments versus annuity payments, as well as the number and amount of disability benefits being paid. The Trustees recognize that it is difficult to currently assess these variables and that each can have significant impact on liabilities that will need to be paid.

The Trustees, for purposes of range setting this policy, have determined that all Defined Benefit Pension Plan assets will be invested in accordance with the following investment guidelines:

<i>Investment Type</i>	<i>Target Allocation</i>
Fixed Income	60% - 80%
Domestic Equity	5% - 25%
Foreign Equity	0% - 20%
Real Estate	0% - 15%

⁽¹⁾ To accommodate the payment of withdrawals and benefits.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The target balance of investments is expected, over a market cycle of four to six years, to provide a return in the range of 4 to 6%. The Trustees believe these guidelines to be appropriate in view of liabilities and the current market/economic environment. While these guidelines are meant to be long term in nature, they will be changed when warranted by further reviews of these conditions. The Trustees acknowledge that guidelines will be further defined as managers or funds are reviewed and/or selected and provided instruction.

Discount Rate. The discount rate for funding purposes is 5.00%. Paragraph 43 of GASB Statement No. 67 provides for an alternative method to be used other than the projection of the Defined Benefit Pension Plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The City's current contribution policy requires the City to contribute the normal cost plus the ten-year closed amortization of the unfunded liabilities as of January 1, 2019 plus the 20-year closed amortization of additional unfunded liabilities in each future year in the fiscal year following the annual valuation. The unfunded liability as a percent of actuarial asset values as of January 1, 2025 was 19.9%. Based on actuarial theory if the actuarial assumptions are met, the plan's fiduciary net position will remain positive.

Changes in Net Pension Liability. The following table shows the changes in net pension liability recognized over the measurement period. Amounts are truncated to the nearest thousand.

	<i>Total Pension Liability (a)⁽¹⁾</i>	<i>Plan Fiduciary Net Position (b)⁽¹⁾</i>	<i>Net Pension Liability (a)-(b)⁽¹⁾</i>
Balance at December 31, 2023 (Measurement Date)	\$ 23,668	\$ 18,730	\$ 4,937
Changes for the year:			
Service Cost	124	-	124
Interest Expense	1,153	-	1,153
Difference Between Expected and Actual Experience	247	-	247
Contributions – Employer	-	595	(595)
Contributions – Employees	-	38	(38)
Net Investment Income	-	621	(621)
Benefit Payments, Including Refunds Of Employee Contributions	(1,490)	(1,490)	-
Administrative Expense	-	(4)	4
Net Changes	\$ 34	\$ (240)	\$ 275
Balance at: December 31, 2024 (Measurement Date) ⁽¹⁾	\$ 23,702	\$ 18,490	\$ 5,212

⁽¹⁾ Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Sensitivity of the Net Pension Liability to Changes in Discount Rate. The following presents the net pension liability of the Defined Benefit Pension Plan as of the measurement date, calculated using the discount rate of 5.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.00 percent) or 1 percentage-point higher (6.00 percent) than the current rate (amounts expressed in thousands):

	<i>Discount Rate -1% (4.00%)</i>	<i>Current Discount (5.00%)</i>	<i>Discount Rate +1 (6.00%)</i>
<i>Net Pension Liability</i>	\$ 7,754	\$ 5,212	\$ 3,060

⁽¹⁾ Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Recognition of Gains and Losses. Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

Difference Between Projected and Actual Earnings	5-year straight line amortization
All other Amounts	Amortization over the average remaining service period of actives and inactives (one year future service is assumed for inactives for this calculation).

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions. As of the start of the measurement period (January 1, 2024), the net pension liability was \$4,937,442. For the measurement period ending December 31, 2024 (the measurement date), the City incurred a pension expense of \$1,040,756 for the Defined Benefit Pension Plan.

As of December 31, 2024, the City's deferred outflows and deferred inflows of resources related to pensions were as follows (amounts expressed in thousands):

	<i>Deferred Outflows of Resources⁽¹⁾</i>	<i>Deferred Inflows of Resources⁽¹⁾</i>
Contributions made after the measurement date	\$ 324	\$ 0
Net difference between projected and actual earnings on pension plan investments	<u>1,330</u>	<u>0</u>
Total	\$ 1,654	\$ 0

⁽¹⁾ Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The \$323,804 reported as deferred outflow of resources related to the contribution made after the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows (amounts expressed in thousands):

<i>Measurement Period Ended December 31,</i>	<i>Deferred Outflows/(Inflows) of Resources⁽¹⁾</i>
2026	\$ 715
2027	692
2028	(136)
2029	59
2030	0
Thereafter	0

⁽¹⁾ Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

City of Irvine Defined Contribution Pension Plan. Effective July 1, 2003, eligible participants were required to contribute 4 percent of their base compensation into the Defined Contribution Pension Plan and the City's contributions were 15% of participants' basic compensation. Effective August 10, 2012, pursuant to agreements with the City's employee associations, the City contributes 12.448% of the participants' base compensation, and eligible participants contributes 6.552% of their base compensation into the plan. Defined Contribution Pension Plan participants have the right to 100% of contributions made on their behalf and related earnings upon their death, permanent and total disability or upon attainment of normal retirement age, 59.5 under the Defined Contribution Pension Plan. If employment terminates prior to normal retirement age for reasons other than death, or permanent and total disability, the participant will achieve 50% vesting upon successful completion of a six-month probationary period or 55% vesting upon successful completion of a one-year probationary period. Following the probationary period, the participant will retain 5% vesting for each plan year in which the participant attains 1,000 hours of the credited service until the completion of the fifth year when full vesting will occur.

At December 31, 2024, the Defined Contribution Pension Plan had 40 members, consisting of four active members, and 36 terminated members. All 40 members are fully vested in the Defined Contribution Pension Plan. Total Defined Contribution Pension Plan assets were \$10,891,350. Effective April 1996, the Defined Contribution Pension Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1 percent increments among investment options with the third-party administrator. Employer contributions to the Defined Contribution Pension Plan during the fiscal year ended December 31, 2024 were \$76,518 and participant contributions were \$40,275. For additional details concerning the transition to CalPERS, see "—CalPERS Defined Benefit Pension Plan" below.

City of Irvine Defined Contribution Pension Plan – 401(a). Effective July 1, 2020, the City contributes 2 or 4% of eligible participants’ base compensation into the Full-Time 401(a) Plan, based on the various employee associations’ Memorandum of Understanding. Full-Time 401(a) Plan participants have the right to 100% of contributions made on their behalf and related earning upon their death, permanent and total disability or upon attainment of normal retirement age. Employer contributions to the Full-Time 401(a) Plan for the fiscal year ended June 30, 2025 were \$2,168,786.

CalPERS Defined Benefit Pension Plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The CalPERS Plan’s provisions and benefits in effect on June 30, 2025, are summarized as follows:

<i>Sworn Plan</i>			
	Prior to January 1, 2013	On or after January 1, 2013	
Hire Date			
Benefit Formula	3.0% @ 50	2.7% @ 57	
Benefit Vesting Schedule	5 years service	5 years service	
Benefit Payments	monthly for life	monthly for life	
Retirement Age	50	50-57	
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0-2.7%	

<i>Miscellaneous Plan</i>			
	Prior to August 14, 2012	On or after August 14, 2012 and Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit Formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-55	50-63	52-62
Monthly Benefits, as a % of Eligible Compensation	2.0-2.7%	1.426-2.418%	1.0-2.5%

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms of the plans:

<i>Description</i>	<i>Number of members</i>	
	<i>Sworn Plan</i>	<i>Miscellaneous Plan</i>
Active members	236	871
Retired members and beneficiaries	174	594
Terminated members	70	699
Transferred members	<u>54</u>	<u>440</u>
Total	534	2,604

Contributions. Section 20814(c) of the California Public Employee’s Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended.

The employer required contribution rates for the Sworn and Miscellaneous plans for Fiscal Year 2024-25 were as follows:

	<i>Sworn Plan</i>	<i>Miscellaneous Plan</i>
Normal Cost Rate	25.27%	11.53%
Employer Unfunded Accrued Liability Contribution ⁽¹⁾	<u>16.90</u>	<u>12.42</u>
Total	42.17%	23.95%

⁽¹⁾ The Employer Unfunded Accrued Liability Contribution (“UAL”) amount is either paid monthly or prepaid at the beginning of the fiscal year to CalPERS. The City elected to prepay the UAL of \$5,359,635 and \$8,076,163 for the sworn and miscellaneous plans, respectively.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The employee required contribution rates for the Sworn and Miscellaneous Plans for Fiscal Year 2024-25 were as follows:

	<i>Sworn Plan</i>		
	Prior to January 1, 2013	On or after January 1, 2013	
Hire Date			
Employee Contribution Rate	9.0%	13.75%	

	<i>Miscellaneous Plan</i>		
	Prior to August 14, 2012	On or after August 14, 2012 and Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Employee Contribution Rate	8.0%	7.0%	8.0%

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

For the year ended June 30, 2025, the City made contributions of \$15,371,748 for the Sworn Plan and \$18,456,397 for the Miscellaneous Plan.

Beginning with Fiscal Year 2017-18, CalPERS began collecting employer contributions toward the plan’s unfunded liability as dollar amounts instead of the prior method of a contribution rate. According to CalPERS, this change was to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection set forth in the tables below. These results are provided for information purposes only. Contributions toward the unfunded liability will continue to be collected as set dollar amounts.

The tables below are derived from the City’s Annual Valuation Reports with valuation dates as of June 30, 2025 and delivered in July 2026 for the Sworn and Miscellaneous plans (together, the “2026 Report”) and show the required and projected employer contributions (before cost sharing) for the next six fiscal years. Projected results reflect the adopted changes to the discount rate described in the 2026 Report. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over time as new employees are hired into PEPRA or other lower cost benefit tiers.

Since Fiscal Year 2021-22, the CalPERS discount rate has been 6.80%. In addition, on November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Further, the board adopted a new strategic asset allocation as part of its Asset Liability Management process and revised economic assumptions reducing the price inflation assumption from 2.50% to 2.30%.

	<i>Required Contribution</i>	<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2025-26 and Beyond)</i>				
<i>Fiscal Year</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>	<i>2030-31</i>	<i>2031-32</i>	<i>2032-33</i>
<i>Sworn Plan</i>						
Normal Cost %	23.57%	22.9%	22.3%	21.7%	21.0%	20.3%
UAL Payment	\$8,462,812	\$9,159,000	\$8,714,000	\$8,215,000	\$7,527,000	\$7,330,000
Total as a % of Payroll*	43.35%	43.7%	41.5%	39.3%	36.6%	35.1%
Projected Payroll	\$42,776,029	\$44,059,310	\$45,381,090	\$46,742,522	\$48,144,798	\$49,589,142
<i>Miscellaneous Plan</i>						
Normal Cost %	10.58%	10.4%	10.2%	10.1%	9.9%	9.7%
UAL Payment	\$13,030,686	\$14,054,000	\$13,452,000	\$12,779,000	\$10,548,000	\$10,238,000
Total as a % of Payroll*	23.28%	23.7%	22.6%	21.5%	19.0%	18.3%
Projected Payroll	\$102,580,915	\$105,658,343	\$108,828,092	\$112,092,936	\$115,455,723	\$118,919,396

* Illustrative only and based on the projected payroll shown.
Source: CalPERS' 2026 Report.

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

Payments for Unfunded Actuarial Liability. In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. The following additional payments have been made pursuant to such plan (amounts expressed in thousands):

<i>Fiscal Year Ended June 30,</i>	<i>Sworn Plan Payments⁽¹⁾</i>	<i>Miscellaneous Plan Payments⁽¹⁾</i>
2013	\$ 1,500	\$ 3,500
2014	2,500	5,500
2015	1,000	4,000
2016	1,000	4,000
2017	3,000	4,000
2018	4,000	3,000
2019	5,286	5,876
2020	--	--
2021	2,500	2,500
2022	2,500	2,500
2023	2,500	2,500
2024	--	--
2025	--	--
Total	\$25,786	\$37,376

⁽¹⁾ Amounts are truncated to the nearest thousand.
Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Additional payments may be made in future years, subject to evaluation and discretion of the City Council.

Net Pension Liability. The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the City's pension plans is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. For the June 30, 2024 measurement period, total pension liabilities were based on a June 30, 2023 actuarial valuation date and the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.9%
Inflation	2.3%
Salary Increase	Varies by Entry Age and Duration of Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The discount rate used to measure the total pension liability was 6.9%. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the CalPERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of ten basis points. The expected real rate of return by asset class are as followed:

<i>Asset Class⁽¹⁾</i>	<i>Assumed Asset Allocation</i>	<i>Real Return^(1,2)</i>
Global Equity – Cap-Weighted	30.00 %	4.54%
Global Equity – Non-Cap-Weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-Backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	2.27
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real Assets	15.0	3.21
Leverage	(5.0)	(0.59)

⁽¹⁾ An expected inflation of 2.30 percent used for this period.

⁽²⁾ Figures are based on the 2021 Asset Liability Management study.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The following table shows the changes in net pension liability recognized over the measurement period for each of the Sworn Plan and the Miscellaneous Plan. Amounts are truncated to the nearest thousand.

	<i>Total Pension Liability (a)⁽¹⁾</i>	<i>Increase (Decrease) Plan Fiduciary Net Position (b)⁽¹⁾</i>	<i>Net Pension Liability/(Assets) (c)=(a)-(b)⁽¹⁾</i>
<u>Sworn Plan</u>			
Balance at June 30, 2023 (Measurement Date) ⁽²⁾	\$ 392,981	\$ 321,806	\$ 71,174
Changes Recognized for the Measurement Period:			
Service Cost	12,881	-	12,881
Interest on Total Pension Liability	27,894	-	27,894
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	12,832	-	12,832
Contributions – Employer	-	14,443	(14,443)
Contributions – Employees	-	4,315	(4,315)
Net Investment Income	-	31,141	(31,141)
Benefit Payments, Including Refunds Of Employee Contributions	(15,997)	(15,997)	-
Administrative Expense	-	(262)	262
Net Changes	<u>\$ 37,610</u>	<u>\$ 33,641</u>	<u>\$ 3,969</u>
Balance at: June 30, 2024 (Measurement Date) ⁽²⁾	<u>\$ 430,590</u>	<u>\$ 355,447</u>	<u>\$ 75,143</u>
<u>Miscellaneous Plan</u>			
Balance at June 30, 2023 (Measurement Date) ⁽²⁾	\$ 545,918	\$ 447,430	\$ 98,488
Changes Recognized for the Measurement Period:			
Service Cost	14,257	-	14,257
Interest on Total Pension Liability	38,340	-	38,340
Charges in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	15,807	-	15,807
Contributions – Employer	-	15,950	(15,950)
Contributions – Employees	-	6,463	(6,463)
Net Investment Income	-	43,047	(43,047)
Benefit Payments, Including Refunds of Employee Contributions	(26,409)	(26,409)	-
Administrative Expense	-	(364)	364
Net Changes	<u>\$ 41,995</u>	<u>\$ 38,687</u>	<u>\$ 3,308</u>
Balance at June 30, 2024 (Measurement Date) ⁽²⁾	<u>\$ 587,913</u>	<u>\$ 486,117</u>	<u>\$ 101,796</u>

⁽¹⁾ Amounts are truncated to the nearest thousand.

⁽²⁾ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 (“GASB 68”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards changed financial statement reporting requirements, they did not impact funding policies of the pension systems. The audited financial statements of the City for Fiscal Years 2018-19 and thereafter reflect the application of the GASB 68. GASB 68 is a change in accounting reporting standards but it did not change the City’s CalPERS plan funding obligations.

The following presents the net pension liability of the City’s Sworn Plan and Miscellaneous Plan as of the June 30, 2024 measurement date, calculated using the discount rate of 6.9%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9%) or 1 percentage-point higher (7.9%) than the current rate:

<i>Net Pension Liability</i>	<i>Discount Rate – 1% (5.9%)(¹)</i>	<i>Current Discount Rate (6.9%)(¹)</i>	<i>Discount Rate + 1% (7.9%)(¹)</i>
Sworn Plan	\$ 140,787	\$ 75,143	\$ 22,116
Miscellaneous Plan	<u>182,671</u>	<u>101,796</u>	<u>35,259</u>
Total Net Pension Liability	<u>\$ 323,458</u>	<u>\$ 176,939</u>	<u>\$ 57,375</u>

(¹) Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

For the year ended June 30, 2024, the City recognized pension expense as follows:

<i>Sworn</i>	<i>Miscellaneous</i>	<i>Total Plans</i>
\$20,238,871	\$25,857,217	\$46,096,088

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Note that no adjustments have been made for contributions subsequent to the measurement date.

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5-year straight line amortization
All other Amounts	Straight line amortization over the average remaining service lives ("EARSLS") of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The EARSLS is calculated by dividing the total future service years by the total number of plan participants (active, inactive and retired). The CalPERS Plan's EARSLS for the 2023-24 measurement period, ended June 30, 2024, is 5.5 years for the Sworn Plan and 3.9 years for the Miscellaneous Plan, which was obtained by dividing the total service years (the sum of remaining service lifetimes of the active employees) by the total number of participants: active, inactive and retired. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

As of the start of the measurement period (July 1, 2023), the net pension liability was \$ 71,174,431 for the Sworn Plan and \$98,487,817 for the Miscellaneous Plan. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense of \$20,238,871 and \$ 25,857,217 for the Sworn and Miscellaneous Plans, respectively.

At June 30, 2024 (measurement date), the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources⁽¹⁾</i>	<i>Deferred Inflows of Resources⁽¹⁾</i>
<i>Sworn Plan</i>		
Difference Between Expected and Actual Experience	\$ 11,211	\$ 2,750
Change in Assumptions	7,362	-
Contributions Made After the Measurement Date	15,372	-
Net Difference Between Projected and Actual Earnings on Pension		
Plan Investments	<u>4,921</u>	<u>-</u>
Sworn Plan Total	\$ 38,865	\$ 2,750
<i>Miscellaneous Plan</i>		
Difference Between Expected and Actual Experience	\$ 14,648	\$ 692
Change in Assumptions	3,731	-
Contributions Made After the Measurement Date	18,456	-
Net Difference Between Projected and Actual Earnings on Pension		
Plan Investments	<u>6,874</u>	<u>-</u>
Miscellaneous Plan Total	\$ 43,709	\$ 692
Totals	\$ 82,574	\$ 3,442

⁽¹⁾ Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The \$15,371,748 and \$18,456,397 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

	<i>Deferred Outflows/(Inflows) of Resources⁽¹⁾</i>		
<i>Measurement Period Ended June 30,</i>	<i>Sworn</i>	<i>Miscellaneous</i>	<i>Total Plans</i>
2025	\$ 4,195	\$ 8,439	\$ 12,634
2026	12,408	16,801	29,209
2027	2,355	1,787	4,142
2028	619	(2,467)	(1,848)
2029	1,167	-	1,167
Thereafter	-	-	-

⁽¹⁾ Amounts are truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

For additional information with respect to the discount rate, deferred outflows/(inflows) of resources, and recognition of gains and losses, see Note IV to the City's audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

Funded Status. The tables below are derived from the 2026 Report and show the funded status of the Sworn Plan and Miscellaneous Plan as of the valuation dates shown.

Sworn Plan

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2017	\$262,626,342	\$196,279,575	\$66,346,767	74.7%	\$27,359,874
06/30/2018	290,752,762	219,578,313	71,174,449	75.5	27,584,063
06/30/2019	309,431,034	241,875,318	67,555,716	78.2	29,076,670
06/30/2020	325,127,192	256,072,145	69,055,047	78.8	29,154,736
06/30/2021	355,111,450	321,647,016	33,464,434	90.6	29,704,902
06/30/2022	377,006,218	299,863,740	77,142,478	79.5	30,175,108
06/30/2023	411,411,240	321,723,612	89,687,628	78.2	36,637,215
06/30/2024	437,644,165	355,283,618	82,360,547	81.2	37,461,753
06/30/2025	469,140,629	400,493,408	68,647,221	85.4	39,146,127

Source: CalPERS' 2026 Report.

Miscellaneous Plan

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
06/30/2017	\$385,563,900	\$297,276,005	\$88,287,895	77.1%	\$55,269,144
06/30/2018	422,813,449	326,700,521	96,112,928	77.3	57,990,076
06/30/2019	446,416,136	355,594,775	90,821,361	79.7	59,295,194
06/30/2020	466,210,503	372,666,090	93,544,413	79.9	58,691,804
06/30/2021	499,995,226	461,568,106	38,427,120	92.3	58,417,307
06/30/2022	529,202,305	423,700,611	105,501,694	80.1	61,871,598
06/30/2023	568,783,696	447,313,460	121,470,236	78.6	74,484,212
06/30/2024	605,863,466	485,889,593	119,973,873	80.2	79,564,643
06/30/2025	642,212,297	541,606,003	100,606,295	84.3	93,876,069

Source: CalPERS' 2026 Report.

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the California Governor signed Assembly Bill 340 ("AB 340"), which implements pension reform in California. 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; (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.

Pursuant to AB 340, the City established new pension tiers: 2.7% at 57 for Sworn and 2.0% at 62 for Miscellaneous for employees hired on or after January 1, 2013 who were not previously CalPERS members.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2026 (the most recent valuation provided to the City) covered CalPERS' Fiscal Year ended June 30, 2025). The actuarial valuations express the City's required contribution which the City must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution requirement derived from the actuarial valuation as of June 30, 2025 affects the City's Fiscal Year 2027-28 required contribution). CalPERS rules require the City to implement the actuary's recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability ("UAL"). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the accrued liability (the "AAL") represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to CalPERS under its CalPERS plans.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2025 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

Beginning in Fiscal Year 2017-18, CalPERS began collecting employer contributions toward a pension plan's UAL as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the UAL as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's UAL will continue to be collected as set dollar amounts.

The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS estimates a weighted investment return for Fiscal Year 2024-25 of 11.6% and a preliminary investment return of 14.8% for Fiscal Year 2025-26. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

CalPERS' discount rate was lowered from 7.00% to 6.80% in fall 2021. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously CalPERS members will also see their contribution rates rise under AB 340.

Public Agency Retirement System Defined Contribution Plan. Eligible participants are required to contribute 4.3% of their base compensation into PARS. The City will contribute an amount equal to 3.2% of the base salary compensation. PARS participants have the right to 100% of their account balance upon their death, termination of employment, permanent and total disability, or upon attainment of normal retirement age of 59.5 under PARS. As of June 30, 2025, PARS had 812 active members and total PARS net assets were \$3,253,455. For the year ended June 30, 2025, employer contributions were \$215,344 and participant contributions were \$283,819.

Other Post-Employment Benefits

Voluntary Employees' Beneficiary Association. The Voluntary Employees' Beneficiary Association ("VEBA") known as the "Premium Reimbursement Plan of the Irvine Employees Benefit Trust" is a defined contribution welfare benefit plan. VEBA provides health insurance premium and medical expense reimbursement benefits to retirees. VEBA was established by the Irvine Police Association, and later joined by the Irvine City Employees Association and Association of Supervisory and Administrative Personnel. Separate accounts are maintained under the trust agreement for the three member groups but the amounts administered are pooled within each employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums and eligible expenses under the plan in an amount to be determined by the VEBA Board of Trustees, from time to time, based on years of service. Eligibility requires five years of active service and five years of mandatory contributions to the plan. VEBA is administered by Vimly Benefit Solutions under the provisions of IRS Code Section 501(c)(9).

Participants and the City are required to contribute to the plan at a percentage of base pay per the various employee associations' MOU. The contribution requirements of plan members and the City are established and may be amended by the MOU with the various employee associations. For the year ended June 30, 2025, employer contributions were \$4,655,877 and participant contributions were \$401,533.

Retirement Health Savings. The City provides post-retirement medical benefits to management, Irvine Professional Employees Association, and non-represented employees in the form of contributions to a defined contribution Retiree Health Savings Plan (the "RHS Plan"). Employer contribution rates to the RHS Plan are determined by negotiation between the City and the employee association and detailed along with other wage and benefit issues in MOUs between those entities. The City is required to contribute 2 or 3 percent of base salary depending on the employee association's MOU. For the year ended June 30, 2025, the City contributed \$486,029 to the RHS Plan. The RHS Plan is administered by Mission Square.

The OPEB Plan. The City administers a single employer defined benefit health care plan ("OPEB"). OPEB provides retirees the ability to purchase healthcare insurance benefits through the City's group health insurance plans, which cover certain active and retired employees. For additional information with respect to OPEB, see Note IV to the audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

As of June 30, 2025, membership consisted of the following:

Active Plan Members	950
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	<u>111</u>
Total	<u>1,061</u>

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Implied Subsidy. The OPEB Plan and its contribution requirements are established by MOU with the applicable employee associations and may be amended by negotiation between the City and the associations. The retired plan members receiving benefits makes contributions at the premium rates identical to those charged for the City's active employees. While the City does not directly contribute towards the cost of the premium, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to

the retirees, called an “implied subsidy.” The implied subsidy is considered to be another postemployment benefit of the City. For the year ended June 30, 2025, the City’s contribution (implicit subsidy) was \$562,421.

Total OPEB Liability. The City’s total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation dated July 1, 2024. For the actuarial assumptions used to determine the City’s total OPEB liability as of June 30, 2025, see Note IV to the audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

For the year ended June 30, 2025, the City incurred an OPEB expense of \$9,663,369. The following shows the schedule of changes in the total OPEB liability for the measurement period of July 1, 2024 to June 30, 2025. Amounts are truncated to the nearest thousand.

	<i>Total OPEB Liability⁽¹⁾</i>
Balance at June 30, 2024 Measurement Date	\$9,196
Changes Recognized for the Measurement Period	
Service Cost	586
Interest Expense	421
Changes of Assumptions	(661)
Differences Between Expected and Actual Experience	684
Benefit Payments	<u>(562)</u>
Net Changes	<u>467</u>
Balance at June 30, 2025 Measurement Date	<u>\$9,663</u>

⁽¹⁾ Amounts truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Sensitivity to Changes in Discount Rate and Healthcare Cost Rate. The following presents what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.20%) or 1-percentage point higher (6.20%) than the current discount rate:

<i>Plan’s Total OPEB Liability/(Asset)⁽¹⁾</i>		
<i>Discount Rate -1% (4.20%)</i>	<i>Current Discount Rate (5.20%)</i>	<i>Discount Rate +1 (6.20%)</i>
\$10,435,630	\$9,663,369	\$8,972,504

⁽¹⁾ Amounts truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

The following presents what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower and or 1-percentage point higher than the current healthcare cost trend rates. The current assumed healthcare trend rate is 7%.

<i>Plan’s Total OPEB Liability/(Asset)⁽¹⁾</i>		
<i>1% Decrease</i>	<i>Trend Rate</i>	<i>1% Increase</i>
\$8,559,053	\$9,663,369	\$10,976,395

⁽¹⁾ Amounts truncated to the nearest thousand.

Source: City Annual Comprehensive Financial Report for Fiscal Year 2024-25.

For additional information with respect to the City’s OPEB plan, see Note IV to the audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is a charter city that was incorporated in 1971. The City is located in the central portion of the County. Encompassing 66 square miles, the City is one of the nation’s largest master-planned communities. From City Hall, John Wayne Airport is approximately 4 miles west, downtown Los Angeles is approximately 44 miles north, and downtown San Diego is approximately 88 miles south.

Population

The City’s estimated population as of January 1, 2026 was approximately 317,744. This represents an increase of approximately 2.8% from January 1, 2022. The following table shows the population for the City, the County and the State of California for the last five years.

CITY OF IRVINE, COUNTY OF ORANGE, AND STATE OF CALIFORNIA Population

<i>Year (January 1)</i>	<i>City of Irvine</i>	<i>County of Orange</i>	<i>State of California</i>
2022	308,949	3,158,984	39,159,480
2023	311,307	3,148,606	39,167,274
2024	315,545	3,169,815	39,446,835
2025	317,652	3,174,509	39,646,907
2026	317,744	3,163,696	39,592,978

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2022-2026, with 2020 Census Benchmark. Sacramento, California, May 2026.

Education

K-12 public instruction in the City is provided by the Irvine Unified School District and Tustin Unified School District.

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Building Activity

Residential and nonresidential building activity for 2020 through 2024 for the City is shown in the following tables.

BUILDING PERMITS AND VALUATION
City of Irvine
For Years 2020 through 2024
(Dollars in Thousands)

	2020	2021	2022	2023	2024
Valuation					
Residential	\$569,339	\$769,064	\$488,986	\$404,899	\$1,085,473
Non-Residential	<u>366,062</u>	<u>565,964</u>	<u>529,941</u>	<u>495,739</u>	<u>477,322</u>
Total	\$935,401	\$1,335,028	\$1,018,927	\$900,638	\$1,562,795
Units					
Single Family	1,038	1,130	590	245	893
Multiple Family	<u>1,004</u>	<u>1,236</u>	<u>918</u>	<u>3,830</u>	<u>3,094</u>
Total	2,042	2,366	1,508	4,075	3,987

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

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.

The following table summarizes per capita personal income for the City, the County, the State of California and the United States for the years 2016 through 2025. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

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PER CAPITA PERSONAL INCOME⁽¹⁾
City of Irvine, County of Orange, State of California, and United States
2016-2025

<i>Year</i>	<i>City of Irvine⁽²⁾</i>	<i>County of Orange</i>	<i>California</i>	<i>United States</i>
2016	\$43,456	\$61,184	\$55,862	\$48,974
2017	43,836	63,510	58,214	51,006
2018	45,140	66,056	60,984	53,311
2019	46,246	69,616	64,219	55,567
2020	48,166	75,080	70,100	59,151
2021	50,016	81,861	77,134	64,692
2022	51,138	84,577	77,196	66,298
2023	53,857	89,480	81,196	70,002
2024	57,000	94,034	86,232	73,204
2025	60,000	N/A	N/A	N/A

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

⁽²⁾ The City.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; also see footnote (2) above.

Employment

The civilian labor force in the City totaled 165,336 in January 2025, a 0.99% increase from 2024. For the past five years the unemployment rate in the City and the County has been below the State of California's rate. The following table summarizes the labor force, employment and unemployment figures from 2021 to 2025 for the City, the County, the State of California and the nation as a whole.

The Anaheim-Santa Ana-Irvine Metropolitan Statistical Area unemployment rate increased from 3.9% in January 2024 to 4.1% in January 2025. According to a report released by State Employment Development Department, the City's unemployment rate was 4.2% as of August 2026.

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LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2021 through 2025

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
<u>2021</u>				
Irvine	150,500	142,700	7,800	5.2%
Orange County	1,569,400	1,467,000	93,400	6.0
State of California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
Irvine	158,700	153,800	4,900	3.1%
Orange County	1,593,400	1,542,300	51,100	3.2
State of California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
<u>2023</u>				
Irvine	162,500	156,800	5,700	3.5%
Orange County	1,611,700	1,555,700	56,000	3.5
State of California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
<u>2024</u>				
Irvine	163,700	157,200	6,500	4.0%
Orange County	1,623,300	1,559,600	63,600	3.9
State of California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
<u>2025</u>				
Irvine	165,336	158,427	6,890	4.2%
Orange County	1,637,100	1,569,300	67,800	4.1
State of California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Note: Data is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2025 Benchmark.

The table below summarizes employment by industry in the Anaheim-Santa Ana-Irvine Metropolitan Division from 2021 to 2025. Professional Business Services and Private Educational and Health Services are the largest employment sectors in the County.

	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Total Farm	2,000	1,700	1,700	1,700	1,700
Total Nonfarm	1,587,800	1,666,000	1,677,500	1,690,200	1,688,600
Total, All Industries	1,589,800	1,667,700	1,679,200	1,691,900	1,690,300
Goods Producing	252,300	261,100	261,400	261,000	254,100
Mining, Logging and Construction	102,500	105,600	104,800	106,000	104,300
Manufacturing	149,800	155,400	156,600	154,900	149,800
Service Providing	1,335,500	1,404,900	1,416,100	1,429,200	1,434,500
Trade, Transportation and Utilities	252,000	258,300	262,500	260,800	256,700
Wholesale Trade	77,500	79,000	81,100	80,500	78,000
Retail Trade	143,400	145,500	145,800	144,700	143,600
Transportation, Warehousing and Utilities	31,100	33,800	35,700	35,600	35,100
Information	24,000	24,300	22,700	22,200	22,500
Financial Activities	117,100	112,300	103,700	103,900	103,400
Professional and Business Services	321,700	331,500	320,100	316,900	317,200
Private Educational and Health Services	237,300	249,200	262,200	272,600	284,100
Leisure and Hospitality	180,400	217,900	229,800	234,200	236,000
Other Services	47,500	53,100	55,200	56,100	55,600
Government	155,700	158,200	159,800	162,700	159,000

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.

Source: State of California Employment Development Department, Labor Market Information Division, Anaheim-Santa Ana-Irvine MD (Orange County) Annual Average Labor Force and Industry Employment, March 2025 Benchmark.

Industry

The following tables list the largest private and public employers in the City:

MAJOR EMPLOYERS Irvine As of June 30, 2025

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	University of California	22,809	University
2.	Irvine Unified School District	3,675	School District
3.	Edwards Lifesciences LLC	3,152	Medical Technology
4.	Kaiser Permanente - Irvine	2,300	Health Care
5.	B. Braun Medical Inc.	1,960	Medical Technology
6.	Hoag Hospital & Orthopedic Institute	1,894	Health Care
7.	City of Irvine	1,331	Local Government
8.	Irvine Valley College	856	Community College
9.	Albertsons Distribution Center	777	Grocery/Distribution Center
10.	Western Digital Technologies	715	Storage

Source: City of Irvine, Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025.

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APPENDIX B

SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Indenture, the Ground Lease, the Lease Agreement and the Assignment Agreement. This summary is not intended to be definitive, and Owners of the Series 2026A Bonds should refer to the documents for the complete text thereof. Copies of the documents summarized herein are available from the City.

SUMMARY OF INDENTURE

DEFINITIONS; EQUAL SECURITY

Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of the Indenture and of any amendment of the Indenture or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Lease Agreement.

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

“Additional Bonds” means Bonds other than the Series 2026 Bonds issued hereunder in accordance with the provisions of Sections 3.05 and 3.06 of the Indenture.

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 of the Lease Agreement.

“Assignment Agreement” means the Assignment Agreement, dated as of December 1, 2026, by and between the Authority and the Trustee, as amended and supplemented from time to time.

“Authority” means the Irvine Facilities Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

“Authorized Authority Representative” means the Chair, the Executive Director or the Treasurer of the Authority, or the City Manager, Assistant City Manager, or Director of Administrative Services of the City, or any other person authorized by the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Indenture.

“Authorized City Representative” means the Mayor of the City, the City Manager, the Assistant City Manager, or the Director of Administrative Services of the City, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to the Indenture.

“Authorized Denominations” means \$5,000 or any integral multiple to the Indenture.

“Base Rental Payment Fund” means the fund by that name established in accordance with Section 5.02 of the Indenture.

“Base Rental Payments” means all amounts payable to the Authority by the City as Base Rental Payments pursuant to Section 3.01 of the Lease Agreement.

“Beneficial Owner” means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person’s subrogee.

“Bonds” means the Series 2026 Bonds and any Additional Bonds issued hereunder.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner to the Indenture pursuant to the terms and provisions of Section 2.10 of the Indenture.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“City” means the City of Irvine, a municipal corporation and charter city duly organized and existing under and by virtue of its charter and the Constitution and laws of the State of California.

“Closing Date” means _____, 2026.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement executed by the City in connection with the issuance of a Series of Bonds, as originally executed and as it may from time to time be amended in accordance with the provisions to the Indenture.

“Costs of Issuance” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel, fees and expenses of the municipal advisor, the initial fees and expenses of the Trustee and its counsel and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

“Costs of Issuance Fund” means the fund by that name established in accordance with Section 3.03 of the Indenture.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.10 of the Indenture.

“Federal Securities” means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fitch” means Fitch Ratings, Inc., New York, New York, or its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term

“Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**Ground Lease**” means the Ground Lease, dated as of December 1, 2026, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions to the Indenture and of the Lease Agreement.

“**Indenture**” means the Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“**Information Services**” means the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“**Interest Fund**” means the fund by that name established in accordance with Section 5.02 of the Indenture.

“**Interest Payment Date**” means May 1 and November 1 of each year, commencing on May 1, 2027.

“**Lease Agreement**” means the Lease Agreement, dated as of December 1, 2026, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions to the Indenture.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**Office of the Trustee**” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

“**Opinion of Counsel**” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City and which written opinion is satisfactory to the Trustee.

“**Outstanding**,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09 of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01 of the Indenture; and
- (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in DTC’s book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” means the original underwriter or underwriters of a Series of Bonds required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, in connection with the offering of such Series of Bonds.

“Permitted Investments” means any of the following to the extent then permitted by the general laws of the State of California:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”). These include, but are not necessarily limited to:

- U.S. Treasury obligations
 - All direct or fully guaranteed obligations
- Farmers Home Administration
 - Certificates of beneficial ownership
- General Services Administration
 - Participation certificates
- U.S. Maritime Administration
 - Guaranteed Title XI financing
- Small Business Administration
 - Guaranteed participation certificates
 - Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
 - GNMA-guaranteed mortgage-backed securities
 - GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
 - Local authority bonds
- Washington Metropolitan Area Transit Authority
 - Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
 - Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Senior debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal intermediate Credit Banks and Banks for Cooperatives)
Consolidated systemwide bonds and notes
- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations
- Federal Agricultural Mortgage Corporation (Farmer Mac)
Debt obligations

(4) Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 360 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "A-1" or better by S&P or "Prime-1" by Moody's.

(6) Money market mutual funds rated "AAm" or "AAm-G" by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

(7) Investments in repurchase agreements which comply with the requirements of California Government Code Section 53601(j) pursuant to which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Trustee by book entry, physical delivery, or by third party custodial agreement. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date and maturity.

Repurchase agreements are required to be collateralized by securities or cash authorized under California Government Code Section 53601(j)(2) as described below:

(a) To anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater for U.S. securities listed in paragraph (1) above and 105% for U.S. Government Agency securities listed in paragraph (3) above, of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% or 105%, as applicable, no later than the next business day.

(b) Collateral will be limited to U.S. Treasury securities listed in paragraph (1) above and U.S. Government Agency securities listed in paragraph (3) above. Collateral will

be held by an independent third party with whom the Trustee has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the Trustee and retained. The Trustee retains the right to substitute or grant substitutions of collateral.

(8) State Obligations:

(a) Direct general obligations of any state of the United States or any subdivision or agency to the Indenture to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A2" by Moody's or "A" by S&P or Fitch, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated "A-1+" by S&P or "F1+" by Fitch or "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P or Fitch or "Aa" or better by Moody's.

(9) Local Agency Investment Fund of the State of California.

(10) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

(11) Any investment agreement with a domestic or foreign bank or insurance company whose senior long-term debt obligations, deposit rating or claims-paying ability are rated, or guaranteed by an entity whose obligations are rated (at the time the investment is entered into) at least "A+" by S&P, "A1" by Moody's or "A+" by Fitch; provided, that prior written notice of an investment in the investment agreement is provided to S&P, and provided, further by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time for purposes identified in the Indenture other than acquisition of alternative investment property upon not more than seven days prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided that the Indenture specifically requires the Trustee or the City to give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider to the Indenture;

(d) a guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to restore the amount of such funds to the level specified under the Indenture;

(e) the Trustee and the City receive the opinion of domestic counsel (which opinion shall be addressed to the City) that such investment agreement is legal, valid and

binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(f) The investment agreement shall provide that if during the term to the Indenture, the provider's rating by any two of the following rating agencies, S&P, Moody's, or Fitch, is withdrawn or suspended or falls below "A-" by S&P, "A3" by Moody's, or "A-" by Fitch, the provider must at the direction of the City within ten (10) days of receipt of such downgrade, (i) deliver and grant, or cause to be delivered and granted, to a third party custodian a first priority security interest under the applicable Uniform Commercial Code, or other applicable law, in and to Permitted Collateral; or (ii) transfer the investment agreement and the rights and obligations of the provider thereunder to an entity reasonably satisfactory to the City and the Trustee whose long-term, senior unsecured debt obligations or claims-paying ability, or whose guarantor's long term, senior unsecured debt obligations or claims-paying ability are rated at not less than "A-" by S&P, "A3" by Moody's or "A-" by Fitch or its equivalent from another Rating Agency; or (iii) repay the principal of and accrued by unpaid interest on the investment with no penalty or premium to the City and the Trustee;

(g) the investment agreement shall state, and an opinion of counsel shall be rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds to the Indenture (in the case of bearer securities, this means the Trustee is in possession); and

(h) the investment agreement must provide that if during its term (A) the provider shall default in its payment obligations, the provider's obligation under the investment agreement shall, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate, and (B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate.

(12) Pre-refunded municipal obligations rated "AAA" by S&P or Fitch or "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision to the Indenture.

“Principal Fund” means the fund by that name established in accordance with Section 5.02 of the Indenture.

“Project” means the improvement of certain real property located in the City, and related improvements, facilities and equipment, as further described in Exhibit C, and such other capital facilities that may be financed from proceeds of Additional Bonds as set forth in a Supplemental Indenture.

“Project Fund” means the fund of that name established pursuant to Section 3.04 of the Indenture.

“Property” has the meaning ascribed thereto in the Lease Agreement.

“Rating Agency” means Fitch, Moody’s and Standard & Poor’s, or any one of such entities, as the context requires.

“Rebate Fund” means the fund by that name established in accordance with Section 5.05 of the Indenture.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

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

“Redemption Fund” means the fund by that name established in accordance with Section 5.02 of the Indenture.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption to the Indenture pursuant hereto.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05 of the Indenture.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through May 1, 2027 and, thereafter, the twelve-month period commencing on May 2 of each year during the term of the Lease Agreement.

“Representation Letter” means the Letter of Representations from the Authority to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Authority makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Securities Depositories” means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“Series” means all of the Series 2026 Bonds or the Additional Bonds issued and designated under a Supplemental Indenture as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such bonds as herein provided.

“Series 2026 Bonds” means the Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A issued hereunder.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means the Tax Certificate executed by the Authority and the City at the time of issuance of a Series of Bonds the interest of which is intended to be exempt from federal income taxation and relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions to the Indenture.

“Term Bonds” means the Bonds maturing on May 1, 20__, on May 1, 20__ and on May 1, 20__, and any term maturities of an issue of Additional Bonds as specified in a Supplemental Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any successor thereto as Trustee hereunder, appointed as provided herein.

“Written Certificate of the Authority” and **“Written Request of the Authority”** mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument

“Written Certificate of the City” and **“Written Request of the City”** mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. Any such certificate or request may, but need, not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

THE BONDS

Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of the Indenture and applicable laws of the State of California for the purpose of financing and/or refinancing the Project. The Bonds may consist of one or more Series of Bonds of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein.

Terms of Series 2026 Bonds.

The Series 2026 Bonds shall be designated the “Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A.” Each Series of Additional Bonds shall bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

The Series 2026 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2026 Bond shall have more than one maturity date. The Series 2026 Bonds shall be dated as of the Closing Date, shall be issued in the aggregate principal amount of \$ _____, shall mature on May 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

Interest on the Series 2026 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication to the Indenture unless (i) a Series 2026 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2026 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date to the Indenture, or (iii) interest on any Series 2026 Bond is in default as of the date of authentication to the Indenture, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2026 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Except as otherwise provided in Section 2.10(a), interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2026 Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date or by wire transfer to Owners of more than \$1,000,000 in principal amount of Series 2026 Bonds who have provided account information and wiring instructions satisfactory to the Trustee.

The principal and premium, if any, of the Series 2026 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender to the Indenture upon maturity or earlier redemption at the Office of the Trustee.

The Series 2026 Bonds shall be subject to redemption as provided in Article IV.

Form of Series 2026 Bonds. The Series 2026 Bonds shall be in substantially the form set forth in Exhibit A to the Indenture, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by their duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Prior to any transfer of Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the

Code. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of an Authorized Officer of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Indenture.

Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it will execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series, may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under the Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be

canceled by it and delivered to, or in accordance with the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender to the Indenture). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Book-Entry Bonds.

Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity shall be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2026 Bonds shall initially be issued as Book-Entry Bonds.

Except as provided in subsection (c) of this Section, the registered Owner of all of the Book-Entry Bonds shall be Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in the Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to Book-Entry Bonds, selecting Book-Entry Bonds or portions to the Indenture to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any and interest with respect to Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of subsection (c) of this Section, no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds, or (ii) the Authority

determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Authority determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of the Indenture. If the Authority fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, shall designate. In such event the Authority shall execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in Sections 2.04, 2.08 and 2.09 of the Indenture. All such Bonds of such Series shall be in fully registered form in Authorized Denominations.

Notwithstanding any other provision of the Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to the Indenture by the Authority, the City or the Trustee with respect to any consent or other action to be taken by Owners, the Authority, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Issuance of Series 2026 Bonds. The Authority may, at any time, execute the Series 2026 Bonds for issuance hereunder and deliver the same to the Trustee. The Trustee shall authenticate the Series 2026 Bonds and deliver the Series 2026 Bonds to the original purchaser to the Indenture upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the “Costs of Issuance Fund.” On the Closing Date, there shall be deposited in the Costs of Issuance Fund the amount specified in Section 3.02 of the Indenture. There shall be additionally deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date that is six months after the Closing Date, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Project Fund.

Project Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund." The moneys in the Project Fund or the accounts therein shall be disbursed by the Trustee on behalf of the City as specified in a Written Request of the City in the form attached hereto as Exhibit B. Each Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date on which the City determines that amounts in the Project Fund are no longer necessary for payment of the cost of the Project, the City shall submit a Written Request to the Trustee to transfer any remaining balance in the Project Fund not needed for Project Fund purposes, at the City's sole discretion, either (a) to the Base Rental Payment Fund for application in accordance with Section 5.02 of the Indenture, or (b) to the City for use on eligible capital facilities, and the Project Fund shall be closed.

Investment earnings on amounts on deposit in the Project Fund shall remain on deposit in the Project Fund for application in accordance with this Section.

Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2026 Bonds) payable from Base Rental Payments as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

The issuance of such Additional Bonds shall have been authorized under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

The application of the proceeds of the sale of such Additional Bonds;

The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on May 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on May 1, (ii) the Additional Bonds shall be payable as to interest semiannually on May 1 and November 1 of each year, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination to the Indenture, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

The redemption premiums and terms, if any, for such Additional Bonds;

The form of such Additional Bonds; and

Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

The City shall be in compliance with all agreements, conditions, covenants and terms contained herein, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

The Ground Lease and the Lease Agreement shall have been amended, to the extent necessary, (i) so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the

principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period shall be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City); and (ii) to include provisions for the prepayment of Base Rental Payments attributable to such Additional Bonds.

Nothing contained herein shall limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued hereunder will be Outstanding.

Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Authority for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by Section 3.05 of the Indenture and the amendment to the Ground Lease, if any, required by Section 3.05 of the Indenture, together with satisfactory evidence that provision has been made for such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, to be recorded in the official records of the appropriate county;

A Written Request of the Authority as to the delivery of such Additional Bonds;

An opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by Section 3.05 of the Indenture) and the Ground Lease (including any amendment thereto required by Section 3.05 of the Indenture) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (ii) such Additional Bonds constitute valid and binding special obligations of the Authority payable solely from Base Rental Payments as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California);

a Written Certificate of the Authority that the requirements of Section 3.05 of the Indenture have been met;

a Written Certificate of the City that the requirements of Section 3.05 of the Indenture and Sections 5.01 and 5.02 of the Lease Agreement have been met, and a Written Certificate of the City as to the annual fair rental value of the Property, after giving effect to the issuance of the Additional Bonds, and to the use of proceeds received therefrom; and

Such further documents as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Additional Bonds. So long as any of the Bonds remain Outstanding, the Authority shall not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to Sections 3.05 and 3.06 of the Indenture.

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Pledge; Special Obligations. Subject only to the provisions of the Indenture permitting the application to the Indenture for the purposes and on the terms and conditions set forth herein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund and the Redemption Fund are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge shall constitute a first lien on such assets.

All obligations of the Authority under the Indenture shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor hereunder; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the City or the State of California, or any political subdivision to the Indenture, is pledged to the payment of the Bonds. The Authority has no taxing power.

Flow of Funds.

The Trustee shall establish and maintain separate funds designated the “Base Rental Payment Fund,” the “Interest Fund,” the “Principal Fund” and the “Redemption Fund.”

All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the Authority at any time shall be transferred by the Authority to the Trustee within one Business Day after the receipt to the Indenture. All Base Rental Payments received by the Trustee shall be deposited by the Trustee in the Base Rental Payment Fund.

The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner hereinafter provided, to the following respective funds in the following order or priority:

Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Base Rental Payment Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date.

Principal Fund. On the Business Day immediately preceding each May 1, commencing May 1, 2027, the Trustee shall transfer from the Base Rental Payment Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such May 1, either as a result of the maturity to the Indenture or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund shall be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to Sections 5.03 and 5.04 of the Indenture and Section 7.01 of the Lease Agreement. Moneys in the Redemption Fund shall be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2026 Bonds

redeemed pursuant to the provisions of subsections (a) and (b) of Section 4.01 of the Indenture and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Application of Net Insurance Proceeds. If the Property or any portion to the Indenture shall be damaged or destroyed, subject to the further requirements of this Section, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement to the Indenture, unless the City elects not to repair or replace the Property or the affected portion to the Indenture in accordance with the provisions of the Indenture.

The Net Insurance Proceeds, including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion to the Indenture shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special fund entitled the "Insurance and Condemnation Fund" and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion to the Indenture upon receipt of a Written Request of the City, together with invoices therefor. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions to the Indenture, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

If the damage, destruction or loss was such that they resulted in a substantial interference with the City's right to the use or occupancy of the Property and an abatement of Rental Payments results from such damage or destruction pursuant to Section 3.06 of the Lease Agreement, then the City shall be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions to the Indenture which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption, as set forth in subsection (a) of Section 4.01 of the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, in full of all the Outstanding Bonds or all of those Outstanding Bonds which would have been payable from that portion of the Base Rental Payments which are abated as a result of the damage or destruction. Funds to be applied to the redemption of Bonds in accordance with clause (b) above shall be deposited in the Redemption Fund. If the City is not required to replace or repair the Property, or the affected portion to the Indenture, as set forth in clause (a) above or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

The proceeds of any award in eminent domain received in respect to the Property shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to subsection (a) of Section 4.01 of the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, upon Written Request of the City, such proceeds shall be remitted to the City and used for any lawful purpose to the Indenture; or

if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then, upon Written Request of the City, the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in subsection (a) of Section 4.01 of the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Rebate Fund.

The Trustee shall establish and maintain a special fund designated the “Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X of the Indenture or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Authority’s determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority’s calculations.

Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall be withdrawn by the Trustee and remitted to the Authority.

Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority filed with the Trustee at least two Business Days in advance of the making of such investments. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture; provided, however, that such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date. Absent timely written direction from the Authority, the Trustee shall hold any funds held by it uninvested. The Trustee may conclusively rely upon the Authority’s written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Permitted Investments.

Subject to the provisions of Section 5.05 of the Indenture, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture shall be retained therein.

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Trustee at the cost to the Indenture.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder.

The Trustee may make any investments hereunder through the bond or investment department or trust investment department of the entity acting as Trustee hereunder, or those of such entity's parent or any affiliate, and such entity, or its parent or affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee hereunder, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder and such entity, or its affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City acknowledge that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City specifically waive receipt of such confirmations to the extent permitted by law.

COVENANTS

Compliance with Agreements. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions of the Indenture, and the Authority and the City will not suffer or permit any default by them to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms of the Indenture required to be complied with, kept, observed and performed by them.

Compliance with Ground Lease and Lease Agreement. The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens. The City will keep the Property and all parts to the Indenture free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall

not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien of the Indenture.

The Authority, the City and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Prosecution and Defense of Suits. The City will promptly, upon request of the Trustee (which request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part to the Indenture, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

Recordation and Filing. The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda to the Indenture.

Continuing Disclosure. The City will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Agreement shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, shall) or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances. Whenever and so often as requested to do so by the Trustee, the Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it hereby or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

DEFAULT AND LIMITATIONS OF LIABILITY

Action on Default. If an event of default (within the meaning of Article VI of the Lease Agreement) shall happen, then such event of default shall constitute an event of default hereunder. The Trustee shall give notice, as assignee of the Authority, of an event of default under the Lease Agreement to the City. In each and every case during the continuance of an event of default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding, and upon being

indemnified to its reasonable satisfaction therefor, shall, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.02 of the Indenture.

Other Remedies of the Trustee. Subject to the provisions of Section 7.01 of the Indenture, the Trustee shall have the right:

by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee to the Indenture, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

by suit in equity upon the happening of any event of default hereunder to require the Authority and the City to account as the trustee of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner to the Indenture, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Notwithstanding any provision of the Indenture to the contrary, no event of default hereunder or under the Lease by the Authority or the City shall result in the acceleration of debt service on the Bonds hereunder.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as the Trustee shall deem expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Authority and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. Subject to the provisions of Section 7.01 of the Indenture, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No Liability by the Authority to the Owners. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Base

Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease Agreement or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or herein, the City shall not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

No Liability of the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or herein.

Application of Amounts After Default. All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to Article VI of the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Article VI of the Lease Agreement, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held hereunder (except funds in the Rebate Fund):

to the payment of all amounts due the Trustee under Article VIII of the Indenture;

to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable-prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and

to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under the Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production to the Indenture in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Limitation on Suits. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or Trustee, or for any other remedy hereunder, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing event of default, (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee hereunder, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request

and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under the Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Owners.

THE TRUSTEE

Employment of the Trustee. The Authority hereby appoints and employs the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained herein, all in the manner provided herein and subject to the conditions and terms of the Indenture. By executing and delivering the Indenture, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms of the Indenture. Other than when an event of default has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs.

Duties, Removal and Resignation of the Trustee. The Authority may, by an instrument in writing, remove the Trustee initially a party hereto with 30-days' prior notice and any successor thereto unless an event of default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a banking corporation or association or trust company having (or if such banking corporation or association or trust company is a member of a bank holding company, its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authorities. If such banking corporation or association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such banking corporation, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, ipso facto, shall be and become successor trustee under the Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its

predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Compensation of the Trustee. The City shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include “overhead expenses” except as such expenses are included as a component of the Trustee’s stated annual fees) hereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder. The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder, under the Lease Agreement, or in connection with any document or transaction contemplated hereunder or thereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its misconduct. The duty of the City to compensate and indemnify the Trustee shall survive the termination and discharge of the Indenture and the earlier removal or resignation of the Trustee.

No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder.

Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners of the Bonds pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith. In no event shall the Trustee be responsible or liable for any consequential, punitive, indirect, incidental or special damages or loss of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect to the Indenture be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith to the Indenture, but in its discretion the Trustee may, in lieu to the Indenture, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto, The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Indenture and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall in a commercially reasonable manner pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct, negligence or breach of an obligation hereunder.

The Trustee shall not be deemed to have knowledge of an event of default unless it has actual knowledge to the Indenture.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be accountable for the use or application by the City or the Authority of any of the Bonds or the proceeds to the Indenture or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture or for the use and application of money received by any paying agent.

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under the Indenture and the Lease Agreement, including, but not limited to, this Article VIII.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority and City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority and City whenever a person is to be added or deleted from the listing. If the Authority and City elect to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority and City understand and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority and City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority and City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority and City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority and City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

MODIFICATION OR AMENDMENTS

Modifications and Amendments Permitted.

The Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal to the Indenture or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of

the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Base Rental Payments and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance to the Indenture.

The Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

to add to the covenants and agreements of the Authority or the City in the Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion to the Indenture), or to surrender any right or power herein reserved to or conferred upon the Authority or the City;

to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture;

to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III of the Indenture;

to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners hereunder.

Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

No Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes. The

City shall notify the rating agencies in accordance with Section 11.14 of the Indenture upon the execution of any Supplemental Indenture.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of their Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by the Indenture, the Trustee shall be provided, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by the Indenture and complies with the terms of the Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

DEFEASANCE

Discharge of Indenture. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal to the Indenture and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Base Rental Payments and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority and the City shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City hereunder shall cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates to the Indenture, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments

then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the compensation and indemnity of the Trustee shall remain in effect and shall be binding upon the Trustee, the City and the Authority.

Bonds Deemed To Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date to the Indenture, such Bonds shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01 of the Indenture. Any Outstanding Bonds shall prior to the maturity date or redemption date to the Indenture be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 of the Indenture if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give, on a date in accordance with the provisions of Section 4.02 of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 4.02 of the Indenture, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder to the Indenture, the interest on and principal of which when paid will provide money which, together with the money, if any deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date to the Indenture, as the case may be, and the principal of and premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such Bonds, are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Authority (without liability for interest) free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment of the Indenture.

MISCELLANEOUS

Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the Authority or the City shall be for the sole and exclusive benefit of the Trustee and the Owners.

Successor Deemed Included in all References to Predecessor. Whenever the Authority, the City or the Trustee, or any officer to the Indenture, is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City or the Trustee, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer to the Indenture, shall bind and inure to the benefit of the respective successors to the Indenture whether so expressed or not.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or their attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution to the Indenture, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the City or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained herein shall relieve any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or hereby.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Funds and Accounts. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits to the Indenture and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

The Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to the Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Article and Section Headings Gender and References. The singular form of any word used herein, including the terms defined in Section 1.01 of the Indenture, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other gender. The headings or titles of the several Articles and Sections of the Indenture and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture. All references herein to "Articles," "Sections," subsections or clauses are to the corresponding Articles, Sections, subsections or clauses of the Indenture, and the words "hereby," "herein," "of the Indenture," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section, subsection or clause to the Indenture.

Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Authority, the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such

term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms of the Indenture and shall in no way affect the validity of the Indenture or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee hereby declare that they would have executed the Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase of the Indenture and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases of the Indenture or the application to the Indenture to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.03 of the Indenture but without any liability for interest thereon.

Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

California Law. The Indenture shall be construed and governed in accordance with the laws of the State of California.

Execution in Counterparts. The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SUMMARY OF GROUND LEASE

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in the Lease Agreement shall have the same meaning in the Ground Lease.

LEASE OF THE PROPERTY; RENTAL

Lease of Property. The City hereby leases to the Authority, and the Authority hereby leases from the City, for the benefit of the Owners of the Bonds, the Property and all rights appurtenant thereto, including, but not limited to, rights of access, subject only to Permitted Encumbrances, to have and to hold for the term of the Ground Lease.

Rental. The Authority shall pay to the City as and for rental of the Property hereunder, the sum of \$1.00, the receipt of which is hereby acknowledged, and shall enter into the Lease Agreement.

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the City pursuant to the Lease Agreement for the term thereof. It is further intended that, to the extent provided herein and in the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of the Ground Lease to (a) take possession of the Property, (b) if it deems it appropriate, cause an appraisal of the Property and a study of the then reasonable use thereof to be undertaken, and (c) relet the Property. Subject to any rights the City may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the City hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Authority and at the City's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

SPECIAL COVENANTS AND PROVISIONS

Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Further Assurances and Corrective Instruments. The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of the Ground Lease, the Indenture and the Lease Agreement.

Waiver of Personal Liability. All liabilities under the Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers entity, and the City hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability under the Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

All liabilities under the Ground Lease on the part of the City shall be solely liabilities of the City as a public corporation, and the Authority hereby releases each and every member, officer and employee of the City and from any personal or individual liability under the Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City hereunder.

Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Representations of the City. The City represents and warrants to the Authority and the Trustee as follows:

Representations of the City. The City represents and warrants to the Authority and the Trustee as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver the Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of the Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the City in order for the City to perform its governmental functions.

Representations of the Authority. The Authority represents and warrants to the City and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver the Ground Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of the Ground Lease.

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Assignment and Subleasing. The Ground Lease may be sold or assigned and the Property subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the Lease Agreement. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be.

Restrictions on City. The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Ground Lease.

TERM; TERMINATION

Term. The term of the Ground Lease shall commence as of the date of issuance of the Series 2026A Bonds and shall remain in full force and effect from such date to and including May 1, 20__, unless such term is extended or sooner terminated as hereinafter provided.

Extension; Early Termination. If, on May 1, 20__, the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of the Ground Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, and the Indenture shall be discharged by its terms, except that the term of the Ground Lease shall in no event be extended beyond May 1, 20__. If, prior to May 1, 20__, all Bonds shall be fully paid, or provisions therefor made in accordance with

Article X of the Indenture, and the Indenture shall be discharged by its terms, the term of the Ground Lease shall end simultaneously therewith.

MISCELLANEOUS

Binding Effect. The Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Severability. In the event any provision of the Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Amendments, Changes and Modifications. The Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement.

Assignment to Trustee. The Authority and City acknowledge that the Authority has assigned its right, title and interest in and to the Ground Lease (but none of its obligations and none of its rights to provide consents or approvals hereunder) to the Trustee pursuant to certain provisions of the Assignment Agreement. The City consents to such assignment.

Execution In Counterparts. The Ground Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Applicable Law. The Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Captions. The captions or headings in the Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of the Ground Lease.

SUMMARY OF LEASE AGREEMENT

DEFINITIONS

Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of the Lease Agreement, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

“Additional Bonds” means bonds other than the Series 2026 Bonds issued under the Indenture in accordance with the provisions thereof.

“Additional Rental Payments” means all amounts payable by the City as Additional Rental Payments pursuant to Section 3.02 hereof.

“Authority” means the Irvine Facilities Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“Base Rental Deposit Date” means the 25th day of the month next preceding each Interest Payment Date.

“Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

“Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

“Bonds” means the Series 2026 Bonds issued under the Indenture, and any Additional Bonds.

“City” means the City of Irvine, a municipal corporation and charter city duly organized and existing under and by virtue of its charter, and the Constitution and laws of the State of California.

“Delivery Date” means _____, 2026.

“Ground Lease” means the Ground Lease, dated as of December 1, 2026, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and hereof.

“Indenture” means the Indenture, dated as of December 1, 2026, by and among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement, dated as of March 1, 2023, by and between the City and the Parking Authority of the City of Irvine as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Lease Agreement” means the Lease Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

“Net Insurance Proceeds” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“Permitted Encumbrances” means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V hereof, permit to remain unpaid, (b) the Assignment Agreement, (c) the Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Delivery Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (h) a Ground Lease Agreement dated October 27, 2026 to The Canopy Phase 2 LLC to operate certain food and beverages concession in and on the Property, so long as such Ground Lease complies with Section 8.05 hereof, (i) future subleases of the Property entered into by the City, as sublessor, and third party tenants, as sublessee, so long as such subleases are entered into in compliance with Section 8.05 hereof; and (i) all of the exceptions to title listed in the title insurance policy with respect to the Property of First American Title Insurance Company and dated the Delivery Date.

“Property” means the real property described in Exhibit A hereto and the improvements located thereon as such real property description may be amended or modified (including the addition, release or

substitution of property as part of the Property), in accordance with Sections 9.03 and 9.04 of the Lease Agreement.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Delivery Date through May 1, 2027, and, thereafter, the twelve-month period commencing on May 2 of each year during the term of the Lease Agreement.

“Series 2026 Bonds” means the Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A issued under the Indenture.

“Trustee” means the trustee appointed under the Indenture and referred to therein as the Trustee.

LEASE OF PROPERTY; TERM

Lease of Property.

The Authority hereby leases to the City and the City hereby leases from the Authority the Property, and all rights appurtenant thereto, including, but not limited to, rights of access, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City’s leasehold estate pursuant to the Lease Agreement and the City’s fee estate as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and hereof. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is and shall be independent of the Lease Agreement; the Lease Agreement shall not be an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Term; Occupancy. The term of the Lease Agreement shall commence on the Delivery Date and shall end on May 1, 20__, unless such term is extended or sooner terminated as hereinafter provided. If on May 1, 20__, the Bonds shall not be fully paid, or provision therefor made in accordance with Article X of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, then the term of the Lease Agreement shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of the Lease Agreement shall in no event be extended beyond May 1, 20__. If prior to May 1, 20__, all Bonds shall be fully paid, or provision therefor made in accordance with Article X of the Indenture, the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full, the term of the Lease Agreement shall end simultaneously therewith.

RENTAL PAYMENTS

Base Rental Payments.

Subject to the provisions hereof relating to a revision of the Base Rental Payment Schedule pursuant to subsection (b) of this Section, the City shall pay to the Authority, as Base Rental Payments (subject to the provisions of Section 3.06 and Article VII hereof) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments shall constitute principal, and a portion of which shall constitute interest. Rental Payments, including Base Rental Payments, shall be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the

continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

If the term of the Lease Agreement shall have been extended pursuant to Section 2.02 hereof, the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of the Lease Agreement (as so extended pursuant to Section 2.02 hereof). Upon such extension, the Base Rental Payments shall be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period subsequent to such extension shall not exceed the annual fair rental value of the Property.

Additional Rental Payments. The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

- (a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;
- (b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;
- (c) insurance premiums for all insurance required pursuant to Article V hereof;
- (d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and
- (e) all other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value. The parties hereto have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Trustee shall designate. Each Base

Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of the Lease Agreement shall bear interest from the date when the same is due hereunder until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Appropriations Covenant. The City covenants to take such action as may be necessary to include all Rental Payments due hereunder as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Rental Abatement. Except as otherwise specifically provided in this Section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending when such use and occupancy are restored; and the term of the Lease Agreement shall be extended as provided in Section 2.02 hereof, except that the term shall in no event be extended beyond May 1, 20__.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture are available, Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts.

MAINTENANCE, ALTERATIONS AND ADDITIONS

Maintenance and Utilities. Throughout the term of the Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Additions to Property. Subject to Section 8.02 hereof, the City and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way cause permanent and material damage to the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in the Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

INSURANCE

Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance.

(a) The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the City Portion of the Property (as defined below). Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of Section 5.04 hereof. The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance shall have been paid.

(b) The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 5.04 hereof.

(c) The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property other than other than the portion of the Property on which the Project is located (such portion referred to herein as the “City Portion of the Property”) in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the bonds, which with respect to any portion of the City Portion of the Property for which initial construction of improvements thereon has not been completed, initially may be in the form of a builder’s risk policy providing coverage in an amount not less than the construction costs expended for such projects and, if no builder’s risk policy is in effect in an amount not less than 100% of the replacement cost of such improvements. The City has an insurance policy which provides replacement cost coverage. All insurance required to be maintained pursuant to this subsection may be subject to a deductible in an amount not to exceed \$500,000. The City’s obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of Section 5.04 hereof.

(d) The City shall not be required maintain or cause to be maintained, throughout the term of the Lease Agreement, rental interruption insurance.

(e) The insurance required by this Section shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant person (who may be an employee of the City), to be adequate for the purposes hereof.

Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority’s ground leasehold estate in the Property under the Ground Lease, and (c) the City’s leasehold estate hereunder in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 5.04 of the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or the Lease Agreement or required thereby or hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Additional Insurance Provision; Form of Policies. The City shall pay or cause to be paid when due the premiums for all insurance policies required by Section 5.01 hereof. All such policies shall provide that the Trustee shall be given 30 days’ notice of the expiration thereof or any intended cancellation thereof. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City shall cause to be delivered to the Trustee on or before August 15 each year, commencing August 15, 2026, a schedule of the insurance policies being maintained in accordance herewith and a Written Certificate of the City, which may be in the form set forth in Exhibit D attached hereto, stating that such policies are in full force and effect and that the City is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said Written Certificate of the City as to the City’s compliance with this Article. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Self-Insurance. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the City pursuant to this Article shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by a professionally certified risk manager or by an independent insurance consultant (who may be an employee of the City);

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by a professionally certified risk manager or by an independent insurance consultant (who may be an employee of the City) and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of a professionally certified risk manager or such independent insurance consultant, as applicable; and

(c) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, shall be maintained.

DEFAULTS AND REMEDIES

Defaults and Remedies.

(i) If the City shall fail (A) to pay any Base Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained herein or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in this subsection or in subsection (b) of this Section, the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in the Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

To terminate the Lease Agreement in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Lease Agreement shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate the Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term hereof or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

Without terminating the Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry

and re-entry upon the Property. In the event the Authority does not elect to terminate the Lease Agreement in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City hereby indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of the Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

If (i) the City's interest in the Lease Agreement or any part thereof shall be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as hereinafter provided for, or (ii) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Property, then the City shall be deemed to be in default hereunder.

In addition to the other remedies set forth in this Section, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the

duties of the City and of its city council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

Accounting. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Lease Agreement, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Notwithstanding anything to the contrary contained in the Lease Agreement, the Authority shall have no right upon a default hereunder by the City to accelerate Rental Payments.

Notwithstanding anything to the contrary contained in the Lease Agreement, the termination of the Lease Agreement by the Authority and its assignees on account of a default by the City under this Section shall not effect or result in a termination of the Ground Lease.

Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of the Lease Agreement.

EMINENT DOMAIN; PREPAYMENT

Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 3.06 hereof. So long as any Bonds shall be Outstanding, any award

made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in subsection (a) of Section 4.01 of the Indenture, in the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued and in Section 5.03 of the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and hereunder, have been fully paid, shall be paid to the Authority and to the City as their respective interests may appear.

Prepayment.

The City may prepay all or a portion of the Base Rental Payments attributable to the Series 2026 Bonds which are payable on or after May 1, 20__, from any source of available funds, on any date on or after May 1, 20__, by paying (i) all or a portion, as selected by the City, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2026 Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in Article X of the Indenture sufficient to make such Base Rental Payments when due or to make such Base Rental Payments through a specified date on which the City has a right to prepay such Base Rental Payments pursuant to subsection (a) of this Section, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) of this Section.

If less than all of the Base Rental Payments attributable to the Series 2026 Bonds are prepaid pursuant to this Section then, as of the date of such prepayment pursuant to subsection (a) of this Section, or the date of a deposit pursuant to subsection (b) of this Section, the principal and interest components of such Base Rental Payments shall be recalculated in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City shall not be entitled to any reimbursement of such Base Rental Payments.

If all of the Base Rental Payments are prepaid in accordance with the provisions of the Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) of this Section and, if applicable, the corresponding provisions hereof relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant to subsection (b) of this Section and, if applicable, such corresponding provisions, and payment of all other amounts owed under the Lease Agreement have been made, the term of the Lease Agreement shall be terminated.

Prepayments of Base Rental Payments attributable to the Series 2026 Bonds made pursuant to this Section shall be applied to the redemption of Series 2026 Bonds as directed by the City and as provided in Section 4.01(b) of the Indenture.

Before making any prepayment pursuant to this Article, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made, which date shall be not less than 30 nor more than 60 days from the date such notice is given to the Authority.

Net Insurance Proceeds shall be used in accordance with Section 5.03 or Section 5.04 of the Indenture, as applicable.

COVENANTS

Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Lease Agreement, and for all other lawful purposes.

Liens. In the event the City shall at any time during the term of the Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of the Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to the Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer or employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

To the extent the Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of the Lease Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Assignment and Subleasing. Neither the Lease Agreement nor any interest of the City hereunder shall be sold, mortgaged, pledged, assigned, or transferred by the City by voluntary act or by operation by law or otherwise. Other than with respect to the long-term ground lease between the City, as lessor, and the Canopy Phase 2 LLC, a California limited liability company, as lessee (the “Almquist Lease”), the Property may not be subleased in whole or in part by the City without the prior written consent of the long-term the Authority. Any such sublease shall be subject to the satisfaction of all of the following conditions:

(a) the Lease Agreement and the obligation of the City to make all Rental Payments hereunder shall remain the primary obligation of the City;

(b) the City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) any sublease of the Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and

(d) the City shall furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Title to Property. Upon the termination or expiration of the Lease Agreement (other than as provided in Section 6.01 and Section 7.01 hereof), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property shall vest in the City. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Authority’s Purpose. The Authority covenants that, prior to the discharge of the Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Representations of the City. The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Representation of the Authority. The Authority represents and warrants to the City that the Authority has the full power and authority to enter into, to execute and to deliver the Lease Agreement, the Ground Lease, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of the Lease Agreement, the Ground Lease, the Assignment Agreement and the Indenture.

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

No Consequential Damages. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease Agreement or the City’s use of the Property.

Use of the Property. The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may

extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Lease Agreement.

Substitution or Release of, or Addition to, the Property. The City shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement or to add additional property to the encumbrance of the Lease Agreement. All costs and expenses incurred in connection with such substitution, release or addition shall be borne by the City. Notwithstanding any substitution or release of, or addition to, the Property pursuant to this subsection, there shall be no reduction in or abatement of the Base Rental Payments due from the City hereunder as a result of such substitution, release or addition. Any such substitution or release of any portion of the Property, or addition to the Property, shall be subject to the following specific conditions, which are hereby made conditions precedent to such substitution, release or addition:

(a) a Written Certificate of the City to the effect that the Property, as constituted after such substitution, release or addition, (i) has an annual fair rental value at least equal to the maximum annual Base Rental Payments payable by the City in any Rental Period, during the remaining term of the Lease Agreement, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) with respect to any substituted or added property, the City shall have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to the Property (as such term will be defined after such substitution or addition) that when taken together with other title insurance policies covering the Property, will be in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in Section 5.02 hereof; and

(c) the City, the Authority and the Trustee shall have executed, and the City shall have caused to be recorded with the Orange County Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted or added real property in the description of the Property contained herein and in the Ground Lease;

(d) the City shall have provided notice of such substitution to such rating agency then rating the Bonds;

(e) no event of default (as described in Article VI hereof) has occurred and is continuing;

(f) the City will give, or cause to be given, any notice of the occurrence of such substitution required to be given pursuant to the Continuing Disclosure Certificate; and

(g) the City shall certify to the Trustee that any substitution shall not cause the City to violate any of its covenants, representations and warranties made in the lease Agreement.

MISCELLANEOUS

Law Governing. THE LEASE AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS HEREOF AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Validity and Severability. If for any reason the Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay Rental Payments, is unenforceable for the full term hereof; then and in such event the Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by

the City annually in consideration of the right of the City to possess, occupy and use the Property, and all of the terms, provisions and conditions of the Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Net-Net-Net Lease. The Lease Agreement shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of the Lease Agreement as and when the same become due.

The City or any sublessee may, at the City’s or such sublessee’s expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Amendments.

The Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority and the City hereunder and thereunder may be amended at any time by an amendment hereto or thereto which shall become binding upon execution and delivery by the Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment shall (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of the Lease Agreement or the Ground Lease.

The Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City hereunder and thereunder may also be amended at any time by an amendment hereto or thereto which shall become binding upon execution by the Authority and the City, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed herein or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved herein or therein to or conferred herein or therein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or therein or in regard to questions arising hereunder or thereunder which the Authority or the City may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of Sections 9.03 and 9.04 hereof;

(v) to provide for the issuance of Additional Bonds in accordance with Article III of the Indenture, including, without limitation, to increase the Base Rental Payments payable by the City hereunder and to add or substitute property as necessary; or

(vi) to make such other changes herein or therein or modifications hereto or thereto as the Authority or the City may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel.

Assignment. The City and the Authority hereby acknowledge the assignment of the Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals hereunder), and the Base Rental Payments payable hereunder, to the Trustee pursuant to the Assignment Agreement.

SUMMARY OF ASSIGNMENT AGREEMENT

Assignment. The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby sell, assign and transfer to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the owners of the Bonds, all of its right, title and interest in and to the Ground Lease and the Lease Agreement including, without limitation, its right to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided, however, that the Authority shall retain its obligations under the Lease Agreement and Ground Lease, the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

Acceptance. The Trustee hereby accepts the foregoing assignment, subject to the terms and provisions of the Indenture, and all such Base Rental Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Lease Agreement and the Indenture.

Conditions. The Assignment Agreement shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

Further Assurances. The Authority shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the owners of the Bonds, the rights intended to be conveyed pursuant hereto.

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APPENDIX C

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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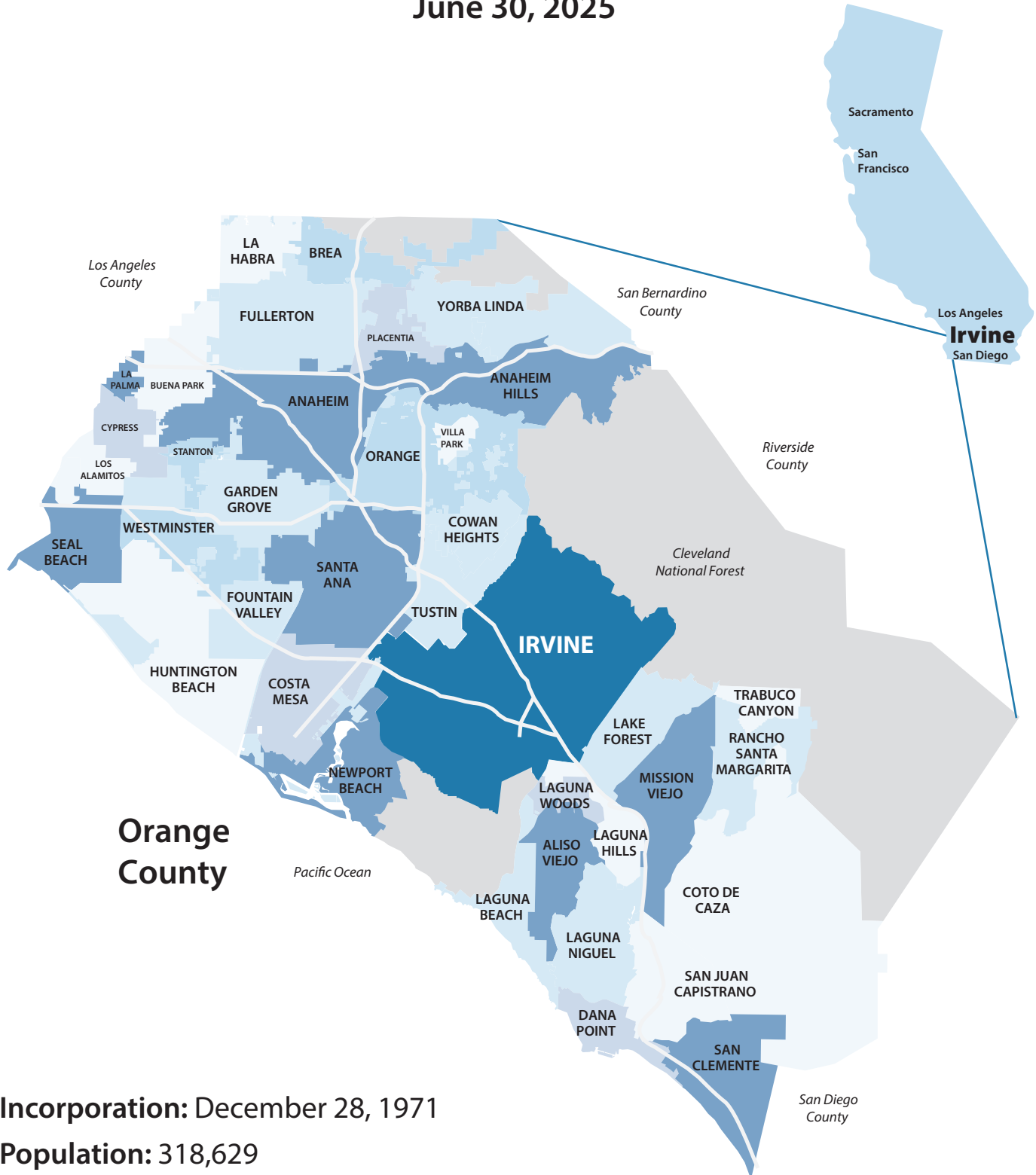
CITY OF IRVINE, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2025

City of Irvine

June 30, 2025



Incorporation: December 28, 1971

Population: 318,629

Size: 66 square miles

Sphere of Influence: 74 square miles (approx.)

CITY OF IRVINE

California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

PREPARED BY
Fiscal Services

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INTRODUCTORY SECTION

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February 26, 2026

To the Honorable Mayor, Councilmembers, and Residents of the City of Irvine:

We are pleased to submit the Annual Comprehensive Financial Report of the City of Irvine (City) for the fiscal year ended June 30, 2025. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances. Management assumes full responsibility for the completeness and reliability of all the information presented and that it is reported in a manner that fairly presents the financial position and operations of the various funds and component units of the City. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect its assets and to compile sufficient reliable information to prepare the City's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh its benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

CliftonLarsonAllen, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2025, are free of material misstatement. The independent auditor concluded it was reasonable to render unmodified opinions and that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. Their report is presented at the beginning of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City of Irvine's Single Audit Report is separately available.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY OF IRVINE PROFILE

The City, incorporated in 1971, is located in Orange County, California, approximately 40 miles southeast of Los Angeles and six miles from the ocean. As one of the nation's largest master-planned communities, the City encompasses 66 square miles and is the largest city by land area in Orange County. The City includes residential communities, commercial retail centers, several industrial and office complexes, a 1,500-acre University of California campus, as well as civic, cultural, and recreational facilities. The City's residential population has grown from 10,081 in 1971 to 318,629 in 2025.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council. The City Council is responsible for passing the City's ordinances and operating resolutions, adopting the two-year budget, appointing commissions and committees, and hiring the City Manager, City Clerk, City Treasurer, and City Attorney, as well as many other related duties. In November 2014, Measure W was approved, amending the Irvine City Charter and setting lifetime term limits for the City Council to two four-year terms and the office of mayor to two two-year terms. The City Manager is responsible for implementing the policies, ordinances, and directives of the City Council, overseeing the day-to-day operations of the City, and appointing executive management. The City Council is elected on a nonpartisan basis. Councilmembers are elected to four-year staggered terms, and the Mayor is elected to a two-year term.

On October 10, 2023, the Irvine City Council adopted a resolution establishing the City of Irvine's first voting district map for district elections. In March 2024, Irvine voters had the opportunity to vote on Measure D, a Charter Amendment to expand the City Council from five to seven members and establish six City Council districts while maintaining an at-large Mayor. Irvine voters ultimately approved Measure D, and the first district-based elections occurred for Mayor and Council Districts 1, 2, 3, and 4 at the November 5, 2024, General Municipal Election. One Councilmember from Council Districts designated 2, 3, and 4 shall serve a four-year term and the Councilmember from District 1 shall serve a two-year term. The next General Municipal Election will be held on Tuesday, November 3, 2026, to elect a Mayor and Councilmembers for Council Districts 1, 5, and 6.

The City provides a wide range of municipal services, with core services consisting of public safety, infrastructure maintenance, community services, financial support of its K-12 public schools, preservation of the City's aesthetics and beauty, recruitment and retention of employees, management of the City's finances, and many other services. The City is proud of its diverse programs and services provided to the City's youngest, oldest, and most vulnerable populations. The City contracts with the Orange County Fire Authority for fire protection and emergency medical aid services. The Orange County Transportation Authority provides transit services in the City, alongside the City-managed TRIPS and IrvineCONNECT transportation programs. Various County and special district agencies provide Irvine residents with educational, water, and sewer services. The City transitioned library services from the County of Orange to a new Irvine Public Library system, which officially opened on August 4, 2025. The Irvine Public Library system currently comprises two branch libraries, the Heritage Park Library and the University Park Library. The Katie Wheeler Library is projected to open as the third branch in 2026. The City plans to continue expanding the Irvine Public Library with future library sites in the coming years.

The City is financially accountable for several legally separate entities that are included as part of the City's financial statements, since the governing bodies of the City Council and these legally separate entities are substantially the same. These component units include the Great Park Corporation, the Irvine Facilities Financing Authority (IFFA), and the Irvine Public Facilities and Infrastructure Authority (IPFIA). The Great Park Corporation (Corporation) was established by the City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and affecting the development, operation, and maintenance of the Great Park on the site of the former Marine Corps Air Station (MCAS) El Toro. IFFA was established on March 14, 2023, to finance the costs of acquisition and entitlement of certain real property located in the City. IPFIA is a corporate public body created by the City for the construction, acquisition, maintenance, and improvement of public facilities and infrastructure within the City.

ECONOMIC CONDITION

Over the past 54 years, the City of Irvine has strategically grown into one of the safest, healthiest cities in the country. It offers first-class public education, unmatched public safety, strong business attraction, miles of varied and well-maintained biking and hiking trails, open spaces, parks, and public facilities. The City has been ranked No. 1 in America in fiscal strength and as the safest big city in the country, and has won numerous awards.

Irvine is renowned as one of the nation's largest, most culturally diverse, and successful master-planned communities. Over the years, countless organizations have recognized the diligent efforts of their elected officials in creating a safe and fiscally sound community.

For example, in 2025, for the tenth consecutive year, the City was voted the "Best City to Live In" by *The Orange County Register* and the 11th "Best U.S. City for Working Parents" in a study conducted by *CoworkingCafe*. The City was also ranked as the 3rd "Happiest City in America," the 4th "Best City to Raise a Family in America," and the 4th "Greenest City in America" in studies conducted by *WalletHub.com*. Other accolades include the 3rd "Healthiest City in America," 5th "Cities with the Best Public Schools in America," and 1st "Best Place to Live in Orange County" rankings from *Niche.com*. Additionally, the City was awarded a Top Workplaces 2025 honor. It ranked No. 23 on the list of large companies with 500 or more employees in the 18th annual *The Orange County Register's* list of Top Workplaces awards and magazine publication.

For the 20th consecutive year in 2025, the City's Purchasing division received the prestigious National Procurement Institute's *Achievement of Excellence in Procurement Award*, which recognizes organizational excellence in public procurement. The City is one of only 85 cities nationwide to receive this award. Destination Irvine was also honored as the "2025 Smart Starts Award Winner" by *Smart Meetings Magazine*, an award recognizing Irvine's commitment to delivering high-quality service, personalized support, and innovative solutions for event and meeting planners.

Irvine's success is mainly due to its diverse local economy, talented workforce, mild climate, and outstanding quality of life, which make it an ideal location for business. The City continues to attract well-known technology and bioscience companies that choose Irvine as their corporate headquarters. Over 10,000 acres in the City are available for business use, and more than 20,000 businesses call Irvine home. Major commercial/industrial centers include the Irvine Business Complex, University Research Park, and the Irvine Spectrum.

The City's General Fund revenue for fiscal year 2024-25 increased 6.0 percent from the prior fiscal year. Expenditures increased by 9.3 percent. Chart 1 below displays revenue and expenditure trends over the last 10 years.

Chart 1
City of Irvine
General Fund Revenue and Expenditures
Last Ten Years

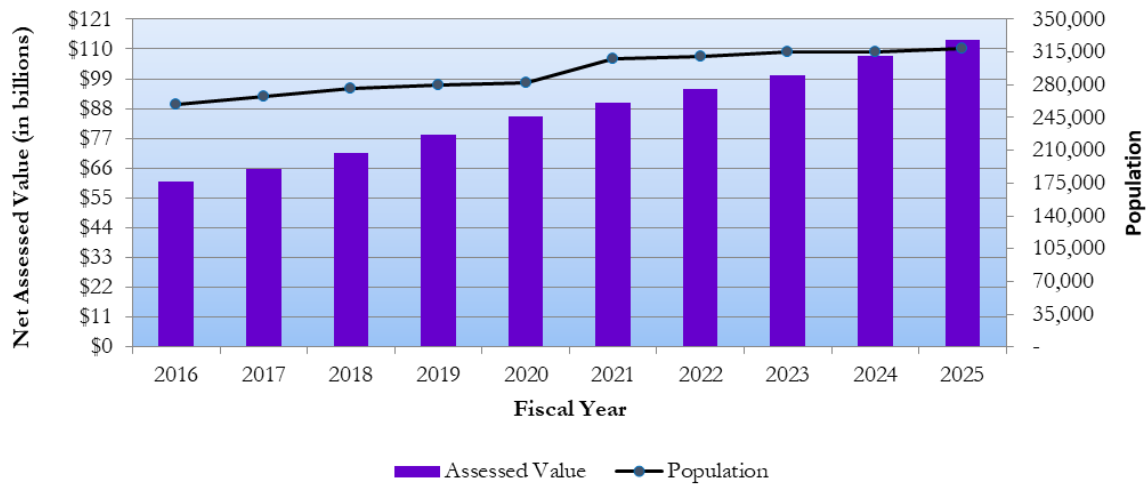


Property tax is the City's largest General Fund revenue source, with revenues of roughly \$105 million, an increase of 4.8 percent over the prior fiscal year. Sales tax is the second-largest General Fund revenue source, with \$97.2 million in revenues, an increase of 3.3 percent over the prior fiscal year. In addition, hotel taxes finished at \$19.3 million, an increase of 6 percent over the prior year. Overall, the increase in property tax is attributable to higher sales and market-value increases driven by growth in the City's assessed valuation. General Fund revenues are forecasted to increase by approximately 6.7 percent in fiscal year 2025-26.

Since 2004, when the State swapped cities' motor vehicle license fee allocations for additional property tax revenue, property tax revenue has continued to be a more significant source of revenue for the City. Property tax growth reflects both new development and increasing property values in Irvine. Chart 2 compares the total assessed valuation of property in Irvine against the annual population for the past 10 fiscal years.

In fiscal year 2024-25, the City's net assessed property value grew 5.2 percent from the previous fiscal year to \$113 billion. In June, the Orange County Assessor reported Irvine's net assessed property valuation will increase 5.3 percent for fiscal year 2025-26, leading the county with an assessed value of \$119 billion.

Chart 2
City of Irvine
Assessed Valuation and Population Trends
Last Ten Years



According to the latest U.S. Census Bureau data, the City’s population is 318,629, making it the second-largest city in Orange County and the 13th-largest in California.

The budget is the foundation for the City's financial planning and budgetary control. The City Council is required to adopt the budget by the start of the fiscal year (July 1). The budget is prepared by fund (e.g., Asset Management Plan Fund), department (e.g., Community Services), and program (e.g., senior services).

After adoption, the City Manager may amend the adopted General Fund budget, provided the change does not decrease the overall fund balance. Departmental requests for budget amendments for all funds, except the Great Park fund, over \$50,000 or amendments that decrease fund balance or expand or add to City programs or services require review of the Finance Commission and approval by the City Council.

Irvine residents are encouraged to participate in the budget planning process through various avenues, such as participating in several commission meetings or attending community meetings, business roundtables, or public hearings at City Council meetings. Transparency in the budget process and its outcome is a central tenet of the City, as evidenced through various resources, including online webinars, the budget website, and the transparency portal.

The City’s Biennial Budget and Five-Year Strategic Business Plan are built upon the City Council’s strategic priorities, which are supplemented by six key Citywide strategic priorities. Those strategic priorities, which are aimed at supporting the advancement of the Irvine Master Plan, include:

1. People
2. Build the Great Park
3. Irvine Future Initiatives
4. Modernization of City Operations
5. Innovating to Improve Internal Processes
6. Advancing Key Strategic Projects

The fiscal year ending June 20, 2025, represents year two of the City’s 2023 – 2025 Biennial Budget. The City Council is required to adopt the budget for the following biennial period by the start of the fiscal year, July 1, 2025.

The Plan evaluates the City's financial capability to achieve its goals, helps set priorities for City operations and the budget, and guides its capital improvement and rehabilitation program. The Plan establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting to forecast projections for five years and positions the City to identify issues early and make adjustments when necessary.

In June 2013, the Irvine City Council adopted a plan to stabilize future pension cost increases. The goal is to attain a 98 percent pension funding status, leveraging funds from the City's Asset Management Plan and General Fund when available. As of the last valuation report, June 30, 2024, the pension funding status was 84.32 percent funded for the Miscellaneous Plan and 82.55 percent funded for the Safety (Sworn) Plan. As of June 30, 2025, the City has paid an additional \$63.2 million towards the unfunded pension liability since 2013.

In addition to sound fiscal planning, the City maintains a host of policies designed to foster a culture of long-term fiscal sustainability. The policies cover long-term financial planning, infrastructure funding, debt management, and other related financial areas. One essential policy is the implementation of minimum reserves.

The City's policy is to maintain a Contingency Reserve of at least 20 percent of the General Fund adopted expenditure appropriations, including a 5 percent ready reserve. The contingency reserve may be used at the discretion of the City Council to provide resources during temporary decreases in revenues, in the event of an economic downturn, while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. On June 30, 2025, the contingency reserve balance is \$66.2 million or 25 percent of the fiscal year 2024-25 General Fund adopted operating budget.

The City's budgetary procedures are further discussed in section II.A. of the notes to the basic financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 46th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an Annual Comprehensive Financial Report that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that ensures users of the financial statements have the necessary information to assess the City's financial health. A Certificate of Achievement is valid for one year only, and management believes that the current Annual Comprehensive Financial Report will continue to meet the program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

The City's budget was also recognized for excellence, receiving the GFOA Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers (CSMFO) Excellence in Operational Budget Award for the fiscal year 2023-25 budget document. These award programs judge a government's budget document for compliance with national (GFOA) and statewide (CSMFO) budgeting best practices.

The Annual Comprehensive Financial Report reflects the hard work, talent, and commitment of the Fiscal Services Division staff in particular and the cooperation of the entire Administrative Services Department. This document could not have been completed without their effort and assistance. We appreciate all members of the department who assisted and contributed to the preparation of the Annual Comprehensive Financial Report. Appreciation is also expressed to the Finance Commission, Investment Advisory Committee, the City Manager, and the entire executive team for their support of the financial operations of the City during this past fiscal year and to the Mayor and Councilmembers for their steadfastness in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dahle Bulosan', with a stylized flourish at the end.

Dahle Bulosan
Director of Administrative Services





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Irvine
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Irvine City Officials

June 30, 2025



Larry Agran
Mayor



James Mai
Vice Mayor
District 3



Melinda Liu
Councilmember
District 1



William Go
Councilmember
District 2



Mike Carroll
Councilmember
District 4



Betty Martinez Franco
Councilmember
District 5



Kathleen Treseder
Councilmember
At-Large

City Manager
Oliver C. Chi

Assistant City Manager — Brian King

Assistant City Manager — Michelle Grettenberg

Assistant City Manager/

Chief Development Officer — Pete Carmichael

Assistant City Manager — Sean Crumby

City Attorney — Jeff Melching

City Clerk — Carl Petersen

Director of Administrative Services — Dahle Bulosan

Director of Communications & Engagement — Melissa Haley

Director of Community Development — Stephanie Frady

Director of Community & Library Services — Chris Slama

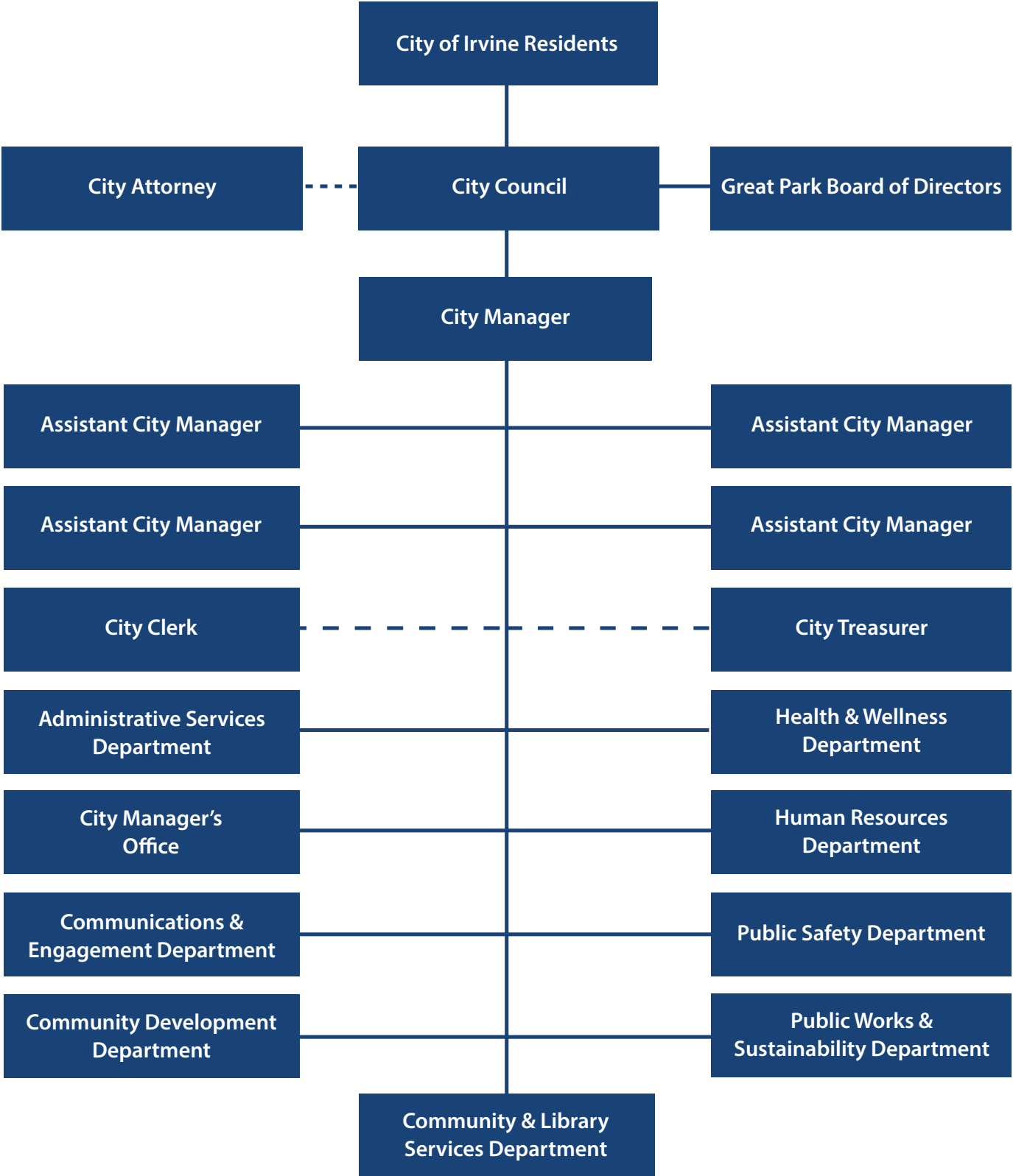
Director of Health & Wellness — Heather Dion

Director of Human Resources — Michelle Riske

Director of Public Safety — Michael Kent

Acting Director of Public Works & Sustainability — Luis Estevez

City of Irvine





FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
of the City of Irvine
Irvine, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Honorable Mayor and
Members of the City Council
of the City of Irvine

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Honorable Mayor and
Members of the City Council
of the City of Irvine

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of pension plan contributions, and the schedule of changes in total OPEB liability and related ratios, and the budgetary comparison schedules for the general fund and major special revenue funds, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Mayor and
Members of the City Council
of the City of Irvine

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
February 26, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Irvine

Management's Discussion and Analysis

As management of the City of Irvine (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and with the City's financial statements, which follows this discussion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows, with the difference between the two reported as *net position*. Over time, changes in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works and sustainability, community development, and community and library services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities: the Orange County Great Park Corporation and Irvine Public Facility Infrastructure Authority for which the City is financially accountable. The Orange County Great Park Corporation and Irvine Public Facility Infrastructure Authority although also legally separate, function for all practical purposes as a department of the City and therefore have been included as an integral part of the primary government. The government-wide financial statements immediately follow this discussion and analysis.

Fund financial statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provides a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, Great Park Fund, Grants Fund, Great Park Development Fund, Community Facilities Districts Fund; Park Development, Gateway Preserve CIP, and North Irvine Transportation Mitigation; all of which are considered major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements immediately follow the government-wide financial statements.

Proprietary funds. The City maintains various *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, vehicle fleet operations, miscellaneous equipment maintenance, duplication, telecommunications services, and information technology systems. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The *internal service funds* are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements immediately follow the basic governmental fund financial statements.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement; the resources of these funds are *not* available to support the City's programs. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements immediately follow the basic fiduciary fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes budgetary comparison statements for the General Fund, Great Park Fund, and Grants Fund to demonstrate compliance with the annual budget as adopted (original) and amended (final). Additionally, this report includes schedules concerning the City's annual required contribution to the Defined Benefit Pension Plans and Other Post Employment Benefit Plan. Required supplementary information immediately follows the notes to the basic financial statements.

The combining statements, referred to earlier in connection with other governmental funds and internal service funds, include statements for Other Special Revenue Funds, Other Capital Projects Funds, Permanent Fund, Internal Service Funds, and Fiduciary Funds. These combining and individual fund statements and schedules immediately follow the required supplementary information.

Financial Highlights

Government-Wide

- The net position of the City at the close of the fiscal year end, June 30, 2025, was \$3.9 billion. Of this amount, \$214.87 million is not restricted to a specific use or purpose.
- The net change in the City's position resulting from the recent fiscal year's operations was a net decrease of roughly \$21.0 million, or less than 1%.
- Total revenues from all primary government sources were approximately \$569.1 million. Of this amount, \$201.3 million, or 35%, was from program revenues and \$367.8 million, or 65%, was from general revenues.
- The total cost of all primary government programs and projects was roughly \$590.1 million, an increase of \$27.8 million, or 5%, in comparison to the prior fiscal year's governmental activity.

Governmental Funds

- As of June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$1.6 billion, a decrease of roughly \$405.0 million, or 20%, in comparison to the prior fiscal year.
- At June 30, 2025, committed, assigned, and unassigned fund balance for the general fund was nearly \$228.6 million. This represents an increase of \$8.8 million, or 4%, from the prior year. The City Council has designated all of the committed and assigned fund balance for specified purposes, in accordance with City policies and budgetary guidelines.
- The City's total long-term liabilities increased by \$3.8 million during the current fiscal year, mostly due to a net increase in compensated absences of \$4.8 million.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net position, \$2.0 billion, or 53%, reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, intangible assets, infrastructure, and construction in progress); less any related outstanding debt or other borrowings (also includes contract payable, retainage, and accounts payable related to the purchase of capital assets) used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Irvine
Summary of Net Position
June 30, 2025 and 2024
(amounts expressed in thousands)

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 2,175,003	\$ 2,539,800
Capital assets	2,393,642	1,996,937
Total Assets	4,568,645	4,536,737
Deferred Outflow of Resources		
Pension and OPEB related items	85,714	93,564
Liabilities		
Other liabilities	157,160	119,676
Long-term liabilities	585,659	573,872
Total Liabilities	742,819	693,548
Deferred Inflows of Resources		
Leases	19,193	20,784
Pension and OPEB related items	5,058	7,673
Total Deferred Inflow of Resources	24,251	28,457
Net Positions		
Net investment in capital assets	2,044,219	1,653,386
Restricted	1,628,205	1,399,131
Unrestricted	214,866	855,780
Total Net Position	\$ 3,887,290	\$ 3,908,297

At the close of the fiscal year ended June 30, 2025, the net position of the City was \$3.9 billion, of which \$2.0 billion was the net investment in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$1.8 billion, which is a decrease of \$419.4 million over the previous fiscal year, \$1.6 billion is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties. The remaining \$214.9 million is unrestricted but subject to designation for specific purposes as approved by the City Council. Some of the City Council's significant designations are park development and the City's infrastructure such as streets, roads, and signals.

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City of Irvine
Summary of Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(amounts expressed in thousands)

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues:		
Charges for services	\$ 86,828	\$ 93,811
Operating grants and contributions	35,583	28,924
Capital grants and contributions	78,890	243,902
General revenues:		
Property taxes	106,929	101,068
Sales taxes	104,737	101,326
Franchise taxes	24,897	19,860
Transient occupancy taxes	24,087	19,313
Document transfer taxes	4,463	4,077
Unrestricted Motor Vehicle In-Lieu	496	380
Capital Contributions	450	-
Gain (loss) on Sale of Assets	361	(5,821)
Investment revenue	100,534	80,631
Other revenues	869	4,698
Total Revenues	<u>569,124</u>	<u>692,169</u>
Expenses		
General Government	78,685	77,508
Public Safety	134,151	125,352
Public Works & Sustainability	204,280	182,929
Community Development	32,367	43,579
Community and Library Services	63,453	59,015
Interest on long-term debt	15,928	14,025
Unallocated infrastructure depreciation	61,267	59,972
Total Expenses	<u>590,131</u>	<u>562,380</u>
Change in Net Position	(21,007)	129,789
Beginning Net Position	<u>3,908,297</u>	<u>3,778,508</u>
Ending Net Position	<u>\$ 3,887,290</u>	<u>\$ 3,908,297</u>

For the fiscal year ending June 30, 2025, total city-wide revenues decreased by \$123.0 million, or 18%, from the prior year. This decrease was primarily driven by a reduction in program revenues, \$165.3 million, mainly in capital grants and contributions. Conversely, general revenues increased by \$42.3 million compared to the previous fiscal year.

- Program revenues include operational and capital grants and charges for services, which totaled \$201.3 million, a 45% decrease from prior year. There are two significant transactions that compose most of the program revenues variance year-over-year: one-time bond revenue of \$127.57 in fiscal year 2023-24 and \$64.1 million of North Irvine Transportation Mitigation (NITM) development fees versus \$1.2 million of NITM development fees in fiscal year 2024-25.
- The City's general revenues experienced an increase of \$42.3 million, or just over 1%. This increase is attributable to small increases in all general revenue categories and a significant increase in investment income, \$19.9 million. During fiscal year 2024-25, investments increased, notably from special district contributions, these funds were reinvested in a higher interest rate environment.

Total expenses increased \$27.8 million, a 5% increase from the previous year. Generally, expenses have increased from the cost of doing business and the effects from inflation, along with the increased demands to maintain high quality services in correspondence with the City's growth. Public Safety and Public Works & Sustainability experienced the largest increases of \$21.4 million and \$8.8 million, respectively and Community Development experienced a decrease in expenses of \$11.2 million.

- General Government is the administration of the City and Great Park, overseeing all City operations to ensure that the City departments deliver quality services and to provide direction to ensure policies are implemented effectively. The increase of \$1.2 million is largely attributable to its continued work towards site preparation and construction preparation work necessary to develop the Great Park, as well as investments in information technology to maintain operational viability and increased efficiency.
- Public Safety is a combination of sworn and nonsworn personnel who are entrusted with providing for the public's safety within the City's residential communities, commercial and industrial centers, and recreational and open space areas. The department's expenses increased by \$8.8 million. The department's increase is mainly due to the expansion of sworn personnel to serve the developing areas of the City and the increase in pension costs for the sworn personnel.
- Public Works & Sustainability is designated with developing, building, and maintaining public infrastructure and facilities. The department had a \$21.4 million increase from the prior fiscal year from the increase in personnel and capital outlay expense for repair and maintenance of City's infrastructure, which is recognized within the government-wide financial statements.
- Community Development is entrusted with planning the City's residential communities, commercial and industrial centers, and ensuring that all of the construction in the City complies with building codes. The department's decrease, 11.2 million is mainly due to the City's Neighborhood Services program which includes the administration of federal housing grant programs has been relocated to the City Manager's office.
- Community and Library Services oversee the programs at the City's various parks, facilities and libraries, as well as offers resources and activities that support and assist children, youth, and families. The department's increase of roughly \$4.4 million from the prior fiscal year is due to increased demand in the libraries and various programs from the community, requiring appropriate staffing, contract classes, and instructors.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements.

As of June 30, 2025, the City's governmental funds reported a total combined ending fund balance of \$1.6 billion. Approximately \$614 million, or 39%, of the City's governmental funds ending fund balances constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion within the guidelines of the funding sources. The remaining fund balance, \$961 million, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

The nonspendable total of \$0.79 million consists of a \$0.50 million endowment for senior citizen services programs and \$0.29 million of prepaid expenditures. The remaining restricted funds totaling \$1,245.6 million are comprised of \$1,227.12 million for capital improvement projects, such as streets, parks, and facilities, \$6.34 million for affordable housing activities, \$1.88 million for law enforcement purposes, \$2.37 million for public education, \$0.65 million for air quality improvement activities, \$3.91 million for animal care, and \$3.33 million for senior nutrition, open space maintenance, and other community service activities and programs.

General Fund Financial Highlights

The General Fund is the chief operating fund of the City. At June 30, 2025, committed, assigned, and unassigned fund balance of the General Fund was \$228.59 million, while total fund balance was \$228.68 million. As a measure of the General Fund's liquidity, it is useful to compare committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned, and unassigned fund balance represents 74.9% of the total General Fund expenditures. The City Council has designated all of the committed and assigned for specified purposes.

For the fiscal year ended June 30, 2025, the cash and investments balance in the General Fund was \$240.19 million, an increase of \$12.79 million from the previous fiscal year.

City of Irvine
Summary of Changes in Fund Balances - General Fund
For the Years Ended June 30, 2025 and 2024
(amounts expressed in thousands)

	<u>2025</u>	<u>2024</u>
Revenues		
Taxes:		
Property	\$ 102,659	\$ 100,970
Sales	97,208	94,084
Other	44,078	37,871
Total Taxes	<u>243,945</u>	<u>232,925</u>
Intergovernmental	1,654	2,555
Charges for services	54,067	56,347
Investment income	16,876	10,632
Other	<u>25,751</u>	<u>19,351</u>
Total Revenues	<u>342,293</u>	<u>321,810</u>
Expenditures		
General Government	39,234	29,342
Public Safety	118,082	113,084
Public Works & Sustainability	56,607	52,418
Community Development	29,772	34,973
Community and Library Services	50,157	46,760
Capital Outlay	<u>11,234</u>	<u> </u>
Total Expenditures	<u>305,086</u>	<u>276,577</u>
Excess (Deficiency) of Revenues	37,207	45,233
Other Financing Sources (Uses)		
Gain on sale of capital assets	27	36
Net transfers	<u>(30,222)</u>	<u>(54,381)</u>
Net Change in Fund Balance	<u><u>\$ 7,012</u></u>	<u><u>\$ (9,112)</u></u>

- Overall, General Fund revenues for the fiscal year ended June 30, 2025, grew by \$20.48 million, or 6%, over the prior year. Property taxes grew at a slower rate than the previous year with a slight increase of \$1.69 million, Irvine's appreciation in residential real estate prices continues to rise. Sales taxes increased by \$3.12 million over last year, mainly attributable to the consumer spending and general growth in the economy. All other tax revenues such as hotel tax and franchise tax increased \$3.20 million. Charges for service decreased by \$2.28 million, mostly due to a decrease in development revenue related to Public Benefit fees. Investment income rose \$6.24 million, during fiscal year 2024-25, as investments that matured were reinvested in a higher interest rate environment.

Total General Fund expenditures increased by \$28.51 million, or 10%, from the prior year. The significant changes in expenditures, by function, occurred as follows during the fiscal year:

- General Government increased by 34% or \$9.89 million over the previous fiscal year. The General Government is the administration of the City and Great Park. During the fiscal year the City's Neighborhood Services program which includes the administration of federal housing grant programs, has been relocated to the City Manager's office accounting for a majority of this increase. Consecutively, Community Development has realized a decrease in expenditures of \$5.20 million
- Public Works and Sustainability increased expenditures by \$4.19 million or 8% over the previous fiscal year. Public Works and Sustainability is designated with developing, building, and maintaining public infrastructure and facilities. The increase is related to two factors, a 9% increase in staffing and 23% increase in contract services expenditures.

General Fund Budgetary Highlights

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes budgetary comparison statements for the General Fund, Great Park Fund, and Grants Fund to demonstrate compliance with the annual budget as adopted (original) and amended (final).

For the fiscal year ended June 30, 2025, the General Fund under expended its budget of \$349.80 million by \$44.71 million, for a total expenditure of \$305.09 million. Additionally, the revenues received totaled \$342.29 million, which were greater than final budgetary estimates by \$33.57 million. Moreover, the General Fund operating revenues exceeded expenditures by \$37.21 million. In each of the functional expenditure categories, actual expenditures were less than final budgeted amounts, except for Human Services which overspent its budget by \$0.55 million and Community and Library Services which exceeded its budget by \$0.47 million. Furthermore, the other net financing sources and uses were \$30.19 million to other funds. Overall, there was a \$7.01 million increase to the ending fund balance, resulting in a year-end fund balance of \$228.68 million.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$2.39 billion net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, intangible assets, park facilities, streets and roads, trails, and bridges. The increase over the previous fiscal year in the City's investment in capital assets net of depreciation was \$396.71 million, or 20%.

City of Irvine
Summary of Change in Capital Assets
For the Year Ended June 30, 2025
(amounts expressed in thousands)

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 849,470	\$ 284,486	\$ -	\$ 1,133,956
Construction in progress	65,096	170,709	28,665	207,140
Total capital assets not being depreciated	<u>914,566</u>	<u>455,195</u>	<u>28,665</u>	<u>1,341,096</u>
Capital assets, being depreciated:				
Buildings and systems	228,774	13,010	-	241,784
Improvements other than buildings	296,633	23,047	26,983	292,697
Machinery and equipment	21,500	636	-	22,136
Intangible asset, right-to-use	13,930	1,799	697	15,032
Infrastructure	2,153,750	26,410	-	2,180,160
Total capital assets being depreciated	<u>2,714,587</u>	<u>64,902</u>	<u>27,680</u>	<u>2,751,809</u>
Less accumulated depreciation for:				
Buildings and systems	(93,595)	(5,889)	-	(99,484)
Improvements other than buildings	(150,922)	(17,426)	23,385	(144,963)
Machinery and equipment	(12,659)	(3,469)	-	(16,128)
Intangible asset, right-to-use	(3,357)	(3,076)	697	(5,736)
Infrastructure	(1,371,684)	(61,267)	-	(1,432,951)
Total accumulated depreciation	<u>(1,632,217)</u>	<u>(91,127)</u>	<u>24,082</u>	<u>(1,699,262)</u>
Total capital assets, being depreciated, net	<u>1,082,370</u>	<u>(26,225)</u>	<u>3,598</u>	<u>1,052,547</u>
Governmental activities capital assets, net	<u>\$ 1,996,936</u>	<u>\$ 428,970</u>	<u>\$ 32,263</u>	<u>\$ 2,393,643</u>

Additional information on the City's capital assets can be found under Note 3. B. entitled "Capital Assets", in the Notes to the Basic Financial Statements section of this report.

Long-term Liabilities

Total outstanding long-term liability at June 30, 2025, was roughly \$393.84 million, an increase of \$16.34 million from the prior year. A schedule showing the changes in long-term liabilities is provided on the following page.

Lease Revenue Bonds

The Irvine Facilities Financing Authority issued \$326,280,000 of Lease Revenue Bonds, Series 2023A on June 14, 2023. These bonds were issued for the purpose of financing the acquisition and permanent closure of an asphalt plant located in northern Irvine. The repayment of these bonds is secured by approximately 71 acres of residential developable land in northern Irvine. The land is recorded as Property held for resale in the Statement of Net Position. The bonds contain a fixed interest rate from 4.25 percent to 5.25 percent with maturity dates ranging from May 1, 2027, through May 1, 2053, per a prescribed redemption schedule of annual principal and semi-annual interest payments. These bonds were issued with a bond premium of \$7,387,928.

City of Irvine
Summary of Changes in Long-Term Liabilities
For the Year Ended June 30, 2025
(amounts expressed in thousands)

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Long- Term	Due Within One Year
Lease Revenue Bond:						
Series 2023	\$ 326,280	\$ -	\$ -	\$ 326,280	\$ 326,280	\$ -
Unamortized Issuance	7,053	-	380	6,673	6,673	-
Total Lease Revenue Bond	333,333	-	380	332,953	332,953	-
Other Debt:						
Compensated absences	22,823	4,794	-	27,617	18,996	8,621
Claims payable	23,702	6,397	5,709	24,390	14,940	9,450
Subscription liability	10,167	1,800	3,113	8,854	6,836	2,018
Contract capital payable	51	-	21	30	9	21
Total Other Debt	56,743	12,991	8,843	60,891	40,781	20,110
Total Long-Term Liabilities	\$ 390,076	\$ 12,991	\$ 9,223	\$ 393,844	\$ 373,734	\$ 20,110

Long-term liability-related events impacting the fiscal year ended June 30, 2025, included:

- Compensated absences liabilities increased by \$12.63 million and payouts to employees upon termination amounted to \$7.84 million for a net increase of \$4.79 million. A new accounting pronouncement requires the schedule for compensated absences to be presented as a net increase.
- A net increase to claims payable of \$0.69 million to adjust for possible future general liability and workers' compensation claims.
- Subscription liability, the right to use certain subscription assets (an intangible asset), has a future liability of \$8.85 million.
- In fiscal year 2021-22, the City entered into a capital finance purchase for Public Safety equipment, the final payment will be paid during the 2025-26 fiscal year.

Additional information on the City's long-term liabilities can be found under Note 3. E. entitled "Changes in Long-term Liabilities", in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's economy is linked to the national and state economy. However, because the City is still developing, its local economy can experience departures from other local, state or national trends with resultant recurring revenue fluctuations. Additionally, because the City's revenues are obtained from a limited number of sources, further revenue fluctuations may occur from year to year. To develop its budget model, the City uses the "Orange County Economic Forecast" prepared by Chapman University's Center for Economic Research, the UCLA Anderson Forecast, and the California State University at Fullerton Mihaylo College of Business and Economics, as well as projections provided by City consultants. Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the biennial budget preparation, can be obtained from the City's 2023-25 biennial citywide budget, available through the Administrative Services Department.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, Post Office Box 19575, Irvine, CA 92623-9575.



BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF IRVINE
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,684,510,309
Receivables, Net of Allowance:	
Taxes	21,203,263
Accounts	12,549,999
Leases	20,159,689
Accrued Interest	8,452,264
Escrow Deposits	10,316,168
Prepaid Items	1,834,530
Due from the Other Governments	39,237,708
Due from Developers	25,108,779
Long-Term Notes Receivable, Net of Allowances	17,930,188
Property Held for Resale	333,700,000
Capital Assets, Not Being Depreciated	1,341,095,553
Capital Assets, Net of Accumulated Depreciation and Amortization	1,052,546,899
Total Assets	<u>4,568,645,349</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Items	84,228,601
Other Postemployment Benefits Related items	1,485,570
Total Deferred Outflows of Resources	<u>85,714,171</u>

See accompanying Notes to Basic Financial Statements.

CITY OF IRVINE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

	Governmental Activities
LIABILITIES	
Accounts Payable	\$ 60,968,463
Accrued Liabilities	40,165,761
Due to Other Governments	14,169,556
Deposits	18,407,900
Retentions Payable	4,746,021
Unearned Revenue	16,020,097
Interest Payable	2,681,910
Noncurrent Liabilities:	
Due Within One Year	20,109,808
Due in More than One Year	373,734,395
Total Other Postemployment Benefits, Due Within One Year	562,421
Total Other Postemployment Benefits, Due in More than One Year	9,100,948
Net Pension Liability	182,151,280
Total Liabilities	<u>742,818,560</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	19,192,551
Pension Related Items	3,442,372
Other Postemployment Benefits Related Items	1,616,253
Total Deferred Inflows of Resources	<u>24,251,176</u>
NET POSITION	
Net Investment in Capital Assets	2,044,219,095
Restricted for:	
Expendable:	
Assessment Infrastructure and Capital Improvements	1,261,406,130
Housing Programs	23,108,397
Public Safety Programs	1,878,282
Land Held for Resale	333,700,000
Other Programs and Activities	7,610,425
Nonexpendable:	
Senior Services Fund Program	501,288
Unrestricted	<u>214,866,167</u>
Total Net Position	<u><u>\$ 3,887,289,784</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF IRVINE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$ 78,685,234	\$ 13,726,271	\$ 11,563,729	\$ -	\$ (53,395,234)	\$ -
Public Safety	134,150,421	2,936,806	4,992,558	-	(126,221,057)	-
Public Works and Sustainability	203,880,216	3,118,780	9,734,571	73,301,502	(117,725,363)	-
Community Development	32,367,018	42,426,109	5,355,813	3,497,385	18,912,289	-
Community and Library Services	63,453,552	24,620,227	3,936,640	2,091,600	(32,805,085)	-
Interest on Long-Term Debt	15,928,000	-	-	-	(15,928,000)	-
Unallocated Infrastructure						
Depreciation	61,666,228	-	-	-	(61,666,228)	-
Total Governmental Activities	<u>\$ 590,130,669</u>	<u>\$ 86,828,193</u>	<u>\$ 35,583,311</u>	<u>\$ 78,890,487</u>	(388,828,678)	-
GENERAL REVENUES						
Taxes:						
Property Taxes					106,928,614	-
Sales Taxes					104,736,489	-
Franchise Taxes					24,896,537	-
Transient Occupancy Taxes					24,087,243	-
Document Transfer Taxes					4,463,106	-
Unrestricted Motor Vehicle In-Lieu					495,954	-
Capital Contributions					450,000	-
Gain on Sale of Assets					360,653	-
Investment Revenue					100,533,956	-
Other Revenue					869,134	-
Total General Revenues					<u>367,821,686</u>	-
CHANGE IN NET POSITION					(21,006,992)	-
Net Position - Beginning of Year, as Previously Reported					3,908,296,776	81,561,224
Change Within Financial Reporting Entity (Elimination of Discretely Presented Component Unit)					-	(81,561,224)
Net Position - Beginning of Year, as Restated					<u>3,908,296,776</u>	-
NET POSITION - END OF YEAR					<u>\$ 3,887,289,784</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

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**CITY OF IRVINE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Great Park	Grants	Great Park Development	Community Facilities Districts
ASSETS					
Cash and Investments	\$ 240,191,035	\$ 286,323,779	\$ 14,820,967	\$ 14,961,386	\$ 433,968,540
Receivables Net of Allowance:					
Taxes	19,342,411	54,308	-	-	-
Accounts	6,045,432	335,810	2,332,644	-	-
Leases	5,011,527	15,148,162	-	-	-
Accrued Interest	1,687,565	1,591,072	1,231,426	68,523	354,789
Escrow Deposits	-	-	-	-	-
Prepaid Items	95,979	191,428	-	-	-
Due from Other Funds	1,759,597	-	-	-	-
Due from Other Governments	2,468,354	7,591,196	2,894,203	76,476	6,053,134
Due from Developers	-	-	-	-	-
Long-Term Notes Receivable, Net of Allowances	7,527,841	-	7,511,800	-	-
	<u>\$ 284,129,741</u>	<u>\$ 311,235,755</u>	<u>\$ 28,791,040</u>	<u>\$ 15,106,385</u>	<u>\$ 440,376,463</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 10,881,744	\$ 3,611,575	\$ 824,065	\$ 2,082,918	\$ 9,192,669
Accrued Liabilities	13,044,935	433,292	7,688	13,397	20,627,090
Due to Other Funds	-	-	-	-	-
Due to Other Governments	1,283,016	298	8,422	-	10,624,257
Retentions Payable	-	-	-	301,956	1,263,869
Deposits	17,801,831	98,421	-	-	-
Unearned Revenue	7,749,344	70,000	8,100,753	-	-
Total Liabilities	<u>50,760,870</u>	<u>4,213,586</u>	<u>8,940,928</u>	<u>2,398,271</u>	<u>41,707,885</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	4,635,394	14,557,157	-	-	-
Unavailable Revenue	52,443	7,591,196	12,040,970	76,476	5,737,371
Total Deferred Inflows of Resources	<u>4,687,837</u>	<u>22,148,353</u>	<u>12,040,970</u>	<u>76,476</u>	<u>5,737,371</u>
FUND BALANCES					
Nonspendable	95,979	191,428	-	-	-
Restricted	-	284,682,388	8,066,428	-	392,931,207
Committed	66,190,110	-	-	-	-
Assigned	159,381,949	-	-	12,631,638	-
Unassigned	3,012,996	-	(257,286)	-	-
Total Fund Balances	<u>228,681,034</u>	<u>284,873,816</u>	<u>7,809,142</u>	<u>12,631,638</u>	<u>392,931,207</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 284,129,741</u>	<u>\$ 311,235,755</u>	<u>\$ 28,791,040</u>	<u>\$ 15,106,385</u>	<u>\$ 440,376,463</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF IRVINE
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Park Development	Gateway Preserve CIP	North Irvine Transportation Mitigation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 37,472,770	\$ -	\$ 162,337,852	\$ 448,832,851	\$ 1,638,909,180
Receivables Net of Allowance:					
Taxes	-	-	-	1,806,544	21,203,263
Accounts	-	-	-	3,669,076	12,382,962
Leases	-	-	-	-	20,159,689
Accrued Interest	206,674	-	905,599	2,406,616	8,452,264
Escrow Deposits	-	-	-	10,316,168	10,316,168
Prepaid Items	-	-	-	-	287,407
Due from Other Funds	-	-	-	-	1,759,597
Due from Other Governments	5,189,392	-	205,600	14,759,353	39,237,708
Due from Developers	-	-	25,108,779	-	25,108,779
Long-Term Notes Receivable, Net of Allowances	-	-	-	2,890,547	17,930,188
Total Assets	<u>\$ 42,868,836</u>	<u>\$ -</u>	<u>\$ 188,557,830</u>	<u>\$ 484,681,155</u>	<u>\$ 1,795,747,205</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 14,759,276	\$ 168,285	\$ 1,485,240	\$ 14,290,970	\$ 57,296,742
Accrued Liabilities	1,432,573	-	-	4,316,780	39,875,755
Due to Other Funds	-	433,656	-	1,325,941	1,759,597
Due to Other Governments	-	-	-	2,253,563	14,169,556
Retentions Payable	2,319,862	-	51,906	808,428	4,746,021
Deposits	-	-	-	507,648	18,407,900
Unearned Revenue	100,000	-	-	-	16,020,097
Total Liabilities	<u>18,611,711</u>	<u>601,941</u>	<u>1,537,146</u>	<u>23,503,330</u>	<u>152,275,668</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	-	-	-	-	19,192,551
Unavailable Revenue	5,189,391	-	205,601	17,471,320	48,364,768
Total Deferred Inflows of Resources	<u>5,189,391</u>	<u>-</u>	<u>205,601</u>	<u>17,471,320</u>	<u>67,557,319</u>
FUND BALANCES					
Nonspendable	-	-	-	501,288	788,695
Restricted	19,067,734	-	186,815,083	354,075,626	1,245,638,466
Committed	-	-	-	65,959,214	132,149,324
Assigned	-	-	-	24,767,868	196,781,455
Unassigned	-	(601,941)	-	(1,597,491)	556,278
Total Fund Balances	<u>19,067,734</u>	<u>(601,941)</u>	<u>186,815,083</u>	<u>443,706,505</u>	<u>1,575,914,218</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,868,836</u>	<u>\$ -</u>	<u>\$ 188,557,830</u>	<u>\$ 484,681,155</u>	<u>\$ 1,795,747,205</u>

See accompanying Notes to Basic Financial Statements.



CITY OF IRVINE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances of Governmental Funds	\$ 1,575,914,218
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities in the Statement of Net Position are different because:	
Government Capital Assets	4,067,562,946
Less: Accumulated Depreciation	(1,686,834,619)
Long-term note receivable and its related interest for the revolving loan programs are not available to pay current period expenditures and are shown as unavailable revenues in the funds.	11,799,802
Deferred outflow of resources consists of items that will consume net position in a future reporting period and do not meet the definition of an asset.	
Pension Related Items	82,917,326
Other Postemployment Benefits Related Items	1,485,570
Revenues are not collected within current period and are shown as unavailable revenue in the funds. However, on an accrual basis revenues are included in the government-wide statements. These revenues include:	
Intergovernmental	23,152,941
Revenue from Special Assessments	13,328,567
Charges for Services	42,804
Other Revenue	40,654
Long-term land held for resale, not reported as a fund asset in the governmental funds	333,700,000
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds.	
Net Pension Liability	(179,097,400)
Compensated Absences	(25,995,599)
Other Postemployment Benefit Pension Obligation	(9,663,369)
Interest Payable	(2,654,667)
Bonds Payable	(332,953,153)
Contract Capital Payable	(30,160)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time.	
Pension Related Items	(3,421,596)
Other Postemployment Benefits Related Items	(1,616,253)
Internal service funds are used by management to charge the cost of activities involved in rendering services to departments within the City. The assets and liabilities of the internal services funds are included in the Statement of Net Position.	
	<u>19,611,772</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 3,887,289,784</u>

See accompanying Notes to Basic Financial Statements.

CITY OF IRVINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Great Park	Local Park Fees	Grants	Irvine Facilities Financing Authority	Great Park Development
REVENUES						
Taxes	\$ 243,945,057	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	16,611,322	-	-	-	-	-
Fines and Forfeitures	1,316,419	-	-	-	-	-
Investment Income	16,876,463	16,482,264	-	567,849	-	884,043
Intergovernmental	1,654,424	-	-	9,472,182	-	-
Charges for Services	54,066,906	10,467,524	-	207,952	-	-
Contributions from Property Owners -						
Special Districts Contributions	-	-	-	-	-	-
Revenue from Developers	-	-	-	-	-	-
Special Assessments	-	11,147,378	-	-	-	-
Donations	457,800	97	-	3,599,811	-	-
Other Revenue	7,364,472	262	-	182,874	-	-
Total Revenues	342,292,863	38,097,525	-	14,030,668	-	884,043
EXPENDITURES						
Current:						
General Government	39,233,827	19,066,589	-	3,797,873	-	-
Public Safety	118,082,642	820,419	-	5,026,714	-	-
Public Works and Sustainability	56,606,666	14,528,947	-	717,642	-	151,441
Community Development	29,772,300	170,640	-	57,167	-	60
Community and Library Services	50,157,140	7,791,976	-	989,622	-	1,673
Capital Outlay	11,233,700	95,774	-	435,091	-	15,435,177
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	305,086,275	42,474,345	-	11,024,109	-	15,588,351
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	37,206,588	(4,376,820)	-	3,006,559	-	(14,704,308)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Capital Assets	27,202	-	-	-	-	-
Transfers In	-	9,444,072	-	487,533	-	12,778,338
Transfers Out	(30,221,935)	(12,945,682)	-	(54,993)	-	(282,284)
Total Other Financing Sources (Uses)	(30,194,733)	(3,501,610)	-	432,540	-	12,496,054
NET CHANGE IN FUND BALANCE	7,011,855	(7,878,430)	-	3,439,099	-	(2,208,254)
Fund Balances - Beginning of Year , as Previously Presented	221,669,179	292,752,246	147,602,638	4,370,043	323,611,706	14,839,892
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	(147,602,638)	-	(323,611,706)	-
Fund Balances (Deficits) - Beginning of Year, as Restated	221,669,179	292,752,246	-	4,370,043	-	14,839,892
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 228,681,034</u>	<u>\$ 284,873,816</u>	<u>\$ -</u>	<u>\$ 7,809,142</u>	<u>\$ -</u>	<u>\$ 12,631,638</u>

See accompanying Notes to Basic Financial Statements.

CITY OF IRVINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Community Facilities Districts	Park Development	Gateway Preserve CIP	North Irvine Transportation Mitigation	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 15,921,962	\$ 259,867,019
Licenses and Permits	-	-	-	-	66,166	16,677,488
Fines and Forfeitures	-	-	-	-	-	1,316,419
Investment Income	30,645,582	2,359,174	-	8,499,279	24,507,816	100,822,470
Intergovernmental	-	13,981,618	-	-	29,511,297	54,619,521
Charges for Services	-	-	-	-	1,458,558	66,200,940
Contributions from Property Owners -						
Special Districts Contributions	150,926	-	-	-	-	150,926
Revenue from Developers	-	-	-	2,523,894	5,663,166	8,187,060
Special Assessments	10,222,852	-	-	-	16,838,797	38,209,027
Donations	-	-	-	-	43,705	4,101,413
Other Revenue	-	-	-	89,218	856,125	8,492,951
Total Revenues	41,019,360	16,340,792	-	11,112,391	94,867,592	558,645,234
EXPENDITURES						
Current:						
General Government	6,149,384	-	987,354	9,132	4,339,878	73,584,037
Public Safety	-	-	-	-	888,317	124,818,092
Public Works and Sustainability	653,536	813,932	-	303,890	39,232,765	113,008,819
Community Development	37,234	24,708	31,218	-	22,043	30,115,370
Community and Library Services	-	-	80,951	217	17,753	59,039,332
Capital Outlay	120,514,852	57,901,127	284,486,420	3,767,958	48,989,690	542,859,789
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	15,928,000	15,928,000
Total Expenditures	127,355,006	58,739,767	285,585,943	4,081,197	109,418,446	959,353,439
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(86,335,646)	(42,398,975)	(285,585,943)	7,031,194	(14,550,854)	(400,708,205)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Capital Assets	-	-	-	-	-	27,202
Transfers In	-	17,064,372	285,830,377	-	36,065,325	361,670,017
Transfers Out	(9,444,072)	-	-	-	(313,008,291)	(365,957,257)
Total Other Financing Sources (Uses)	(9,444,072)	17,064,372	285,830,377	-	(276,942,966)	(4,260,038)
NET CHANGE IN FUND BALANCE	(95,779,718)	(25,334,603)	244,434	7,031,194	(291,493,820)	(404,968,243)
Fund Balances - Beginning of Year , as Previously Presented	488,710,925	-	-	-	487,325,832	1,980,882,461
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	44,402,337	(846,375)	179,783,889	247,874,493	-
Fund Balances (Deficits) - Beginning of Year, as Restated	488,710,925	44,402,337	(846,375)	179,783,889	735,200,325	1,980,882,461
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 392,931,207</u>	<u>\$ 19,067,734</u>	<u>\$ (601,941)</u>	<u>\$ 186,815,083</u>	<u>\$ 443,706,505</u>	<u>\$ 1,575,914,218</u>

See accompanying Notes to Basic Financial Statements.



CITY OF IRVINE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds	\$ (404,968,243)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period, as listed below:	
Expenditures for Capital Outlays	542,859,789
Less: Disposal of Capital Assets	(3,597,705)
Less: Amounts Not Capitalized	(53,865,241)
Depreciation Expense	(86,625,300)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Charges for Services	(12,369)
Revenue from Developers	1,427,003
Other Revenue	(423,882)
Intergovernmental	8,020,033
Governmental funds do not report the changes in the net pensions and other postemployment benefit plan, since it does not provide or require the use of current financial resources.	
Defined Benefit Pension Plans	(12,541,908)
Other Postemployment Benefit Plan	(489,709)
Loan disbursements in the governmental funds use current financial resources but increase receivables in the Statement of Net Position.	973,491
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.	
Compensated Absences	(4,026,179)
Repayment of contract capital payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	20,405
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	
Amortization of Premiums on Debt	380,087
Internal Service Funds are used by management to charge the costs of certain activities such as insurance and fleet, to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.	(8,137,264)
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	<u>\$ (21,006,992)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF IRVINE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash and Investments	\$ 45,601,129
Receivables, Net of Allowances:	
Accounts	167,037
Prepaid Items	1,547,123
Total Current Assets	<u>47,315,289</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	25,341,835
Less: Accumulated Depreciation and Amortization	<u>(12,427,710)</u>
Total Noncurrent Assets	<u>12,914,125</u>
Total Assets	60,229,414
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	<u>1,311,275</u>
Total Deferred Outflows of Resources	<u>1,311,275</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF IRVINE
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 3,671,721
Accrued Liabilities	290,006
Interest Payable	27,243
Subscription Payable	2,017,092
Compensated Absences	457,389
Claims Payable	9,450,372
Total Current Liabilities	<u>15,913,823</u>
Noncurrent Liabilities:	
Subscription Payable	6,836,351
Compensated Absences	1,164,018
Claims Payable	14,940,069
Net Pension Liability	3,053,880
Total Noncurrent Liabilities	<u>25,994,318</u>
Total Liabilities	41,908,141
DEFERRED INFLOWS OF RESOURCES	
Pension Related	<u>20,776</u>
Total Deferred Inflows of Resources	<u>20,776</u>
NET POSITION	
Net Investment In Capital Assets	3,874,769
Unrestricted	<u>15,737,003</u>
Total Net Position	<u><u>\$ 19,611,772</u></u>

See accompanying Notes to Basic Financial Statements.



CITY OF IRVINE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 43,715,235
Other	126,282
Total Operating Revenues	<u>43,841,517</u>
OPERATING EXPENSES	
Salaries and Benefits	11,658,201
Supplies and Equipment	11,922,455
Contract Services	12,881,753
Administration	2,951,960
Self-Insured Losses	6,396,820
Insurance Premiums	6,419,795
Depreciation and Amortization	4,502,002
Total Operating Expenses	<u>56,732,986</u>
OPERATING LOSS	<u>(12,891,469)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Expense	(316,486)
Gain on Disposal of Equipment	333,451
Total Nonoperating Revenues (Expenses)	<u>16,965</u>
LOSS BEFORE TRANSFERS	(12,874,504)
CONTRIBUTIONS	
Capital Contributions	450,000
Total Contributions	<u>450,000</u>
TRANSFERS	
Transfers In	4,287,240
Total Transfers	<u>4,287,240</u>
CHANGES IN NET POSITION	(8,137,264)
Net Position - Beginning of Year	<u>27,749,036</u>
NET POSITION - END OF YEAR	<u><u>\$ 19,611,772</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF IRVINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Interfund Services Provided	\$ 44,155,780
Paid to Suppliers and Providers	(41,379,514)
Paid for Salaries and Benefits	(10,639,196)
Net Cash Used by Operating Activities	<u>(7,862,930)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Transfers In	<u>4,287,240</u>
Net Cash Provided by Noncapital Financing Activities	4,287,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	333,451
Acquisition of Capital Assets	(2,436,089)
Capital Contributions	450,000
Payment of Interest on Subscriptions	(316,486)
Net Cash Used by Capital and Related Financing Activities	<u>(1,969,124)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,544,814)
Cash and Cash Equivalents - Beginning of Year	<u>51,145,943</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 45,601,129</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF IRVINE
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (12,891,469)
Adjustments to Reconcile Operating Loss to Net	
Cash Used by Operating Activities:	
Depreciation and Amortization	4,502,002
(Increase) Decrease in Operating Assets and	
Deferred Outflows of Resources:	
Accounts Receivable, Net of Allowances	314,263
Prepays Items	(169,198)
Deferred Outflows of Resources - Pension Related	169,051
Increase (Decrease) in Operating Liabilities and	
Deferred Inflows of Resources:	
Accounts Payable	(27,325)
Accrued Liabilities	28,350
Interest Payable	(21,430)
Due to Other Governments	36,192
Compensated Absences	767,891
Claims Payable	688,190
Net Pension Liability	99,246
Subscriptions Payable	(1,313,160)
Deferred Inflows of Resources - Pension Related	(45,533)
	<u>5,028,539</u>
Total Adjustments	
	<u>\$ (7,862,930)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF IRVINE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024 AND JUNE 30, 2025

	December 31, 2024		
	Pension Trust Fund	Successor Agency Private-Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ 168,408	\$ -	\$ 172,789,830
Receivables, Net of Allowances:			
Taxes	-	-	2,493,381
Accounts	22,280	-	13,329,928
Accrued Interest	83	-	752,914
Loans	13,258	-	-
Due from Developers	-	-	329,857
Investments:			
Government Securities	17,550	-	-
Mutual Funds - Closed End Funds Equity	18,308,038	-	-
Mutual Funds - Equity	6,484,299	-	-
Mutual Funds - Corporate Bonds	426,185	-	-
Mutual Funds - Balanced	3,945,647	-	-
Total Assets	<u>29,385,748</u>	<u>-</u>	<u>189,695,910</u>
LIABILITIES			
Accounts Payable	2,375	-	342,223
Accrued Liabilities	4,131	-	367,729
Due to Other Governments	-	-	13,621,531
Deposits	-	-	335,497
Total Liabilities	6,506	-	14,666,980
NET POSITION			
Restricted for Pensions	29,379,242	-	-
Held in Trust for Bondholders	-	-	175,028,930
Total Net Position	<u>\$ 29,379,242</u>	<u>\$ -</u>	<u>\$ 175,028,930</u>

See accompanying Notes to Basic Financial Statements.

CITY OF IRVINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024 AND JUNE 30, 2025

	December 31, 2024		
	Pension Trust Fund	Successor Agency Private-Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ 671,235	\$ -	\$ -
Plan Members	77,872	-	-
Interest from Participants' Loan	1,315	-	-
Total Contributions	<u>750,422</u>	<u>-</u>	<u>-</u>
Investment Income (Loss):			
Interest and Dividends	707,453	-	-
Net Appreciation (Depreciation) in Fair Value of Investments	<u>1,547,253</u>	<u>-</u>	<u>-</u>
Total Investment Income	<u>2,254,706</u>	<u>-</u>	<u>-</u>
Less: Investment Expenses	<u>(61,424)</u>	<u>-</u>	<u>-</u>
Net Investment Income	2,193,282	-	-
Total Additions	2,943,704	-	-
Special Assessments or Special Taxes Collected from Property Owners	-	-	143,296,564
Investment Income	-	-	1,301,415
Charge for Services	-	-	550,604
Contributions from other Districts	-	-	7,400,579
Bond Proceeds	<u>-</u>	<u>-</u>	<u>74,415,810</u>
Total Additions	2,943,704	-	226,964,972
DEDUCTIONS			
Benefits Payments	3,145,006	-	-
Distributions to the County	-	756,300	-
Administrative Expenses	9,462	1,050	4,490,237
Contributions to other Districts	-	-	26,322,398
Payment for Special Assessment or Special Tax Debt	-	-	242,824,693
Contribution to City for Infrastructure	-	-	150,926
Apportionment Services	-	-	51,288
Total Deductions	<u>3,154,468</u>	<u>757,350</u>	<u>273,839,542</u>
CHANGE IN NET POSITION	(210,764)	(757,350)	(46,874,570)
Net Position - Beginning of Year	<u>29,590,006</u>	<u>757,350</u>	<u>221,903,500</u>
NET POSITION - END OF YEAR	<u><u>\$ 29,379,242</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 175,028,930</u></u>

See accompanying Notes to Basic Financial Statements.



NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Irvine, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of the Reporting Entity

The City was incorporated December 28, 1971, under the general laws of the state of California. The City adopted its Charter in 1975. An elected mayor and four-member council govern the City. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City's blended component units, although legally separate entities are, in substance, part of the City's operations and the financial data is combined with data of the City.

Component Units

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB No. 14 and No. 34*, and GASB Statement 84, *Fiduciary Activities*. Certain organizations warrant inclusion as part of the financial reporting entry because of the nature and significance of its relationship with the City.

Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Units

The Great Park Corporation (Corporation) was established by the City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and effecting the development, operation, and maintenance of the Great Park on the site of the former Marine Corps Air Station (MCAS) El Toro. The board of directors is comprised of the seven elected City Councilmembers. Since the governing bodies of the City Council and Corporation are substantially the same, and there is a financial burden relationship between the City and the Corporation, the Corporation is reported as a blended component unit. The transactions of the Corporation are reported in the governmental fund financial statements as a part of the major special revenue fund Great Park.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Reporting Entity (Continued)

Blended Component Units (Continued)

The Irvine Public Facilities and Infrastructure Authority (Authority) was used to finance the acquisition and construction of the City's civic center and other infrastructure improvements within the City. The Authority is governed by a board comprised of elected City Councilmembers. Since the governing bodies of the City and the Authority are substantially the same, this entity is reported as a blended component unit and its transactions are reported in the governmental fund financial statements as a debt service fund. The Authority's debt was retired in fiscal year 2010-11; no additional activity has occurred in this fund. Separate financial statements are not prepared for the Authority.

The Irvine Facilities Financing Authority (Financing Authority) was established March 14, 2023, to finance the costs of acquisition and entitlement of certain real property located in the City. The Financing Authority is governed by a board comprised of elected City Councilmembers. Since the governing bodies of the City and the Financing Authority are substantially the same, the Financing Authority is reported as a blended component unit of the City and its transactions are reported in the governmental fund financial statements as a debt service fund. Separate financial statements are not prepared for the Financing Authority.

B. Government-Wide and Fund Financial Statements – Basis of Presentation

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 fees and charges for support. All City activities are governmental; no business-type activities are reported in the statements.

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments 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: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) 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 not properly included among program revenues are reported instead as general revenues.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide and Fund Financial Statements – Basis of Presentation
(Continued)**

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Great Park Fund is a special revenue fund which receives funding from special assessments and customers who purchase or use services from the Great Park. The fund accounts for the receipt and disbursement of funds used for the specific purpose of managing, developing, operating, and maintaining the Great Park.

The Grant Fund is a special revenue fund which accounts for a variety of local, state, and federal grants and restricted funding.

The Great Park Development Fund is a capital projects fund that accounts for expenditures related to the planning, design, demolition, and constructing the Great Park.

The Community Facilities Districts Fund is a capital project fund which accounts for the capital infrastructure improvements associated with the Great Park Community Facilities District.

The Park Development Fund is a capital project fund which accounts for the receipts and disbursement of monies used for development and construction of noncirculation projects such as parks and public facilities within the City.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide and Fund Financial Statements – Basis of Presentation
(Continued)**

Fund Financial Statements (Continued)

The Gateway Preserve CIP Fund is a capital project fund which accounts for the acquisition and capital improvement related to the Gateway Preserve, which is the outcome of a land acquisition agreement regarding an asphalt plant located in northern Irvine. The land acquired by the City will be developed into hundreds of acres of accessible open space and residential housing in North Irvine, while also coordinating the closure of the plant.

The North Irvine Transportation Mitigation Program (NITM) – This fund accounts for the financial transaction related to traffic and transportation improvements identified in the Comprehensive NITM Traffic Study in connection with land use entitlements for the City's northern sphere planning areas.

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise committed or assigned for specific purposes.

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and circulation infrastructure.

Debt Service Funds account for the accumulation and disbursement of monies to meet the debt service requirements for the Series 2023A lease revenue bonds.

Permanent Fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. Adult day health services and senior citizen programs are funded from these interest earnings and donations.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide and Fund Financial Statements – Basis of Presentation
(Continued)**

Fund Financial Statements (Continued)

Proprietary Funds

Internal Service Funds account for operations that provide services to other departments of the City on a cost reimbursement basis. These services include self-insurance, acquisition, replacement and maintenance of the City's vehicle fleet, central services such as information technology systems, telephone, mail and duplication services, and the City's central supplies and its distributions to operating departments.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide and Fund Financial Statements – Basis of Presentation
(Continued)**

Fund Financial Statements (Continued)

Fiduciary Funds

Pension Trust Funds account for the activities of the City's, single employer, Defined Benefit Pension Plan for sworn employees and the Defined Contribution Pension Plan for non-sworn employees.

Private-Purpose Trust Funds are the Successor Agency Trust funds, which holds assets and receives resources to pay enforceable obligations and administrative costs of the dissolved Irvine Redevelopment Agency.

Custodial Funds are used to account for debt service activities related to the Assessment District and Community Facilities Districts conduit debt issues, in which the City acts as an agent, not as a principal. The Inter-Agency Custodial Fund is used to account for cash seized by Public Safety and held until final disposition of court cases.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and transfers out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so only the net amount is included as transfers in the governmental activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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 pension trust, and custodial funds. Under the economic resources measurement focus, all assets, deferred outflow of resources, liabilities (current and long-term), and deferred inflow of resources are reported. Under the *accrual basis of accounting*, 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.

In general, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; however, indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus*, generally only current assets, liabilities and deferred inflow of resources are reported in the governmental funds.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered susceptible to accrual, and are therefore recognized as revenues of the current fiscal period.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then use unrestricted resources as needed.

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates or fair market value when market quotations are readily available.

The City maintains a cash and investment pool that is available for use by all funds except the Pension Trust Funds, and the Inter-Agency Custodial Fund, which holds cash and investments separately from those of other City funds. Each fund's portion of the City's pool is displayed in the financial statements as "Cash and Investments." Investment income is allocated to all participating funds based on each fund's quarterly average balance.

Prepaid Items

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses during the periods benefited.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure. Machinery, and equipment are reported as assets with an initial individual cost of at least \$50,000 and an estimated useful life in excess of one year. Buildings, improvements, and infrastructure components, which include street, bridge, traffic signal, landscape, and trail networks, are reported as assets with an initial individual cost of at least \$1,000,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of contribution.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Capital Assets (Continued)

Subscription-Based Information Technology Arrangements (SBITA) assets, included within intangible asset, right to use, are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology assets.

The estimated historical cost of infrastructure asset networks, as of July 1, 2001, was derived by calculating the current construction or purchase cost from recent historical data and deflating that cost back in time to estimated prior in-service dates for network classes using a generally used cost index deflator. Infrastructure asset networks are included in the City's capital assets reporting at estimated historical cost. Additions to the networks after June 30, 2001, are reported at actual cost consistent with the capitalization policy described above. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

Land is not depreciated. Other property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Systems	30 to 40 Years
Improvements Other than Buildings	5 to 15 Years
Machinery and Equipment	3 to 10 Years
Infrastructure	17 to 62 Years

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two types of items in the statement of net position, deferred outflow of resources related to pension and deferred outflow of resources related to other postemployment benefits. The pension balance represents current fiscal year contributions to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, or difference between actual and expected experience, or net difference between projected and actual earnings that will be amortized and reported as a component in pension expense in future fiscal years. The other postemployment benefit balance represents items arising from changes in actuarial assumptions and differences between actual and expected experience, which will be amortized and reported as a component of other postemployment benefit expense in future years.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflow of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in this category:

1. Unavailable revenues measured under the modified accrual basis of accounting reported in governmental funds. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.
2. The pension and other postemployment benefits (OPEB) items are certain changes in net pension/OPEB liability that are to be amortized and reported as a change in pension/OPEB expenses in future fiscal years. These balances arise from changes in actuarial assumptions, or difference between actual and expected experience.
3. Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Leases

The City is a lessor for noncancellable leases of facilities and land. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines 1) the discount rate it uses to discount the expected lease receipts to present value, 2) lease term, and 3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payment from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Long-Term Notes Receivable

Long-term notes receivable consist of loans for affordable housing and the Orange County Power Authority. The Orange County Power Authority (Authority) is a California joint power authority formed by participating Orange County cities for the purpose of implementing a community choice aggregation program. The City loaned the Authority \$2,500,000 for pre-launch costs, up to an additional \$250,000 in formation costs, and \$5,000,000 in cash collateral for the Authority to secure a credit facility for additional working capital associated with power procurement and operational support. The loan has an interest rate on the outstanding pre-launch costs and cash collateral, which equals the City's quarterly investment rate. The outstanding formation costs bear no interest. The outstanding loan and interest is due January 1, 2027. As of June 30, 2025, the outstanding balance due is \$7,527,841.

The loans to developers are to assist in the stimulation of affordable housing projects, rehabilitation loans to low income individuals that need assistance in rehabilitating their homes, and first time buyers' assistance loans. Loan repayment terms range from due at the sale of the property to 57 years. A majority of the loans to the developers will be repaid from residual rental receipts earned on the affordable housing property.

Due to the long-term nature and contingent repayment requirements for some of the loans, an allowance for doubtful accounts has been estimated, actual results can differ from the estimates. Some of these loans were funded from the Department of Housing and Urban Development and CalHOME grants and are part of a revolving loan program. In the governmental funds financial statements, disbursements for providing these revolving loan receivables are recorded as expenditures while the collection of these receivables are recorded as revenue. Due to the requirements of the granting agency, these receivable collections must be utilized for the purpose of the grant. The City has recorded a deferred inflow of resources equal to the outstanding revolving developer loans of \$10,402,347.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Long-Term Notes Receivable (Continued)

Developer Loans	\$ 22,885,270
Rehabilitation loans	2,687,626
First Time Home Buyer Assistance Loans	556,700
Irvine Recovery Program Loans	<u>2,056,603</u>
Total	28,186,199
Allowance for Doubtful Accounts	<u>(17,783,852)</u>
Developer Long-Term Notes Receivable, Net	<u><u>\$ 10,402,347</u></u>

Property Taxes

Property taxes are attached as enforceable liens on the related property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (County) bills and collects the property taxes and remits the amounts to the City in installments during the year. California State legislation (known as the Teeter Plan) allowed the City and County to adopt an alternative property tax allocation plan whereby the City receives 100 percent of the tax levied. The City is not responsible to reimburse the County for unpaid property taxes, in return, the County receives all penalty charges or delinquent property taxes and is also responsible for any foreclosure proceedings.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, sick, and compensatory time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. The General Fund is used to liquidate the compensated absences.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, with the exception of prepaid insurance costs, are recognized as an outflow of resources in the period when the debt is issued. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS' Financial Office and the City's Defined Benefit Pension Plan for sworn employees. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Governmental Accounting Standards Board (GASB) Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Defined Benefit Pension Plan	CalPERS Pension Plans
Valuation Date	December 31, 2023	June 30, 2023
Measurement Date	December 31, 2024	June 30, 2024
Measurement Period	January 1, 2024 to December 31, 2024	July 1, 2023 to June 30, 2024

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflow of resources related to OPEB, and OPEB expense have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The General Fund is used to liquidate the OPEB liability.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2024
Reporting Period	July 1, 2024 to June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

Fund Balance – Net Position

In the fund financial statements, governmental fund balance is made up of the following components:

Nonspendable fund balance typically includes inventories, prepaid items and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

Restricted fund balance includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council ordinances. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned fund balance are constrained by an intent to be used for a specific purposes but are neither restricted or committed. Through City Council's adoption of the budget and subsequent budget adjustments throughout the year, the City assigns the specific purpose of the funding.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance (Continued)

Fund Balance – Net Position (Continued)

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding debt or other borrowings attributed to the acquisition, construction or improvement of the assets.

Restricted net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position.”

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectability of its receivables (e.g. accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation and amortization of its capital assets and infrastructure networks, pensions, OPEB and related deferred inflows and outflows of resources, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

G. Implementation of New GASB Pronouncements

Effective July 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments. The effect of the implementation of this standard does not have a material impact on the financial statements.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND AUTHORITY

A. Expenditures exceeding appropriations

Fund	Amount Exceeding
General Fund - Human Resources	\$ (54,856)
General Fund - Community and Library Services	(46,840)
Great Park - Public Safety	(80,236)
Grants - Community and Library Services	(33,790)
OCFA Settlement Agreement	(128,487)

B. Deficit Fund Balances

Fund	Deficit
Gateway Preserve CIP	\$ (601,941)
/Shuttle	(1,597,491)

Deficits in the /Shuttle and Gateway Preserve CIP funds will be eliminated through receipt of revenue and transfers in from other funds in fiscal year 2025-2026.

C. Significant Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services (i.e. purchase orders). While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances are re- appropriated and become part of the subsequent year's budget. Significant encumbrances in total on June 30, 2025, which are categorized as restricted, committed, or assigned are as follows:

General Fund	\$ 10,986,614
Grant Funds	2,400,633
Great Park Funds	3,313,290
Gateway Preserve CIP Fund	1,335,716
Other Governmental Funds	3,158,694
Total	<u>\$ 21,194,947</u>

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments, excluding amounts reported in the pension trust fund, as of June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 1,684,510,309
Total	<u>1,684,510,309</u>
Statement of Fiduciary Net Position:	
Cash and Investments - Custodial Funds	172,789,830
Total	<u>172,789,830</u>
Total Cash and Cash Investments	<u><u>\$ 1,857,300,139</u></u>

Cash and investments, as of June 30, 2025, consist of the following:

Cash on Hand	\$ 9,100
Deposits with Financial Institutions	5,334,422
Cash with Trustee	611,076,652
Total Cash	<u>616,420,174</u>
Investments	1,240,879,965
Total Investments	<u>1,240,879,965</u>
Total Cash and Investments	<u><u>\$ 1,857,300,139</u></u>

Cash and investments, as of December 31, 2024, for the Pension Trust Funds consist of the following:

Cash - Pension Trust Funds	\$ 168,408
Investments - Pension Trust Funds	29,181,719
Total Cash and Investments	<u><u>\$ 29,350,127</u></u>

Separately issued financial statements are available for the Defined Benefit Pension Plan and Defined Contribution Pension Plan. These statements are available at the City's website, www.cityofirvine.org.

Investments Authorized By the California Government Code and the City of Irvine's Investment Policy

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also addresses interest rate risk, credit risk and concentration of credit risk by virtue of the limitations imposed by the California Government Code (or the City's investment policy, where more restrictive).

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investments Authorized By the California Government Code and the City of Irvine's Investment Policy (Continued)

Authorized Investment Type	Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasuries	5 Years	None	None
U.S. Government Sponsored Enterprise Securities	5 Years	None	None
Bankers' Acceptances	180 Days	40%	5%
Commercial Paper	270 Days	40%	5%
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
Municipal Bonds	5 Years	None	None
Corporate Medium Term Notes	5 Years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Supranationals	5 Years	30%	None
Mortgage Pass-Through and Asset Backed Securities	5 Years	20%	None
JPA Managed Pools	N/A	None	N/A
Negotiable Certificates of Deposit	5 Years	30%	None

Investments Authorized by Bond Indentures

Investments of debt proceeds held by trustees are governed by provisions of the bond indentures rather than the general provisions of the California Government Code or the City's investment policy. The City's investment policy is designed to meet the objectives of safety, liquidity, and yield.

Investment Authorized by Pension and Employee Benefit Trust Funds

Defined Benefit Pension Plan

Investments in the Plan are administered by the City's Defined Benefit Pension Plan Trustee and are subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Benefit Pension Plan are included in the basic financial statements as of December 31, 2024. The fair values of the Plan investments have been determined by the respective unit price provided by the custodian as of December 31, 2024.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment Authorized by Pension and Employee Benefit Trust Funds (Continued)

Defined Contribution Pension Plan

The City's Defined Contribution Pension Plan Committee administers investment options in this Plan, which is subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Contribution Pension Plan are included in the basic financial statements as of December 31, 2024. Investments of the Plan are stated at fair value. The fair value of investments in open-end investment trusts are determined by the funds' quoted share price at December 31, 2024.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the fair value sensitivity of the City's investments (including investments held by trustees) to market interest rate fluctuations is provided in the following table that provides the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Sponsored Enterprise Securities	\$ 232,211,435	\$ 68,297,242	\$ 22,900,417	\$ 141,013,776
Commercial Paper	20,362,151	20,362,151	-	-
U.S. Treasuries	318,058,691	11,993,597	124,196,498	181,868,596
Corporate Medium Term Notes	185,620,387	29,509,929	37,437,530	118,672,928
Mortgage Pass-through and Asset Backed Securities	37,643,254	-	-	37,643,254
Managed Pool Accounts	231,832,641	231,832,641	-	-
Municipal Bonds	57,257,099	40,098,099	2,421,775	14,737,225
Supranationals	135,211,474	44,988,537	27,232,028	62,990,909
Money Market Mutual Funds	22,682,833	22,682,833	-	-
Total	<u>\$ 1,240,879,965</u>	<u>\$ 469,765,029</u>	<u>\$ 214,188,248</u>	<u>\$ 556,926,688</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by trustees) in callable federal agency securities are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2025, is \$25,975,845.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code or the City's investment policy (where more restrictive), and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Not Rated	Rating as of June 30, 2025 - Standard & Poor's				
				AAAm	AAA	AA+	AA	Other
U.S. Government Sponsored								
Enterprise Securities	\$ 232,211,435	N/A	\$ 31,908,186	\$ -	\$ -	\$ 200,303,249	\$ -	\$ -
Commercial Paper	20,362,151	A-1	-	-	-	-	-	20,362,151
U.S. Treasuries	318,058,691	N/A	-	-	-	318,058,691	-	-
Corporate Medium								
Term Notes	185,620,387	A-1	-	-	29,146,323	45,635,583	35,347,235	75,491,246
Mortgage Pass-through and								
Asset Backed Securities	37,643,254	AA	-	-	24,407,291	13,235,963	-	-
Managed Pool Accounts	231,832,641	N/A	-	231,832,641	-	-	-	-
Municipal Bonds	57,257,099	A	5,068,600	-	30,069,199	2,421,775	-	19,697,525
Supranationals	135,211,474	AA	-	-	135,211,474	-	-	-
Money Market Mutual								
Funds	22,682,833	AAAm	-	22,682,833	-	-	-	-
Total	<u>\$ 1,240,879,965</u>		<u>\$ 36,976,786</u>	<u>\$ 254,515,474</u>	<u>\$ 218,834,287</u>	<u>\$ 579,655,261</u>	<u>\$ 35,347,235</u>	<u>\$ 115,550,922</u>

The ratings for the "Other" category above are as follows:

Investment Type	Total	Minimum Legal Rating	Rating as of June 30, 2025 - Standard & Poor's				
			AA-	A	A-	A-1+	A-1
Commercial Paper	\$ 20,362,151	A-1	\$ -	\$ -	\$ -	\$ 10,165,297	\$ 10,196,854
Corporate Medium							
Term Notes	75,491,246	A-1	31,063,245	19,725,162	15,145,172	9,557,667	-
Municipal Bonds	19,697,525	AA	19,697,525	-	-	-	-
Total	<u>\$ 115,550,922</u>		<u>\$ 50,760,770</u>	<u>\$ 19,725,162</u>	<u>\$ 15,145,172</u>	<u>\$ 19,722,964</u>	<u>\$ 10,196,854</u>

Concentration of Credit Risk

The City's investment policy generally limits the amount that can be invested in any obligations of one entity or single security except U.S. Treasuries, U.S. Government Sponsored Enterprise Securities, and Managed Pooled Accounts, which is subject to the maximum permitted by State law. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5 percent or more of the City's investments are as follows:

Issuer	Investment Type	Fair Value
U.S. Treasury	U.S. Treasuries	\$ 318,058,691
California Asset Management Program	California Joint Powers Authority	171,655,357
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	101,786,050

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk (Continued)

The City's fiscal agent investment portfolio is subject to the provisions of the bond indentures. Investments in any one issuer that represent 5 percent or more of the fiscal agent investment portfolio are as follows:

Issuer	Investment Type	Fair Value
U.S. Treasury	U.S. Treasuries	\$ 319,997,541

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments, or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal to at least 110 percent of the total amount deposited by the public agencies. The City's investment policy further limits pledged securities for all City deposits to U.S. Treasury securities with a cost value equal to at least 110 percent of the deposit amount. The City's repurchase agreements must be secured by pledging U.S. Treasury securities and/or U.S. Government Agency securities with a cost value equal to at least 102 percent of the par amount plus accrued interest. All securities owned by the City and a portion of the money market mutual funds are held in safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Investments held by money market mutual funds are registered in the City's name.

Custodial credit risk for deposits and investments held by bond trustees is the risk that the City will not be able to recover the value of its deposit or investment securities that are in the possession of an outside party. All deposits and securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank. As of June 30, 2025, uninsured and uncollateralized deposits held by trustee totaled \$397,264,150.

Inter-Agency Custodial Deposits

The inter-agency custodial deposits are funds which were seized during the course of local law enforcement activities and are held in trust pending a final asset forfeiture hearing by the Orange County District Attorney's Office. At the conclusion of each case, the District Attorney's Office informs the City of the required disposition of the funds, at which time, the City remits the seized amount plus interest as directed.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles consistent with GASB Statement No. 72. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1 – Investments reflect prices based on quoted identical assets in an active market.

Level 2 – Investments reflect prices that are based on identical or similar assets in inactive markets or similar assets in active markets. Inputs other than quotes are observable.

Level 3 – Investments reflect prices based on significant unobservable inputs.

Fair value measurement is based on pricing received from the City's third party investment management company. Investments in money market mutual funds are priced using amortized cost which approximates fair value, with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72 are not subject to the fair value hierarchy. Additionally, the Managed Pool Accounts are not subject to the fair value hierarchy.

The fair value investment as of June 30, 2025, for each investment type:

Investment Type	Amount	Investment Not Measured at Fair Value	Level 1	Level 2	Level 3
U.S. Government Sponsored					
Enterprise Securities	\$ 232,211,435	\$ -	\$ -	\$ 232,211,435	\$ -
Commercial Paper	20,362,151	-	-	20,362,151	-
U.S. Treasuries	318,058,691	-	-	318,058,691	-
Corporate Medium Term Notes	185,620,387	-	-	185,620,387	-
Mortgage Pass-through and					
Asset Backed Securities	37,643,254	-	-	37,643,254	-
Managed Pool Accounts	231,832,641	231,832,641	-	-	-
Municipal Bonds	57,257,099	-	-	57,257,099	-
Supranationals	135,211,474	-	-	135,211,474	-
Money Market Mutual Funds	22,682,833	-	22,682,833	-	-
Total	<u>\$ 1,240,879,965</u>	<u>\$ 231,832,641</u>	<u>\$ 22,682,833</u>	<u>\$ 986,364,491</u>	<u>\$ -</u>

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

The fair value measurement as of December 31, 2024, for each investment type for the Pension Trust Funds

<u>Investment Type</u>	<u>Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 29,164,169	\$ 29,164,169	\$ -	\$ -
Governmental Securities	17,550	-	17,550	-
Total	<u>\$ 29,181,719</u>	<u>\$ 29,164,169</u>	<u>\$ 17,550</u>	<u>\$ -</u>

Restricted Cash

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds from permanent fund contributions totaling \$970,510 at June 30, 2025, were nonspendable or restricted per terms of an agreement between the Irvine Senior Foundation and the City.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 849,470,468	\$ 284,485,770	\$ -	\$ 1,133,956,238
Construction in Progress	65,095,622	170,708,583	28,664,890	207,139,315
Total Capital Assets Not Being Depreciated	914,566,090	455,194,353	28,664,890	1,341,095,553
Capital Assets, Being Depreciated/Amortized:				
Buildings and Systems	228,774,691	13,008,909	-	241,783,600
Improvements Other than Buildings	296,633,015	23,046,760	26,982,790	292,696,985
Machinery and Equipment	21,500,607	635,912	-	22,136,519
Intangible Asset, Right-to-Use	13,928,988	1,800,175	696,660	15,032,503
Infrastructure	2,153,750,203	26,409,418	-	2,180,159,621
Total Capital Assets Being Depreciated/Amortized	2,714,587,504	64,901,174	27,679,450	2,751,809,228
Less Accumulated Depreciation/Amortization for:				
Buildings and Systems	(93,594,713)	(5,889,477)	-	(99,484,190)
Improvements Other than Buildings	(150,921,986)	(17,426,327)	23,385,085	(144,963,228)
Machinery and Equipment	(12,659,190)	(3,469,184)	-	(16,128,374)
Intangible Asset, Right-to-Use	(3,356,676)	(3,076,086)	696,660	(5,736,102)
Infrastructure	(1,371,684,207)	(61,266,228)	-	(1,432,950,435)
Total Accumulated Depreciation/Amortization	(1,632,216,772)	(91,127,302)	24,081,745	(1,699,262,329)
Total Capital Assets Being Depreciated/Amortized, Net	1,082,370,732	(26,226,128)	3,597,705	1,052,546,899
Governmental Activities Capital Assets, Net	<u>\$ 1,996,936,822</u>	<u>\$ 428,968,225</u>	<u>\$ 32,262,595</u>	<u>\$ 2,393,642,452</u>

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Museum Collections

The Great Park has acquired airplane collections for the future museum at the Great Park. The requirement to capitalize these collections is waived because the Great Park collections are held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to the City's policy requiring the proceeds from sales of collection items be used to acquire other items for collections.

Depreciation and amortization expense was charged to City functions/programs as follows:

General Government	\$ 9,851,243
Public Safety	14,326
Public Works and Sustainability	14,613,720
Community and Library Services	479,783
Internal Service Funds Depreciation - Charged to	
Programs Based on Asset Usage	4,502,002
Allocated Depreciation/Amortization	29,461,074
Unallocated Infrastructure Depreciation/Amortization	61,666,228
Total Depreciation/Amortization Expense - Governmental	
Activities	<u>\$ 91,127,302</u>

Construction Commitments

The City has active construction projects as of June 30, 2025. The projects include signals, streets and drainage, bridges, parks, trails, landscape and facilities. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Great Park	Community	Park	North Irvine	Other	Total
	Development	Facilities	Development	Transportation	Governmental	Remaining
		Districts		Mitigation	Funds	Commitment
Streets and Drainage	\$ -	\$ 38,417,257	\$ -	\$ 1,202,313	\$ 8,012,724	\$ 47,632,294
Facilities	12,749,507	1,491,891	22,763,991	-	-	37,005,389
Bridges	-	-	-	-	28,518,581	28,518,581
Trails	-	-	8,841,890	-	41,058	8,882,948
Traffic Signal Projects	-	-	-	-	1,063,740	1,063,740
Parks	-	23,732,207	470,560	-	-	24,202,767
Landscape and Streetscape	266,032	-	385,190	-	123,529	774,751
Total	<u>\$ 13,015,539</u>	<u>\$ 63,641,355</u>	<u>\$ 32,461,631</u>	<u>\$ 1,202,313</u>	<u>\$ 37,759,632</u>	<u>\$148,080,470</u>

Special assessment bonds that will be repaid by the benefiting property owners are financing the special assessment commitments. A mixture of outside federal and state grants supplemented by City funding finances the other commitments. City funding includes General Fund transfers, Gas Tax, and County Sales Tax – Measure M funding as well as various types of development fees.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Construction Commitments (Continued)

In September 2006, the City Council approved a development agreement for Planning Area (PA) 39, Los Olivos. The associated Master Affordable Housing Plan (MAHP) with the Irvine Company was also implemented at that time and revised in July 2022 in association with a new development agreement for PA 39. The MAHP includes a provision that, over multiple years, 17 acres of land will be conveyed to the City for affordable housing. On November 22, 2022, an Amended and Restated MAHP was approved that identified four acres in Planning Area 40, Cypress Village, that would satisfy the PA 39 affordable housing requirement. As of June 30, 2025, the City has received approximately 10 of the 17 acres, and has received an irrevocable offer of dedication for the four acres in Planning Area 40, Cypress Village, which, subject to City's actual acceptance of that site, conditionally satisfies the requirement that Irvine Company convey four acres. The MAHP requires the additional three acres of land for affordable housing to be conveyed by December 31, 2026.

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2025, was as follows:

Interfund Transfers:

	Transfers In							Total
	Great Park	Grants	Great Park Development	Park Development	Gateway Preserve CIP	Other Governmental Funds	Internal Service Funds	
Transfers Out:								
General Fund	\$ -	\$ 487,533	\$ -	\$ 8,305,131	\$ -	\$ 17,142,031	\$ 4,287,240	\$ 30,221,935
Great Park	-	-	12,641,551	-	-	304,131	-	12,945,682
Grants	-	-	-	54,993	-	-	-	54,993
Great Park Development	-	-	-	-	-	282,284	-	282,284
Community Facilities Districts	9,444,072	-	-	-	-	-	-	9,444,072
Other Governmental Funds	-	-	136,787	8,704,248	285,830,377	18,336,879	-	313,008,291
Total	<u>\$ 9,444,072</u>	<u>\$ 487,533</u>	<u>\$ 12,778,338</u>	<u>\$ 17,064,372</u>	<u>\$ 285,830,377</u>	<u>\$ 36,065,325</u>	<u>\$ 4,287,240</u>	<u>\$ 365,957,257</u>

Transfers provided funding for the payment of debt, development of capital projects, as well as capital acquisitions. Many of the City's capital projects are funded through the collection of special taxes, fees, and grants which are recorded in special revenue funds and transferred to the capital project once expenditures transpire. In addition, transfers are used to move revenues from the fund that statute or budget requires to collect it, to the fund that statute or budget requires to expend it, and the use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Leases

Lease Receivables

The City, as a lessor, has entered into long-term noncancelable lease agreements for farming, retail space, facilities, and cell sites, which expire at various dates through 2088. During the year ended June 30, 2025, the City recognized \$1,588,097 and \$670,634 in lease revenue and interest revenue, respectively, pursuant to these contracts. The future minimum lease receipts to be received from the aforementioned leases is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,307,980	\$ 633,732
2027	1,318,409	596,678
2028	1,360,914	558,303
2029	734,184	535,073
2030	734,933	521,240
2031 - 2035	1,818,651	2,457,004
2036 - 2040	747,406	2,313,357
2041 - 2045	528,128	2,221,872
2046 - 2050	634,924	2,115,076
2051 - 2055	763,316	1,986,684
2056 - 2060	917,671	1,832,329
2061 - 2065	1,103,240	1,646,760
2066 - 2070	1,326,333	1,423,667
2071 - 2075	1,594,540	1,155,460
2076 - 2080	1,916,983	833,017
2081 - 2085	2,304,628	445,372
2086 - 2089	1,047,450	52,550
Total	<u>\$ 20,159,689</u>	<u>\$ 21,328,174</u>

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Changes in Long-Term Liabilities

For the fiscal year ended June 30, 2025, changes in long-term liabilities are as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Long-Term	Due Within One Year
Lease Revenue Bond:						
Series 2023 A	\$ 326,280,000	\$ -	\$ -	\$ 326,280,000	\$ 326,280,000	\$ -
Unamortized Issuance Premiums	7,053,240	-	380,087	6,673,153	6,673,153	-
Total Lease Revenue Bond	333,333,240	-	380,087	332,953,153	332,953,153	-
Other Debt:						
Compensated Absences	22,822,935	4,794,071 (1)	-	27,617,006	18,995,929	8,621,077
Claims Payable	23,702,251	6,396,819	5,708,629	24,390,441	14,940,069	9,450,372
Subscription Liability	10,166,604	1,800,176	3,113,337	8,853,443	6,836,351	2,017,092
Contract Capital Payable	50,565	-	20,405	30,160	8,893	21,267
Total Other Debt	56,742,355	12,991,066	8,842,371	60,891,050	40,781,242	20,109,808
Total Long-Term Liabilities	\$ 390,075,595	\$ 12,991,066	\$ 9,222,458	\$ 393,844,203	\$ 373,734,395	\$ 20,109,808

(1) Presented as net change.

Lease Revenue Bonds Payable

The Irvine Facilities Financing Authority issued \$326,280,000 of Lease Revenue Bonds, Series 2023A on June 14, 2023. These bonds were issued for the purpose of financing the acquisition and permanent closure of an asphalt plant located in northern Irvine. The repayment of these bonds is secured by approximately 71 acres of residential developable land in northern Irvine.

The bonds contain a fixed interest rate from 4.25 percent to 5.25 percent with maturity dates ranging from May 1, 2027, through May 1, 2053, per a prescribed redemption schedule of annual principal and semi-annual interest payments. These bonds were issued with a premium of \$7,387,928.

Annual debt service requirements to maturity for the lease revenue bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 15,928,000	\$ 15,928,000
2027	5,925,000	15,928,000	21,853,000
2028	6,220,000	15,631,750	21,851,750
2029	6,530,000	15,320,750	21,850,750
2030	6,860,000	14,994,250	21,854,250
2031 - 2035	39,790,000	69,471,500	109,261,500
2036 - 2040	50,815,000	58,451,150	109,266,150
2041 - 2045	65,445,000	43,811,238	109,256,238
2046 - 2050	84,345,000	24,908,875	109,253,875
2051 - 2054	60,350,000	5,200,938	65,550,938
Subtotal	326,280,000	\$ 279,646,450	\$ 605,926,450
Add: Unamortized Insurance Premiums	6,673,153		
Total	\$ 332,953,153		

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Changes in Long-Term Liabilities (Continued)

Subscription-Based Information Technology Arrangements

The City has entered into subscription-based information technology arrangements (SBITAs), included in subscription liability. The SBITA arrangements expire at various dates through 2040 and provide for renewal options. The subscription-based information technology agreements consist of licensing for the right to use various desktop software and software as a service solution. As of June 30, 2025, SBITA assets and the related accumulated amortization totaled \$15,032,503 and \$5,736,102, respectively.

The future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,017,092	\$ 274,513	\$ 2,291,605
2027	1,248,328	223,613	1,471,941
2028	1,128,128	177,351	1,305,478
2029	993,618	138,234	1,131,852
2030	609,916	111,289	721,205
2031 - 2035	2,843,965	180,780	3,024,745
2036 - 2040	12,396	114	12,510
Total	<u>\$ 8,853,443</u>	<u>\$ 1,105,894</u>	<u>\$ 9,959,337</u>

Contract Capital Payable

The City has entered into a contract agreement for Public Safety equipment at a cost of \$100,283. The interest rate on the contract is 4.14 percent and the term is four years. Future minimum contract payments relating to the Public Safety equipment are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,267	\$ 1,274	\$ 22,541
2027	8,893	344	9,237
Total	<u>\$ 30,160</u>	<u>\$ 1,618</u>	<u>\$ 31,778</u>

F. Special Assessment Debt with No City Commitment

The City has issued assessment district and community facilities district bonds on behalf of the property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, respectively, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City acts solely as an agent for those paying special assessments and special taxes and remits the amounts collected to the bondholders of these variable and fixed rate Improvement Bond Act of 1915 and Mello-Roos Community Facilities Act of 1982 issues. The City is acting as an agent and is in no way liable for the assessment district and community facilities district debt.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Special Assessment Debt with No City Commitment (Continued)

The obligation of the City under the assessment district and community facilities district bonds are not general obligations of the City but are limited obligations, payable solely from special assessments and special taxes. The City has no obligation beyond the balances in the designated custodial funds for any delinquent assessment and community facilities district bond payments. If delinquencies occur beyond the amounts held in the reserve funds that are created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit or the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

Noncommittal debt amounts issued and outstanding at June 30, 2025, are as follows:

Variable Rate Issues		Bonds Issued	Bonds Outstanding
07-22	Stonegate	\$ 40,000,000	\$ 7,551,000
05-21	Orchard Hills	79,265,000	11,476,000
04-20	Portola Springs	78,605,000	4,536,000
03-19	Woodbury	121,600,000	42,517,000
00-18	Shady Canyon/Turtle Ridge/Quail Hill	84,800,000	8,683,000
85-7	Irvine Spectrum 1, 3, and 4	41,150,000	18,922,000
93-14	Irvine Spectrum 6 and 7	72,400,000	54,537,000
Total Variable Rate Issues		517,820,000	148,222,000
Fixed Rate Issues			
04-20	Portola Springs 2017	30,200,000	25,601,000
04-20	Portola Springs 2019	40,490,000	37,425,000
05-21	Orchard Hills 2014	74,860,000	60,334,000
05-21	Orchard Hills 2017	19,500,000	17,355,000
05-21	Orchard Hills 2018	27,995,000	25,745,000
05-21	Orchard Hills 2025	24,210,000	24,210,000
13-25	Eastwood	34,430,000	26,337,000
12-1	Reassessment District	126,220,000	13,990,000
15-1	Reassessment District	47,360,000	9,060,000
19-1	Reassessment District	48,860,000	42,725,000
21-1	Reassessment District	44,165,000	38,300,000
24-1	Reassessment District	19,350,000	19,350,000
25-1	Reassessment District	27,205,000	27,205,000
CFD 2004-1	Central Park	18,510,000	15,270,000
CFD 2005-2	Columbus Grove	16,975,000	10,415,000
CFD 2013-3	Great Park 2016	135,835,000	128,630,000
CFD 2013-3	Great Park 2018	72,420,000	71,255,000
Irvine Facilities Financing Authority	CFD 2013-3 Great Park 2023	446,707,000	446,707,000
CFD 2013-3	Great Park 2023	102,690,000	102,690,000
CFD 2013-3	Great Park 2024	81,998,000	81,998,000
Total Fixed Rate Issues		1,439,980,000	1,224,602,000
Total All Issues		<u>\$ 1,957,800,000</u>	<u>\$ 1,372,824,000</u>

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Balance Classifications

Fund balances in the governmental funds at June 30, 2025 have been classified as follows:

	General	Great Park	Grants	Great Park Development	Community Facilities Districts	Park Development	Gateway Preserve CIP	North Irvine Transportation Mitigation	Other Governmental Funds	Total Governmental Funds
Nonspendable:										
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501,288	\$ 501,288
Prepaid Expenditures	95,979	191,428	-	-	-	-	-	-	-	287,407
Subtotal	95,979	191,428	-	-	-	-	-	-	501,288	788,695
Restricted for:										
Streets, Roads, and Facilities	-	-	-	-	392,931,207	-	-	-	31,902,304	424,833,511
Park and Public Park Facilities	-	284,682,388	213,909	-	-	19,067,734	-	-	149,629,568	453,593,599
Circulation Improvement	-	-	-	-	-	-	-	186,815,083	161,956,824	348,771,907
Community Services Activities	-	-	10,366	-	-	-	-	-	1,782,566	1,792,932
Animal Care Activities	-	-	3,908,395	-	-	-	-	-	-	3,908,395
Affordable Housing Activities	-	-	1,404,905	-	-	-	-	-	4,936,258	6,341,163
Air Quality Improvement Activities	-	-	-	-	-	-	-	-	646,618	646,618
Public Safety Programs	-	-	1,739,058	-	-	-	-	-	139,224	1,878,282
ADA Access Activities	-	-	-	-	-	-	-	-	243,978	243,978
Public Education	-	-	-	-	-	-	-	-	2,365,601	2,365,601
Senior Nutrition Programs and Activities	-	-	547,633	-	-	-	-	-	472,685	1,020,318
Open Space Maintenance	-	-	11,250	-	-	-	-	-	-	11,250
Recycling Programs	-	-	230,912	-	-	-	-	-	-	230,912
Subtotal	-	284,682,388	8,066,428	-	392,931,207	19,067,734	-	186,815,083	354,075,628	1,245,638,466
Committed to:										
Streets, Roads, and Facilities	-	-	-	-	-	-	-	-	31,864,593	31,864,593
Circulation Improvements	-	-	-	-	-	-	-	-	18,616,881	18,616,881
Contingency Reserve	66,190,110	-	-	-	-	-	-	-	-	66,190,110
Public Facilities Improvements	-	-	-	-	-	-	-	-	9,314,887	9,314,887
Public Safety Services	-	-	-	-	-	-	-	-	660,780	660,780
Lighting, Landscape, and Park Maintenance	-	-	-	-	-	-	-	-	5,502,073	5,502,073
Subtotal	66,190,110	-	-	-	-	-	-	-	65,959,214	132,149,324
Assigned to:										
Capital Improvement Projects	-	-	-	-	-	-	-	-	2,051,107	2,051,107
Great Park Development and Operations	-	-	-	12,631,638	-	-	-	-	-	12,631,638
Community Services Activities	14,627,803	-	-	-	-	-	-	-	-	14,627,803
Compensated Absences	6,659,330	-	-	-	-	-	-	-	-	6,659,330
Debt Service	-	-	-	-	-	-	-	-	22,716,761	22,716,761
Development Activities	12,059,680	-	-	-	-	-	-	-	-	12,059,680
Education	2,386,210	-	-	-	-	-	-	-	-	2,386,210
Infrastructure and Rehabilitation	123,467,625	-	-	-	-	-	-	-	-	123,467,625
Other Programs and Activities	181,301	-	-	-	-	-	-	-	-	181,301
Subtotal	159,381,949	-	-	12,631,638	-	-	-	-	24,767,868	196,781,455
Unassigned	3,012,996	-	(257,286)	-	-	-	(601,941)	-	(1,597,491)	556,278
Total	<u>\$ 228,681,034</u>	<u>\$ 284,873,816</u>	<u>\$ 7,809,142</u>	<u>\$ 12,631,638</u>	<u>\$ 392,931,207</u>	<u>\$ 19,067,734</u>	<u>\$ (601,941)</u>	<u>\$ 186,815,083</u>	<u>\$ 443,706,505</u>	<u>\$ 1,575,914,218</u>

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court (Court) upheld Assembly Bill 1 X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the state of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the successor agency (Successor Agency) to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Council Resolution number 12-10.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the state of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor Agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the state of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

During fiscal year 2024-2025 the Successor Agency fulfilled its enforceable obligations and in accordance with the Bill the City has now closed the Private-Purpose Trust Funds associated with the Successor Agency.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION

A. Risk Management

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automobile and general liability risks. Excess liability coverage above \$500,000 per occurrence and a \$3,000,000 aggregate is provided through a risk-sharing pool, the California Insurance Pool Authority (CIPA). CIPA also purchases excess liability coverage up to a \$45,000,000 aggregate per member, per occurrence. Excess workers' compensation coverage above \$500,000 per occurrence and up to statutory requirements is provided through CIPA. Property risk is financed through insurance contracts and has various limits and deductibles.

The City is a member of CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with 13 other cities from Orange, Los Angeles, San Bernardino, and San Diego Counties. Premiums paid during the fiscal year ended June 30, 2025, were \$6,036,498. CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels. The pool is managed by an independent general manager and contracted legal advisers. Three internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel and electing subcommittee members.

The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years, and there were no reductions in the City's coverage during the fiscal year ended June 30, 2025. The City, did settle claims during the fiscal year which were from several decades ago. These claims were paid from the City's insurance fund since the insurance carrier from that time-period is no longer solvent. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2025, \$24,390,441 had been accrued for general liability and workers' compensation claims in the fund. This amount represents the estimated outstanding losses including case reserves, the development on known claims and incurred but not reported claims based upon past experience, modified for current trends and information, including all claims adjustment expenses. The liabilities included in the self-insurance fund are based on the results of an actuarial review performed during the 2024-25 fiscal year. It is the City's policy to assess its risk exposure periodically.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Changes in the aggregate liability for claims since July 1, 2023, resulted in the following:

	Workers' Compensation	General Liability	Total
Liability Balance - July 1, 2023	\$ 17,663,892	\$ 4,631,506	\$ 22,295,398
Changes in Estimates	7,495,399	3,606,455	11,101,854
Claim Payments During 2023 - 2024	<u>(4,437,508)</u>	<u>(5,257,493)</u>	<u>(9,695,001)</u>
Liability Balance - June 30, 2024	20,721,783	2,980,468	23,702,251
Changes in Estimates	4,462,858	1,926,497	6,389,355
Claim Payments During 2024 - 2025	<u>(4,830,279)</u>	<u>(870,886)</u>	<u>(5,701,165)</u>
Liability Balance - June 30, 2025	<u><u>\$ 20,354,362</u></u>	<u><u>\$ 4,036,079</u></u>	<u><u>\$ 24,390,441</u></u>

B. Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant and plaintiff in several pending lawsuits arising out of matters incidental to the operation of the City. Although the outcome of these lawsuits cannot be determined at present, management estimates that any potential claims against the City not covered by insurance resulting from such litigation will not materially affect the City's financial condition.

C. Other Postemployment Benefits

Voluntary Employees' Beneficiary Association

Plan Description

The Voluntary Employees' Beneficiary Association (VEBA) known as "Medical Expense Reimbursement Plan of the Irvine Employees Benefit Trust" is a defined contribution welfare benefit plan. The Plan provides health insurance premium and medical expense reimbursement benefits to retirees. The Plan was established by the Irvine Police Association (IPA), and later joined by the Irvine City Employees Association (ICEA) and Association of Supervisory and Administrative Personnel (ASAP). Separate accounts are maintained under the trust agreement for the three member groups but the amounts administered are pooled within each employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums and eligible expenses under the plan in an amount to be determined by the Board of Trustees, from time to time, based on years of service. Eligibility requires five years of active service and five years of mandatory contributions to the plan. The Plan is administered by Vimly Benefit Solutions under the provisions of IRS Code Section 501(c)(9).

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Voluntary Employees' Beneficiary Association (Continued)

Funding Policy

Participants and the City are required to contribute to the plan at a percentage of base pay per the various employee associations' Memorandum of Understanding (MOU). The contribution requirements of plan members and the City are established and may be amended by the MOU with the various employee associations. For the year ended June 30, 2025, employer contributions were \$4,655,877 and participant contributions were \$401,533. Copies of the MOUs may be obtained from City Hall.

Retirement Health Savings

Plan Description

The City provides postretirement medical benefits to management, Irvine Professional Employees Association (IPEA), and nonrepresented employees in the form of contributions to a defined contribution Retiree Health Savings Plan (RHS). Employer contribution rates to the Plan are determined by negotiation between the City and the employee association and detailed along with other wage and benefit issues in MOU between those entities. Copies of the MOU may be obtained from City Hall.

Funding Policy

The City is required to contribute 2 percent or 3 percent of base salary depending on the employee association's MOU. For the year ended June 30, 2025, the City contributed \$486,029 to the RHS plan. The Plan is administered by Mission Square.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Other Post Employment Benefits (OPEB)

Plan Description

The City administers a single employer defined benefit health care plan. The Plan provides retirees the ability to purchase healthcare insurance benefits through the City's group health insurance plans, which cover both active and retired employees. This benefit coverage is determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the MOUs may be obtained from City Hall. Employees who retire directly from the City and obtain the following are eligible to continue medical coverage as a participant with active employees at a blended premium rate, as an implied subsidy:

Employee Group

Miscellaneous (Non-Sworn)	Either attain the age of 60 years or is 50 years or older and has completed five years of service with the City.
Sworn	Has completed 15 years of service with the City or 10 years of service and has reached the age of at least 50 years, or who has been medically retired at any age.

This Plan does not accumulate assets and only provides the employees that retire an implied subsidy.

Employees Covered

As of June 30, 2025, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active Employee	950
Inactive Employees or Beneficiaries Currently Receiving Benefits	111
Total	<u>1061</u>

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Implied Subsidy

The OPEB Plan and its contribution requirements are established by MOU with the applicable employee associations and may be amended by negotiation between the City and the associations. The retired plan members receiving benefits makes contributions at the premium rates identical to those charged for the City's active employees. While the City does not directly contribute towards the cost of the premium, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implied subsidy." The implied subsidy is considered to be another postemployment benefit of the City. For the year ended June 30, 2025, the City's contribution (implicit subsidy) was \$562,421.

OPEB Liability

The City's total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation dated July 1, 2024. The total OPEB liability was based on the following actuarial methods and assumptions:

Discount Rate	5.20%
Salary Increases	3.00%
Inflation Rate	2.50%
Mortality Rate	(1)
Healthcare Cost Trend Rate	(2)

- (1) Pre-retirement mortality rates for Miscellaneous (Non-Sworn) were based on the Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019) and the Sworn rates were based on the Preretirement Mortality Rates for Public Agency Police from CalPERS Experience Study (2000-2019). Postretirement mortality rates for Miscellaneous (Non-Sworn) were based on the Postretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019) and the Sworn rates were based on the Postretirement Mortality Rates for Public Agency Police from CalPERS Experience Study (2000-2019).
- (2) 7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent 2075 and later years; Medicare ages: 4.50 percent for 2025-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20 percent. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investment – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

Based on the requirements of GASB 75, the City is using the Bond Buyer 20-year General Obligation.

Changes in the Total OPEB Liability

The following table displays the changes in the total OPEB liability recognized over the measurement period:

	Total OPEB Liability
Balance - June 30, 2024	\$ 9,196,426
Changes for the Year:	
Service Cost	586,188
Interest Expense	421,122
Change of Assumptions	(661,455)
Differences Between Expected and Actual Experience	683,509
Benefit Payments	(562,421)
Net Change	466,943
Balance - June 30, 2025	<u>\$ 9,663,369</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City as the measurement date, calculated using the discount rate of 5.20 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.20 percent) or 1 percentage-point higher (6.20 percent) than the current rate:

	Discount Rate -1% 4.20%	Current Discount Rate 5.20%	Discount Rate +1% 6.20%
Total OPEB Liability	\$ 10,435,630	\$ 9,663,369	\$ 8,972,504

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trends rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 8,559,053	\$ 9,663,369	\$ 10,976,395

Recognition of Deferred Outflows and Deferred Inflow of Resources

Gains and losses related to changes in the total OPEB liability and fiduciary total position are recognized in OPEB expense systematically overtime.

The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The amortization period is a closed period equal to the average of the expected remaining service lives of all employees provided with OPEB.

OPEB Expense and Deferred Outflows and Deferred Inflow of Resources Related to OPEB

As of the start of the measurement period (July 1, 2024), the total OPEB liability was \$9,196,426. For the measurement period ending June 30, 2025 (the measurement date), the City incurred a OPEB expense of \$1,052,131 for the plan.

As of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,334,342	\$ -
Change in Assumptions	151,228	1,616,253
Total	<u>\$ 1,485,570</u>	<u>\$ 1,616,253</u>

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflow of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to the OPEB liability will be recognized in future OPEB expense as follows:

<u>Measurement Period Ending June 30,</u>	Deferred Outflows/ (Inflows) of Resources
2026	\$ (5,448)
2027	(62,994)
2028	(121,349)
2029	16,584
2030	16,584
Thereafter	25,940

D. Employee Retirement Systems and Pension Plans

The following is a summary of pension related items for the year ended June 30, 2025:

	<u>Governmental Activities</u>
Deferred Outflow of Resources:	
Defined Benefit Pension Plan	\$ 1,654,060
CalPERS Sworn Plan	38,865,390
CalPERS Miscellaneous Plan	43,709,151
Total Deferred Outflow of Resources	<u>\$ 84,228,601</u>
Deferred Inflow of Resources:	
Defined Benefit Pension Plan	\$ -
CalPERS Sworn Plan	2,749,884
CalPERS Miscellaneous Plan	692,488
Total Deferred Inflow of Resources	<u>\$ 3,442,372</u>

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

	<u>Governmental Activities</u>
Net Pension Liability:	
Defined Benefit Pension Plan	\$ 5,211,943
CalPERS Sworn Plan	75,143,308
CalPERS Miscellaneous Plan	101,796,029
Total Net Pension Liability	<u><u>\$ 182,151,280</u></u>
Pension Expense (Income):	
Defined Benefit Pension Plan	\$ 1,040,756
CalPERS Sworn Plan	20,238,871
CalPERS Miscellaneous Plan	25,857,217
Total Net Pension Expense	<u><u>\$ 47,136,844</u></u>

Pension liabilities are liquidated from the related employees' home fund with the majority funded from the General Fund.

City of Irvine Defined Benefit Pension Plan

Plan Description

Prior to February 2, 2002, the City provided pension benefits for all of its sworn employees through the City of Irvine Defined Benefit Pension Plan. The City of Irvine Defined Benefit Pension Plan is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the provisions of the Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, January 1, 2004, and January 1, 2012.

On February 2, 2002, the City contracted with the California Public Employees' Retirement System (CalPERS) to provide retirement benefits for sworn employees. The Plan is closed to new participants. An actuarial valuation is performed annually to determine the actuarial implication of the Plan's funding policy. The last actuarial valuation date was January 1, 2025. The City issues a publicly available financial report that includes financial statements and required supplementary information for the City of Irvine Defined Benefit Pension Plan.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Benefit Pension Plan (Continued)

Benefit Provided

The City Defined Benefit Pension Plan provides retirement, annual cost of living adjustment, death and disability benefits to certain sworn employees. Benefits are based on years of credited service, equal to one year of full-time employment. The Plan's provisions and benefits in effect at:

<u>Hire Date</u>	<u>Prior to February 2, 2002</u>
Benefit formula	2.50% at 50
Benefit vesting schedule	10 years of services
Benefit payments	Monthly for life
Retirement age	50 – 55
Monthly benefits, as a percentage of eligible compensation	2.50% to 3.00%

Employees Covered

At December 31, 2024 (measurement date), the following employees were covered by the benefit terms for the Plan.

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	32
Active Employees	<u>2</u>
Total	<u><u>34</u></u>

Contribution Description

The City of Irvine Defined Benefit Pension Plan as restated January 1, 2012, Section 9 states the employer shall regularly make contribution under the Plan which, together with the assets held in the Trust Fund, will be adequate to finance the Plan's benefits on an actuarial basis consistent with the funding policy adopted for the Plan by the Administrator. The total plan contributions are determined through an annual actuarial process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employee. The fiscal year 2024-25, employer contribution rates were as follows:

	<u>Normal Cost</u>	<u>Unfunded Liabilities</u>
July 1 to December 31, 2024	40.40%	195.37%
January 1 to June 30, 2024	33.46%	198.05%

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Benefit Pension Plan (Continued)

Contribution Description (Continued)

Employees covered under the Plan contributed 12 percent of pensionable-base compensation. For the fiscal year ended June 30, 2025, the City made contributions of \$594,717.

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of December 31, 2024, using an annual actuarial valuation as of January 1, 2025. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the January 1, 2025, actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	January 1, 2025
Measurement Date	December 31, 2024
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	5.00%
Inflation	3.00%
Salary Increases	5.00%
Mortality	RP-2014 Blue Collar Table with Improvement Scale MP-2021
Postretirement Benefit Increase	2.00%

Asset Allocation

The asset allocation policy developed herein is based on an evaluation of the Plan's ability to assume modest investment risk in light of its financial and benefit-related goals and objectives, the Plan's liability structure, and the few remaining active participants after the implementation of CalPERS pension alternative.

The Plan's cash flow needs can vary significantly based on the anticipated number of elections for lump-sum payments versus annuity payments, as well as the number and amount of disability benefits being paid. The Trustees recognize that it is difficult to currently assess these variables and that each can have significant impact on liabilities that will need to be paid.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Benefit Pension Plan (Continued)

Asset Allocation (Continued)

The Trustees, for purposes of range setting this policy, have determined that all Plan assets will be invested in accordance with the following investment guidelines:

<u>Investment Type</u>	<u>Target Allocation</u>
Fixed Income	60% - 80%
Domestic Equity	5% - 25%
Foreign Equity	0% - 20%
Real Estate	0% - 15%

* To accommodate the payment of withdrawals and benefits.

- The target balance of investments is expected, over a market cycle of four to six years, to provide a return in the range of 4 percent to 6 percent.
- The Trustees believe these guidelines to be appropriate in view of liabilities and the current market/economic environment. While these guidelines are meant to be long term in nature, they will be changed when warranted by further reviews of these conditions.
- The Trustees acknowledge that guidelines will be further defined as managers or funds are reviewed and/or selected and provided instruction.

Change in Assumptions

During the measurement period ended December 31, 2024, there were no changes to the assumptions.

Discount Rate

The discount rate for funding purposes is 5 percent. Paragraph 43 of GASB Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The City's current contribution policy requires the City to contribute the normal cost plus the ten year closed amortization of the unfunded liabilities as of January 1, 2019 plus the 20 year closed amortization of additional unfunded liabilities in each future year in the fiscal year following the annual valuation. The unfunded liability as a percent of actuarial asset values as of January 1, 2025 was 19.9 percent. Based on actuarial theory if the actuarial assumptions are met, the plan's fiduciary net position will remain positive.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance - December 31, 2023	\$ 23,667,876	\$ 18,730,434	\$ 4,937,442
Changes for the Year:			
Service Cost	123,838	-	123,838
Interest Expense	1,152,795	-	1,152,795
Differences Between Expected and Actual Experience	247,498	-	247,498
Contributions - Employer	-	594,717	(594,717)
Contributions - Employees	-	37,597	(37,597)
Net Investment Income	-	621,478	(621,478)
Benefit Payments, Including Refunds of Employee Contributions	(1,489,797)	(1,489,797)	-
Administrative Expenses	-	(4,162)	4,162
Net Change	34,334	(240,167)	274,501
Balance - December 31, 2024	\$ 23,702,210	\$ 18,490,267	\$ 5,211,943

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 5.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.00 percent) or 1 percentage-point higher (6.00 percent) than the current rate:

	Discount Rate -1% 4.00%	Current Discount Rate 5.00%	Discount Rate +1% 6.00%
Plan's Net Pension Liability	\$ 7,753,928	\$ 5,211,943	\$ 3,060,043

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Benefit Pension Plan (Continued)

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings 5 year straight-line amortization

All other amounts Amortization over the average remaining service period of actives and inactive (one year of future service is assumed for inactive for this calculation).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (January 1, 2024), the net pension liability was \$4,937,442. For the measurement period ending December 31, 2024 (the measurement date), the City incurred a pension expense of \$1,040,756 for the Plan.

As of December 31, 2024, the City has deferred outflows and deferred inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made After the Measurement Date	\$ 323,804	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,330,256	-
Total	<u>\$ 1,654,060</u>	<u>\$ -</u>

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

The \$323,804 reported as deferred outflow of resources related to the contribution made after the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ending December 31,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ 715,105
2027	692,311
2028	(135,913)
2029	58,753
2030	-
Thereafter	-

City of Irvine Defined Contribution Pension Plan

Plan Description

The City provides pension benefits through the City of Irvine Defined Contribution Pension Plan for those full-time non-sworn employees who elected not to participate in CalPERS in 2003. The City is responsible for the administration of the Plan with the City Council having the authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earnings. Until July 2004, non-sworn full-time employees were eligible to participate from the date of employment; however, the Plan is closed to new participants. Employer and employee contribution rates to the Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the annual financial report and MOUs may be obtained from City Hall.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Contribution Pension Plan (Continued)

Funding Policy

Effective July 1, 2003, eligible participants were required to contribute 4 percent of their base compensation into the Plan and the City's contributions were 15 percent of participants' basic compensation. Effective August 10, 2012, pursuant to agreements with the City's employee associations, the City contributes 12.448 percent of the participants' base compensation, and eligible participants contributes 6.552 percent of their base compensation into the plan. Plan participants have the right to 100 percent of contributions made on their behalf and related earnings upon their death, permanent and total disability or upon attainment of normal retirement age, 59.5 under the Plan. If employment terminates prior to normal retirement age for reasons other than death, or permanent and total disability, the participant will achieve 50 percent vesting upon successful completion of a six-month probationary period or 55 percent vesting upon successful completion of a one-year probationary period. Following the probationary period, the participant will retain 5 percent vesting for each plan year in which the participant attains 1,000 hours of the credited service until the completion of the fifth year when full vesting will occur.

At December 31, 2024, the Plan had 40 members, consisting of 4 active members, and 36 terminated members. All 40 members are fully vested in the Plan. Total Plan assets were \$10,891,350. Effective April 1996, the Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1 percent increments among investment options with the third party administrator, Principal.

Employer contributions to the Plan during the fiscal year ended December 31, 2024 were \$76,518 and participant contributions were \$40,275. For additional details concerning the transition to CalPERS, see the note below related to miscellaneous (non-sworn) employees.

City of Irvine Defined Contribution Pension Plan – 401a

Plan Description

The City provides a pension benefit through a 401a Pension Plan for certain full-time employees. The City is responsible for the administration of the Plan with the City Council having the authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earning. Employer contribution rates to the Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the MOUs may be obtained from City Hall. Financial reports are not prepared for this Plan.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

City of Irvine Defined Contribution Pension Plan – 401a (Continued)

Funding Policy

Effective July 1, 2020, the City shall contribute 2 percent or 4 percent of eligible participants' base compensation into the Plan, based on the various employee associations' Memorandum of Understanding. Plan participants have the right to 100 percent of contributions made on their behalf and related earning upon their death, permanent and total disability or upon attainment of normal retirement age.

Annual Pension Cost

Employer contributions to the Plan as of June 30, 2025, were \$2,168,786.

CalPERS Defined Benefit Pension Plan

Plan Description

The City provides pension benefits to eligible full-time and extended part-time employees not already in the City's Defined Benefit Pension Plan for sworn employees or the City's Defined Contribution Pension Plan for miscellaneous (non-sworn) employees. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provision and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information and can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

Sworn Plan		
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.00% at 50	2.70% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50 – 57
Monthly benefits, as a percentage of eligible compensation	3.00%	2.00% to 2.70%

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

Hire Date	Miscellaneous Plan		
	Prior to August 14, 2012	On or After August 14, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.70% at 55	2.00% at 55	2.00% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 – 55	50 – 63	52 – 62
Monthly benefits, as a percentage of eligible compensation	2.00% to 2.70%	1.426% to 2.00%	1.00% to 2.00%

Employees Covered

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms for the Plan:

	Sworn Plan	Miscellaneous Plan
Active Members	236	871
Retired Members and Beneficiaries	174	594
Terminated Members	70	699
Transferred Members	54	440
Total	534	2,604

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the City satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Contribution Description (Continued)

The employer required contribution rates for the sworn and miscellaneous plans for fiscal year 2024-25 were as follows:

	<u>Sworn</u>	<u>Miscellaneous</u>
Normal Cost Rate	25.27%	11.53%
Employer Unfunded Accrued Liability Contribution ⁽¹⁾	16.90%	12.42%
Total	<u>42.17%</u>	<u>23.95%</u>

(1) The Employer Unfunded Accrued Liability Contribution (UAL) amount is either paid monthly or prepaid at the beginning of the fiscal year to CalPERS. The City elected to prepay the UAL of \$5,359,635 and \$8,076,163 for the sworn and miscellaneous plans, respectively.

The employee required contribution rates for the sworn and miscellaneous plans for fiscal year 2024-25 were as follows:

Sworn Plan			
Hire Date	Prior to January 1, 2013	On or After January 1, 2013	
Employee Contribution Rate	9.00%	13.75%	
Miscellaneous Plan			
Hire Date	Prior to August 14, 2012	On or After August 14, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Employee Contribution Rate	8.00%	7.00%	8.00%

For the fiscal year ended June 30, 2025, the City made contributions of \$15,371,748 for the sworn plan and \$18,456,397 for the miscellaneous plan.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Payments for Unfunded Actuarial Accrued Liability

In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. The City has contributed an additional \$25,786,000 in the Sworn Plan and \$37,376,000 in the Miscellaneous Plans. Additional payments may be made in future years, subject to evaluation and discretion of the City Council.

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is provided below.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry age Actuarial Cost Method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies on entry age and duration of service
Mortality ⁽¹⁾	Derived using CalPERS membership data for all funds
Postretirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Change in Assumptions

In fiscal year 2024-25 (measurement date of June 30, 2024) there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of ten Basis points. The expected real rate of return by asset class are as followed:

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return ^(1, 2)
Global Equity – Cap-Weighted	30.00 %	4.54 %
Global Equity – Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

(1) An expected inflation of 2.30 percent used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of each Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Plan's Net Pension Liability			
(Assets):			
Sworn Plan	\$ 140,786,865	\$ 75,143,308	\$ 22,116,134
Miscellaneous Plan	182,671,491	101,796,029	35,258,769
Combined Total	<u>\$ 323,458,356</u>	<u>\$ 176,939,337</u>	<u>\$ 57,374,903</u>

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive and retired).

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)

The Plan's EARSL for the 2023-24 measurement period, ended June 30, 2024, is 5.5 years for the Sworn Plan and 3.9 years for the Miscellaneous Plan, which was obtained by dividing the total service years (the sum of remaining service lifetimes of the active employees) by the total number of participants: active, inactive and retired. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2023), the net pension liability was \$71,174,431 for the Sworn Plan and \$98,487,817 for the Miscellaneous Plan. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense of \$20,238,871 and \$25,857,217 for the Sworn and Miscellaneous Plans, respectively.

Changes in the Net Pension Liability

The following tables show the changes in net pension liability for each plan recognized over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Sworn Plan			
Balance - June 30, 2023	\$ 392,980,760	\$ 321,806,329	\$ 71,174,431
Changes for the Year:			
Service Cost	12,880,765	-	12,880,765
Interest on Total Pension Liability	27,893,585	-	27,893,585
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	12,832,072	-	12,832,072
Contributions - Employer	-	14,443,144	(14,443,144)
Contributions - Employee	-	4,315,449	(4,315,449)
Net Investment Income	-	31,140,807	(31,140,807)
Benefit Payments, Including Refunds of Employee Contributions	(15,996,692)	(15,996,692)	-
Administrative Expenses	-	(261,855)	261,855
Net Change	37,609,730	33,640,853	3,968,877
Balance - June 30, 2024	\$ 430,590,490	\$ 355,447,182	\$ 75,143,308

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous Plan	(a)	(b)	(a) - (b)
Balance - June 30, 2023	\$ 545,918,155	\$ 447,430,338	\$ 98,487,817
Changes for the Year:			
Service Cost	14,257,291	-	14,257,291
Interest on Total Pension Liability	38,339,801	-	38,339,801
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	15,807,169	-	15,807,169
Contributions - Employer	-	15,950,149	(15,950,149)
Contributions - Employee	-	6,462,665	(6,462,665)
Net Investment Income	-	43,047,310	(43,047,310)
Benefit Payments, Including Refunds of Employee Contributions	(26,409,379)	(26,409,379)	-
Administrative Expenses	-	(364,075)	364,075
Net Change	41,994,882	38,686,670	3,308,212
Balance - June 30, 2024	<u>\$ 587,913,037</u>	<u>\$ 486,117,008</u>	<u>\$ 101,796,029</u>

As of June 30, 2024 (measurement date), the City's deferred outflows and deferred inflows of resources related to pensions were as follows:

	Sworn Plan		Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,210,548	\$ 2,749,884	\$ 14,647,734	\$ 692,488
Change in Assumptions	7,362,125	-	3,731,493	-
Contributions Made After the Measurement Date	15,371,748	-	18,456,397	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,920,969	-	6,873,527	-
Total	<u>\$ 38,865,390</u>	<u>\$ 2,749,884</u>	<u>\$ 43,709,151</u>	<u>\$ 692,488</u>

The amounts above are net of outflows and inflows recognized in the 2023-24 measurement period expense.

The \$15,371,748 and \$18,456,397 reported as deferred outflow of resources related to the contributions made after the measurement date for each Plan, will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

CalPERS Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ending June 30,</u>	<u>Sworn Plan Deferred Outflows/ (Inflows) of Resources</u>	<u>Miscellaneous Plan Deferred Outflows/ (Inflows) of Resources</u>
2025	\$ 4,195,047	\$ 8,439,088
2026	12,407,914	16,801,184
2027	2,354,974	1,787,097
2028	619,271	(2,467,103)
2029	1,166,552	-
Thereafter	-	-

At June 30, 2025, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

Subsequent Events

During the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost-of-living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

**CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Agency Retirement System Defined Contribution Plan

Plan Description

The City's part-time, seasonal and temporary employees that are ineligible for another retirement plan are eligible to participate in the Public Agency Retirement Systems Trust (PARS). PARS is a 401(a) defined contribution plan. The City is responsible for the administration of the Plan with the City Council having the authority to amend, modify or terminate the provisions and contributions. Retirement benefits depend on amounts contributed plus investment earnings. Copies of PARS' annual financial report may be obtained from its executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy

Eligible participants are required to contribute 4.3 percent of their base compensation into the Plan. The City shall contribute an amount equal to 3.2 percent of the base salary compensation. Plan participants have the right to 100 percent of their account balance upon their death, termination of employment, permanent and total disability, or upon attainment of normal retirement age of 59.5 under the Plan.

Annual Pension Cost

As of June 30, 2025, the Plan had 812 active members and total Plan net assets were \$3,253,455. For the year ended June 30, 2025, employer contributions were \$215,344 and participant contributions were \$283,819.

E. Permanent Fund

The City has one permanent fund, which was established during the fiscal year ended June 30, 2002. The Senior Services Fund was created with a contribution received in conjunction with the Agreement to terminate the Irvine Senior Foundation/City of Irvine Distribution of Funds Agreement (Agreement) and approved by the City Council in March 2002. This Agreement directs the City to use the interest income earned by investments of the nonexpendable endowment to fund projects at specific senior citizen and adult day health centers, and to use other contributed amounts and its investment earnings in the same manner as previously used by the Irvine Senior Foundation.

The net position of the fund includes a nonexpendable amount of \$501,288, which is reported as part of Restricted Net Position, Nonexpendable. Expendable donations and accrued interest of \$472,685 are available for expenditure and are reflected as Restricted Net Position, Expendable.

CITY OF IRVINE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 ACCOUNTING CHANGES

Change in Fund Presentation from Nonmajor to Major

Effective July 1, 2024, Capital Projects Park Development, Gateway Preserve CIP, and North Irvine Transportation Mitigation funds met the criteria to be reported as major governmental funds. For the fiscal year ended June 30, 2024, these funds were reported as nonmajor governmental funds. Effective July 1, 2024, the Debt Service Irvine Facilities Financing Authority and Special Revenue Local Park Fees funds do not meet the criteria to be reported as major governmental funds. Effective July 1, 2024 the Irvine Community Land Trust Component Unit no longer meets the criteria for a discretely presented component unit. The effect of these changes within the financial reporting entity are shown in the table below.

	June 30, 2024 As Previously Presented	Changes to or Within the Financial Reporting Entity	June 30, 2024 As Restated
Governmental Funds:			
Major Funds:			
Special Revenue - Local Park Fees	\$ 147,602,638	\$ (147,602,638)	\$ -
Debt Service - Irvine Facilities Financing Authority	323,611,706	(323,611,706)	-
Capital Projects - Park Development	-	44,402,337	44,402,337
Capital Projects - Gateway Preserve CIP	-	(846,375)	(846,375)
Capital Projects - North Irvine Transportation Mitigation	-	179,783,889	179,783,889
Nonmajor Governmental Funds	487,325,832	247,874,493	735,200,325
Component Unit:			
Irvine Community Land Trust	81,561,224	(81,561,224)	-



REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF IRVINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May and June, the City Manager submits to the City's Finance Commission and the City Council a proposed two-year operating budget for all funds of the City for the fiscal year commencing the following July 1. In addition, during June, the Great Park funds' budget is submitted to the Great Park Board. The budget includes proposed expenditures and the means of financing them.
2. The Finance Commission, Great Park Board, and City Council hold public meetings to consider the proposed budget. Prior to July 1, the budget is legally enacted through adoption of an appropriation resolution.
3. After adoption, the two-year budget, except for the Great Park Fund, may be amended by the City Manager if amendments are less than \$50,000 and do not decrease fund balances. The legal level of control in the General Fund is considered to be the department level. The City departments are: City Manager's Office, Administrative Services, City Clerk, Human Resources, Communications, Community Development, Community and Library Services, Public Safety, and Public Works and Sustainability. The first five departments are classified together for reporting purposes as General Government, but City Manager's Office, Administrative Services, City Clerk, Human Resources, and Communications operate separately as departments for budgetary control purposes. Review by the Finance Commission and approval by the City Council are required if an amendment is in excess of \$50,000 or any decreases to fund balance. Amendments to the adopted General Fund budget for the fiscal year ended June 30, 2025, increased appropriations by \$73,799,408 to an amended total of \$349,795,774.

The legal level of control for the Great Park Fund is by department level. Adjustments to the budget must be approved by the Great Park Board of Directors and a majority vote of the City Council. Amendments to the adopted Great Park budget for the fiscal year ended June 30, 2025, increased appropriations by \$46,182,664 to an amended total of \$81,757,567.

The legal level of control for all governmental funds other than the General Fund and Great Park Fund is considered to be the fund level.

4. Budgets for the General, Special Revenue, and Permanent Funds are adopted on a basis consistent with generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. There was no budget adopted for the Special Revenue Fund, Library System. There were also no expenditures in fiscal year 2024-2025, only revenues. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. Also, no budgetary comparisons are presented for the Debt Service, Internal Service, and Fiduciary Funds.

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 232,383,898	\$ 245,474,628	\$ 243,945,057	\$ (1,529,571)
Licenses and Permits	12,794,477	13,494,477	16,611,322	3,116,845
Fines and Forfeitures	1,192,158	1,504,634	1,316,419	(188,215)
Investment Income	4,290,638	4,290,638	16,876,463	12,585,825
Intergovernmental	676,947	891,620	1,654,424	762,804
Charges for Services	35,163,610	36,166,850	54,066,906	17,900,056
Donations	444,578	444,578	457,800	13,222
Other Revenue	1,455,853	6,455,853	7,364,472	908,619
Total Revenues	288,402,159	308,723,278	342,292,863	33,569,585
EXPENDITURES				
General Government:				
City Manager and City Council	20,985,988	58,797,907	18,412,825	40,385,082
City Clerk	3,457,046	4,268,874	4,221,114	47,760
Human Resources	4,212,085	4,889,661	4,944,517	(54,856)
Communications	-	3,106,654	2,887,997	218,657
Administrative Services	7,964,699	9,170,255	8,767,374	402,881
Public Safety	111,090,649	118,839,617	118,082,642	756,975
Public Works and Sustainability	52,207,748	57,057,163	56,606,666	450,497
Community Development	31,765,002	31,721,370	29,772,300	1,949,070
Community and Library Services	44,133,048	50,110,300	50,157,140	(46,840)
Capital Outlay	180,101	11,833,973	11,233,700	600,273
Total Expenditures	275,996,366	349,795,774	305,086,275	44,709,499
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,405,793	(41,072,496)	37,206,588	78,279,084
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	24,544	24,544	27,202	2,658
Transfers In	1,060,000	1,060,000	-	(1,060,000)
Transfers Out	(19,901,196)	(50,666,424)	(30,221,935)	20,444,489
Total Other Financing Sources (Uses)	(18,816,652)	(49,581,880)	(30,194,733)	19,387,147
NET CHANGE IN FUND BALANCES	(6,410,859)	(90,654,376)	7,011,855	97,666,231
Fund Balances - Beginning of Year	221,669,179	221,669,179	221,669,179	-
FUND BALANCES - END OF YEAR	<u>\$ 215,258,320</u>	<u>\$ 131,014,803</u>	<u>\$ 228,681,034</u>	<u>\$ 97,666,231</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GREAT PARK
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 4,031,260	\$ 4,031,260	\$ 16,482,264	\$ 12,451,004
Intergovernmental	-	891,620	-	(891,620)
Charges for Services	9,024,976	36,166,850	10,467,524	(25,699,326)
Special Assessment	20,524,055	12,395,345	11,147,378	(1,247,967)
Donations	-	-	97	97
Other Revenue	-	-	262	262
Total Revenues	33,580,291	53,485,075	38,097,525	(15,387,550)
EXPENDITURES				
General Government:				
City Manager and City Council	10,520,459	53,513,811	16,067,841	37,445,970
City Clerk	558,897	558,897	416,291	142,606
Human Resources	252,098	252,098	252,098	-
Communications	-	1,179,945	1,179,333	612
Administrative Services	1,217,603	1,217,603	1,151,026	66,577
Public Safety	740,183	740,183	820,419	(80,236)
Public Works and Sustainability	13,322,631	15,328,106	14,528,947	799,159
Community Development	268,024	239,093	170,640	68,453
Community and Library Services	8,401,008	8,302,125	7,791,976	510,149
Capital Outlay	294,000	425,706	95,774	329,932
Total Expenditures	35,574,903	81,757,567	42,474,345	39,283,222
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,994,612)	(28,272,492)	(4,376,820)	(54,670,772)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	9,444,072	9,444,072	-
Transfers Out	(1,304,131)	(47,611,776)	(12,945,682)	34,666,094
Total Other Financing Sources (Uses)	(1,304,131)	(38,167,704)	(3,501,610)	34,666,094
NET CHANGE IN FUND BALANCES	(3,298,743)	(66,440,196)	(7,878,430)	58,561,766
Fund Balances - Beginning of Year	292,752,246	292,752,246	292,752,246	-
FUND BALANCES - END OF YEAR	<u>\$ 289,453,503</u>	<u>\$ 226,312,050</u>	<u>\$ 284,873,816</u>	<u>\$ 58,561,766</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GRANTS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 42,256	\$ 42,256	\$ 567,849	\$ 525,593
Intergovernmental	9,218,806	20,576,863	9,472,182	(11,104,681)
Charges for Services	712,984	712,984	207,952	(505,032)
Donations	224,000	374,000	3,599,811	3,225,811
Other Revenue	-	-	182,874	182,874
Total Revenues	10,198,046	21,706,103	14,030,668	(7,675,435)
EXPENDITURES				
Current:				
General Government	106,343	10,217,926	3,797,873	6,420,053
Public Safety	2,647,642	14,640,050	5,026,714	9,613,336
Public Works and Sustainability	239,930	1,382,498	717,642	664,856
Community Development	6,490,113	6,490,113	57,167	6,432,946
Community and Library Services	881,718	955,832	989,622	(33,790)
Capital Outlay	-	1,295,648	435,091	860,557
Total Expenditures	10,365,746	34,982,067	11,024,109	23,957,958
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(167,700)	(13,275,964)	3,006,559	16,282,523
OTHER FINANCING USES				
Transfers In	487,533	487,533	487,533	-
Transfers Out	-	(404,993)	(54,993)	350,000
Total Other Financing Uses	487,533	82,540	432,540	350,000
NET CHANGE IN FUND BALANCE	319,833	(13,193,424)	3,439,099	16,632,523
Fund Balance - Beginning of Year	4,370,043	4,370,043	4,370,043	-
FUND BALANCE - END OF YEAR	<u>\$ 4,689,876</u>	<u>\$ (8,823,381)</u>	<u>\$ 7,809,142</u>	<u>\$ 16,632,523</u>



CITY OF IRVINE
CITY OF IRVINE DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS

<u>Measurement Periods Ended December 31.</u>	<u>2024</u>	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability:					
Service Cost	\$ 123,838	\$ 110,982	\$ 108,000	\$ 97,000	\$ 98,000
Interest on Total Pension Liability	1,152,795	1,135,732	1,163,000	1,191,000	1,213,000
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	247,498	546,861	(412,000)	56,000	160,000
Changes in Assumptions	-	-	-	674,000	(461,000)
Benefit Payments, Including Refunds of Employee Contributions	(1,489,797)	(1,458,703)	(1,456,000)	(1,444,000)	(1,414,000)
Net Change in Total Pension Liability	34,334	334,872	(597,000)	574,000	(404,000)
Total Pension Liability - Beginning of Year	23,667,876	23,333,004	23,931,000	23,357,000	23,761,000
Total Pension Liability - End of Year (a)	23,702,210	23,667,876	23,334,000	23,931,000	23,357,000
Plan Fiduciary Net Position:					
Contributions - Employer	594,717	594,717	595,000	595,000	595,000
Contributions - Employee	37,597	36,795	33,000	32,000	31,000
Net Investment Income	621,478	1,839,500	(3,079,000)	994,000	2,280,000
Benefit Payments, Including Refunds of Employee Contributions	(1,489,797)	(1,458,703)	(1,456,000)	(1,444,000)	(1,414,000)
Administrative Expenses	(4,162)	(18,838)	(19,000)	(18,000)	(23,000)
Other Changes in Fiduciary Net Position	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(240,167)	993,471	(3,926,000)	159,000	1,469,000
Plan Fiduciary Net Position - Beginning of Year	18,730,434	17,736,963	21,664,000	21,505,000	20,036,000
Plan Fiduciary Net Position - End of Year (b)	18,490,267	18,730,434	17,738,000	21,664,000	21,505,000
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,211,943</u>	<u>\$ 4,937,442</u>	<u>\$ 5,596,000</u>	<u>\$ 2,267,000</u>	<u>\$ 1,852,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Funded Status	78.01%	79.14%	76.02%	90.53%	92.07%
Covered Payroll	\$ 307,000	\$ 264,000	\$ 272,000	\$ 265,000	\$ 264,000
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	1697.70%	1870.24%	2057.35%	855.47%	701.52%

*Starting in measurement period 2023, the City ACFR was prepared utilizing dollars, prior fiscal years all rounded to the thousand.

CITY OF IRVINE
CITY OF IRVINE DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN MEASUREMENT PERIODS

<u>Measurement Periods Ended December 31.</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:					
Service Cost	\$ 114,000	\$ 110,000	\$ 82,000	\$ 81,000	\$ 137,000
Interest on Total Pension Liability	1,088,000	1,086,000	1,086,000	1,077,000	1,091,000
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	182,000	104,000	283,000	178,000	(280,000)
Changes in Assumptions	3,277,000	-	(261,000)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,271,000)	(1,224,000)	(1,198,000)	(1,165,000)	(1,171,000)
Net Change in Total Pension Liability	3,390,000	76,000	(8,000)	171,000	(223,000)
Total Pension Liability - Beginning of Year	20,371,000	20,295,000	20,303,000	20,132,000	20,355,000
Total Pension Liability - End of Year (a)	23,761,000	20,371,000	20,295,000	20,303,000	20,132,000
Plan Fiduciary Net Position:					
Contributions - Employer	262,000	253,000	184,000	88,000	130,000
Contributions - Employee	46,000	46,000	45,000	39,000	32,000
Net Investment Income	2,550,000	(499,000)	1,761,000	1,105,000	71,000
Benefit Payments, Including Refunds of Employee Contributions	(1,271,000)	(1,224,000)	(1,198,000)	(1,165,000)	(1,171,000)
Administrative Expenses	(27,000)	(14,000)	(84,000)	(84,000)	(123,000)
Other Changes in Fiduciary Net Position	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,560,000	(1,438,000)	708,000	(17,000)	(1,061,000)
Plan Fiduciary Net Position - Beginning of Year	18,476,000	19,914,000	19,206,000	19,223,000	20,284,000
Plan Fiduciary Net Position - End of Year (b)	20,036,000	18,476,000	19,914,000	19,206,000	19,223,000
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,725,000</u>	<u>\$ 1,895,000</u>	<u>\$ 381,000</u>	<u>\$ 1,097,000</u>	<u>\$ 909,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Funded Status	84.32%	90.70%	98.12%	94.60%	95.48%
Covered Payroll	\$ 379,000	\$ 385,000	\$ 373,000	\$ 365,000	\$ 334,000
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	982.85%	492.21%	102.14%	300.55%	272.16%

CITY OF IRVINE
CITY OF IRVINE DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2024-25	2023-24	2022-23	2021-22	2020-21
Actuarially Determined Contribution ⁽¹⁾	\$ 623,320	\$ 565,000	\$ 536,000	\$ 532,000	\$ 557,000
Contribution in Relation to the Actuarially Determined Contribution	(594,717)	(621,095)	(595,000)	(595,000)	(595,000)
Contribution Deficiency (Excess)	<u>\$ 28,603</u>	<u>\$ (56,095)</u>	<u>\$ (59,000)</u>	<u>\$ (63,000)</u>	<u>\$ (38,000)</u>
Covered Payroll	\$ 320,515	\$ 307,000	\$ 264,000	\$ 272,000	\$ 265,000
Contributions as a Percentage of Covered Payroll	194.47%	184.34%	185.29%	197.95%	210.59%

Notes to Schedule:

Additional information used for funding purposes for
for the determination of the ARC is as follows:

Valuation Date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Actuarial Assumptions:					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	(7)	(7)	(7)	(7)	(7)
Inflation	3%	3%	3%	3%	3%
Salary Increases	5%	5%	5%	5%	5%
Investment Rate of Return	5.00%	5.00%	5.00%	5.00%	5.25%
Retirement Age	(10)	(10)	(10)	(5)	(5)
Mortality Rate Table	(9)	(9)	(9)	(9)	(8)

- (1) The fiscal year employer contribution is comprised of two actuarial valuations. The July 1 to December 31 contributions uses the prior year valuation and January 1 to June 30 contributions uses the current year's valuation.
- (2) 10-year amortization of the unfunded liability
- (3) 50% at age 50, 20% from age 51 to 54, 100% at age 55
- (4) 1983 Group Annuity Mortality Table-Male use for postretirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.
- (5) 15% from age 50 to 59, 100% at age 60
- (6) RP-2014 Blue Collar Table with Improvement Scale MP-2018
- (7) Closed 20-year amortization for any future assets or liability gains or losses with the current 10-year closed amortization for losses existing at January 1, 2019.
- (8) RP-2014 Blue Collar Table with Improvement Scale MP-2020
- (9) RP-2014 Blue Collar Table with Improvement Scale MP-2021
- (10) 15% from age 50 to 64, 100% at age 65

CITY OF IRVINE
CITY OF IRVINE DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF PLAN CONTRIBUTIONS (CONTINUED)
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16
Actuarially Determined Contribution ⁽¹⁾	\$ 425,000	\$ 232,000	\$ 194,000	\$ 136,000	\$ 109,000
Contribution in Relation to the Actuarially Determined Contribution	(429,000)	(258,000)	(219,000)	(136,000)	(109,000)
Contribution Deficiency (Excess)	<u>\$ (4,000)</u>	<u>\$ (26,000)</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 264,000	\$ 379,000	\$ 385,000	\$ 373,000	\$ 365,000
Contributions as a Percentage of Covered Payroll	131.78%	60.44%	51.19%	36.86%	31.19%

Notes to Schedule:

Additional information used for funding purposes for
for the determination of the ARC is as follows:

Valuation Date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Assumptions:					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	(7)	(2)	(2)	(2)	(2)
Inflation	3%	3%	3%	3%	3%
Salary Increases	5%	5%	5%	5%	5%
Investment Rate of Return	5.25%	5.50%	5.50%	5.50%	5.50%
Retirement Age	(5)	(5)	(5)	(3)	(3)
Mortality Rate Table	(6)	(4)	(4)	(4)	(4)

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS

<u>Measurement Periods Ended June 30,</u>	<u>2024</u>	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability:					
Service Cost	\$ 12,880,765	\$ 10,801,168	\$ 10,728,000	\$ 9,541,000	\$ 9,569,000
Interest on Total Pension Liability	27,893,585	25,507,964	24,045,000	22,653,000	21,582,000
Changes in Benefit Terms	-	85,006	-	-	-
Differences Between Expected and Actual Experience	12,832,072	1,032,499	(3,698,000)	(3,584,000)	242,000
Changes in Assumptions	-	-	16,197,000	-	-
Benefit Payments, Including Refunds of Employee Contributions	(15,996,692)	(15,216,870)	(14,239,000)	(13,023,000)	(12,115,000)
Net Change in Total Pension Liability	37,609,730	22,209,767	33,033,000	15,587,000	19,278,000
Total Pension Liability - Beginning of Year	392,980,760	370,770,993	337,739,000	322,152,000	302,874,000
Total Pension Liability - End of Year (a)	430,590,490	392,980,760	370,772,000	337,739,000	322,152,000
Plan Fiduciary Net Position:					
Contributions - Employer	14,443,144	15,257,675	13,967,000	16,149,000	12,327,000
Contributions - Employee	4,315,449	3,633,671	3,188,000	2,970,000	2,942,000
Net Investment Income	31,140,807	18,481,473	(24,510,000)	59,017,000	12,191,000
Benefit Payments, Including Refunds of Employee Contributions	(15,996,692)	(15,216,870)	(14,239,000)	(13,023,000)	(12,115,000)
Net Plan to Plan Resource Movement	-	-	-	-	-
Administrative Expenses	(261,855)	(220,511)	(200,000)	(257,000)	(341,000)
Other Miscellaneous Income (Expense)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	33,640,853	21,935,438	(21,794,000)	64,856,000	15,004,000
Plan Fiduciary Net Position - Beginning of Year	321,806,329	299,870,891	321,666,000	256,810,000	241,806,000
Plan Fiduciary Net Position - End of Year (b)	355,447,182	321,806,329	299,872,000	321,666,000	256,810,000
Net Pension Liability (Assets) - Ending (a) - (b)	<u>\$ 75,143,308</u>	<u>\$ 71,174,431</u>	<u>\$ 70,900,000</u>	<u>\$ 16,073,000</u>	<u>\$ 65,342,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Funded Status	82.55%	81.89%	80.88%	95.24%	79.72%
Covered Payroll	\$ 39,426,901	\$ 36,016,000	\$ 30,537,000	\$ 29,956,000	\$ 29,876,000
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	190.59%	197.62%	232.18%	53.66%	218.71%

*Starting in measurement period 2023 the City ACFR was prepared utilizing dollars, prior fiscal years all rounded to the thousand.

- (1) During fiscal year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other than Pension (GASB 75)*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participated in various State of California agent pension plans and during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes in Assumptions: In 2023, the accounting discount rate reduced from 7.00 percent to 6.90 percent. Inflation rate decreased from 2.50 percent to 2.30 percent.

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense).

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN MEASUREMENT PERIODS

<u>Measurement Periods Ended June 30,</u>	<u>2019</u>	<u>2018 ⁽¹⁾</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:					
Service Cost	\$ 9,169,000	\$ 9,005,000	\$ 8,348,000	\$ 6,966,000	\$ 6,238,000
Interest on Total Pension Liability	20,284,000	18,924,000	17,393,000	16,258,000	14,875,000
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	1,733,000	6,915,000	(502,000)	5,005,000	4,152,000
Changes in Assumptions	-	(1,934,000)	16,239,000	-	(4,043,000)
Benefit Payments, Including Refunds of Employee Contributions	(11,362,000)	(10,118,000)	(9,131,000)	(8,705,000)	(8,114,000)
Net Change in Total Pension Liability	19,824,000	22,792,000	32,347,000	19,524,000	13,108,000
Total Pension Liability - Beginning of Year	283,050,000	260,258,000	227,911,000	208,387,000	195,279,000
Total Pension Liability - End of Year (a)	302,874,000	283,050,000	260,258,000	227,911,000	208,387,000
Plan Fiduciary Net Position:					
Contributions - Employer	16,464,000	14,077,000	11,332,000	8,628,000	8,369,000
Contributions - Employee	2,830,000	2,708,000	2,760,000	2,286,000	2,131,000
Net Investment Income	14,618,000	16,943,000	19,779,000	791,000	3,683,000
Benefit Payments, Including Refunds of Employee Contributions	(11,362,000)	(10,118,000)	(9,131,000)	(8,705,000)	(8,114,000)
Net Plan to Plan Resource Movement	-	-	-	-	1,000
Administrative Expenses	(157,000)	(306,000)	(254,000)	(103,000)	(191,000)
Other Miscellaneous Income (Expense)	1,000	(582,000)	-	-	-
Net Change in Plan Fiduciary Net Position	22,394,000	22,722,000	24,486,000	2,897,000	5,879,000
Plan Fiduciary Net Position - Beginning of Year	219,412,000	196,690,000	172,204,000	169,307,000	163,428,000
Plan Fiduciary Net Position - End of Year (b)	241,806,000	219,412,000	196,690,000	172,204,000	169,307,000
Net Pension Liability (Assets) - Ending (a) - (b)	<u>\$ 61,068,000</u>	<u>\$ 63,638,000</u>	<u>\$ 63,568,000</u>	<u>\$ 55,707,000</u>	<u>\$ 39,080,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Funded Status	79.84%	77.52%	75.58%	75.56%	81.25%
Covered Payroll	\$ 28,343,000	\$ 28,112,000	\$ 25,685,000	\$ 23,789,000	\$ 21,068,000
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	215.46%	226.37%	247.49%	234.17%	185.49%

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2024-25	2023-24*	2022-23	2021-22	2020-21
Actuarially Determined Contribution	\$ 15,371,748	\$ 14,469,266	\$ 12,791,000	\$ 11,467,000	\$ 13,649,000
Contribution in Relation to the Actuarially Determined Contribution	<u>(15,371,748)</u>	<u>(14,469,266)</u>	<u>(15,291,000)</u>	<u>(13,967,000)</u>	<u>(16,149,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>
Covered Payroll	\$ 40,057,120	\$ 39,426,901	\$ 36,016,000	\$ 30,537,000	\$ 29,956,000
Contributions as a Percentage of Covered Payroll	38.37%	36.70%	42.46%	45.74%	53.91%

Notes to Schedule:

Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarial Assumptions:	Entry Age Actuarial				
Actuarial Cost Method	Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	(E)	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Percent of Pay
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%
Salary Increases	2.800%	2.750%	2.750%	2.750%	2.750%
Investment Rate of Return	6.900%	6.900%	6.900%	7.000%	7.000%
Retirement Age	54	54	54	54	54
Mortality Rate Table	(F)	(D)	(D)	(D)	(D)

*Starting in measurement period 2023-2024, the City ACFR was prepared utilizing dollars, prior fiscal years all rounded to the thousand.

- (A) 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.
- (B) Smoothing policy that pays all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.
- (C) 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.
- (D) 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
- (E) For bases established prior to June 30, 2019, Level Percentage of Payroll is the Amortization Method. For Bases established on or after June 30, 2019, Level Dollar Amount is the amortization method.
- (F) 2021 CalPERS Experience study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR SWORN EMPLOYEES
SCHEDULE OF PLAN CONTRIBUTIONS (CONTINUED)
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16
Actuarially Determined Contribution	\$ 12,327,000	\$ 232,000	\$ 194,000	\$ 136,000	\$ 109,000
Contribution in Relation to the Actuarially Determined Contribution	(12,327,000)	(258,000)	(219,000)	(136,000)	(109,000)
Contribution Deficiency (Excess)	\$ -	\$ (26,000)	\$ (25,000)	\$ -	\$ -
Covered Payroll	\$ 29,876,000	\$ 28,343,000	\$ 28,112,000	\$ 25,685,000	\$ 23,789,000
Contributions as a Percentage of Covered Payroll	41.26%	60.44%	51.19%	36.86%	31.19%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Actuarial Assumptions:					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	Level Percent of Pay	Level Percent of Pay	(B)	(B)	(B)
Inflation	2.625%	2.750%	2.750%	2.750%	2.750%
Salary Increases	2.875%	3.000%	3.000%	3.000%	3.000%
Investment Rate of Return	7.250%	7.375%	7.500%	7.500%	7.500%
Retirement Age	54	54	54	54	54
Mortality Rate Table	(D)	(C)	(C)	(C)	(A)

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR MISCELLANEOUS EMPLOYEES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS

<u>Measurement Periods Ended June 30,</u>	<u>2024</u>	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability:					
Service Cost	\$ 14,257,291	\$ 12,040,238	\$ 11,572,000	\$ 10,807,000	\$ 11,119,000
Interest on Total Pension Liability	38,339,801	35,636,105	33,680,000	32,342,000	31,020,000
Changes in Benefit Terms	-	359,219	-	-	-
Differences Between Expected and Actual Experience	15,807,169	6,108,891	(3,289,000)	(2,826,000)	913,000
Changes in Assumptions	-	-	17,725,000	-	-
Benefit Payments, Including Refunds of Employee Contributions	(26,409,379)	(24,406,726)	(22,814,000)	(21,550,000)	(19,785,000)
Net Change in Total Pension Liability	41,994,882	29,737,727	36,874,000	18,773,000	23,267,000
Total Pension Liability - Beginning of Year	545,918,155	516,180,428	479,308,000	460,535,000	437,268,000
Total Pension Liability - End of Year (a)	587,913,037	545,918,155	516,182,000	479,308,000	460,535,000
Plan Fiduciary Net Position:					
Contributions - Employer	15,950,149	16,926,083	15,534,000	19,831,000	16,229,000
Contributions - Employee	6,462,665	5,402,488	4,566,000	4,535,000	4,420,000
Net Investment Income	43,047,310	26,109,197	(34,883,000)	85,403,000	17,896,000
Benefit Payments, Including Refunds of Employee Contributions	(26,409,379)	(24,406,726)	(22,814,000)	(21,550,000)	(19,785,000)
Net Plan to Plan Resource Movement	-	-	-	-	-
Administrative Expenses	(364,075)	(311,577)	(288,000)	(373,000)	(501,000)
Other Miscellaneous Income (Expense)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	38,686,670	23,719,465	(37,885,000)	87,846,000	18,259,000
Plan Fiduciary Net Position - Beginning of Year	447,430,338	423,710,873	461,597,000	373,751,000	355,492,000
Plan Fiduciary Net Position - End of Year (b)	486,117,008	447,430,338	423,712,000	461,597,000	373,751,000
Net Pension Liability (Assets) - Ending (a) - (b)	<u>\$ 101,796,029</u>	<u>\$ 98,487,817</u>	<u>\$ 92,470,000</u>	<u>\$ 17,711,000</u>	<u>\$ 86,784,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Funded Status	82.69%	81.96%	82.09%	96.30%	81.16%
Covered Payroll	\$ 82,033,878	\$ 71,112,000	\$ 60,053,000	\$ 60,306,000	\$ 60,926,000
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	124.09%	138.50%	153.98%	29.37%	142.44%

- (1) During fiscal year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other than Pension* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participated in various State of California agent pension plans and during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes in Assumptions: In 2023, the accounting discount rate reduced from 7.00 percent to 6.90 percent. Inflation rate decreased from 2.50 percent to 2.30 percent.

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense).

*Starting in measurement period 2023, the City ACFR was prepared utilizing dollars, prior fiscal years all rounded to the thousand.

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR MISCELLANEOUS EMPLOYEES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN MEASUREMENT PERIODS

<u>Measurement Periods Ended June 30,</u>	<u>2019</u>	<u>2018 ⁽¹⁾</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:					
Service Cost	\$ 11,066,000	\$ 10,637,000	\$ 9,862,000	\$ 8,634,000	\$ 8,319,000
Interest on Total Pension Liability	29,415,000	27,596,000	25,872,000	24,811,000	23,375,000
Changes in Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	4,525,000	6,298,000	(3,834,000)	220,000	(1,078,000)
Changes in Assumptions	-	(2,192,000)	21,963,000	-	(5,837,000)
Benefit Payments, Including Refunds of Employee Contributions	(18,171,000)	(16,884,000)	(15,327,000)	(14,031,000)	(12,552,000)
Net Change in Total Pension Liability	26,835,000	25,455,000	38,536,000	19,634,000	12,227,000
Total Pension Liability - Beginning of Year	410,433,000	384,978,000	346,442,000	326,808,000	314,581,000
Total Pension Liability - End of Year (a)	437,268,000	410,433,000	384,978,000	346,442,000	326,808,000
Plan Fiduciary Net Position:					
Contributions - Employer	21,162,000	17,035,000	16,687,000	15,938,000	15,677,000
Contributions - Employee	4,521,000	4,242,000	4,186,000	3,801,000	3,634,000
Net Investment Income	21,764,000	25,501,000	30,227,000	1,347,000	5,653,000
Benefit Payments, Including Refunds of Employee Contributions	(18,171,000)	(16,884,000)	(15,327,000)	(14,031,000)	(12,552,000)
Net Plan to Plan Resource Movement	-	(1,000)	-	-	(1,000)
Administrative Expenses	(233,000)	(464,000)	(388,000)	(156,000)	(288,000)
Other Miscellaneous Income (Expense)	1,000	(882,000)	-	-	-
Net Change in Plan Fiduciary Net Position	29,044,000	28,547,000	35,385,000	6,899,000	12,123,000
Plan Fiduciary Net Position - Beginning of Year	326,448,000	297,901,000	262,516,000	255,617,000	243,494,000
Plan Fiduciary Net Position - End of Year (b)	355,492,000	326,448,000	297,901,000	262,516,000	255,617,000
Net Pension Liability (Assets) - Ending (a) - (b)	<u>\$ 81,776,000</u>	<u>\$ 83,985,000</u>	<u>\$ 87,077,000</u>	<u>\$ 83,926,000</u>	<u>\$ 71,191,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Funded Status	81.30%	79.54%	77.38%	75.77%	78.22%
Covered Payroll	\$ 59,585,000	\$ 56,789,000	\$ 52,075,000	\$ 49,763,000	\$ 46,846,000
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	137.24%	147.89%	167.21%	168.65%	151.97%

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR MISCELLANEOUS EMPLOYEES
SCHEDULE OF PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2024-25	2023-24*	2022-23	2021-22	2020-21
Actuarially Determined Contribution	\$ 18,456,397	\$ 15,974,783	\$ 14,446,000	\$ 13,034,000	\$ 17,331,000
Contribution in Relation to the Actuarially Determined Contribution	<u>(18,456,397)</u>	<u>(15,974,783)</u>	<u>(16,946,000)</u>	<u>(15,534,000)</u>	<u>(19,831,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>
Covered Payroll	\$ 90,213,396	\$ 82,033,878	\$ 71,112,000	\$ 60,053,000	\$ 60,306,000
Contributions as a Percentage of Covered Payroll	20.46%	19.47%	23.83%	25.87%	32.88%

Notes to Schedule:

Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarial Assumptions:					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	(E)	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Percent of Pay
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%
Salary Increases	2.800%	2.750%	2.750%	2.750%	2.750%
Investment Rate of Return	6.900%	6.900%	6.900%	7.000%	7.000%
Retirement Age	59	59	59	59	59
Mortality Rate Table	(F)	(D)	(D)	(D)	(D)

*Starting in measurement period 2023-2024, the City ACFR was prepared utilizing dollars, prior fiscal years all rounded to the thousand.

- (A) 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.
- (B) Smoothing policy that pays all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.
- (C) 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.
- (D) 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
- (E) For bases established prior to June 30, 2019, Level Percentage of Payroll is the Amortization Method. For Bases established on or after June 30, 2019, Level Dollar Amount is the amortization method.
- (F) 2021 CalPERS Experience study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

CITY OF IRVINE
CALPERS DEFINED BENEFIT PENSION PLAN FOR MISCELLANEOUS EMPLOYEES
SCHEDULE OF PLAN CONTRIBUTIONS (CONTINUED)
LAST TEN FISCAL YEARS

	2019-20	2018-19	2017-18	2016-17	2015-16
Actuarially Determined Contribution	\$ 16,229,000	\$ 15,285,000	\$ 14,035,000	\$ 12,687,000	\$ 11,938,000
Contribution in Relation to the Actuarially Determined Contribution	<u>(16,229,000)</u>	<u>(21,161,000)</u>	<u>(17,035,000)</u>	<u>(16,687,000)</u>	<u>(15,938,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (5,876,000)</u>	<u>\$ (3,000,000)</u>	<u>\$ (4,000,000)</u>	<u>\$ (4,000,000)</u>
Covered Payroll	\$ 60,926,000	\$ 59,585,000	\$ 56,789,000	\$ 52,075,000	\$ 49,763,000
Contributions as a Percentage of Covered Payroll	26.64%	35.51%	30.00%	32.04%	32.03%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Actuarial Assumptions:					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	Level Percent of Pay	Level Percent of Pay	(B)	(B)	(B)
Inflation	2.625%	2.625%	2.750%	2.750%	2.750%
Salary Increases	2.875%	2.875%	3.000%	3.000%	3.000%
Investment Rate of Return	7.250%	7.250%	7.375%	7.500%	7.500%
Retirement Age	59	59	59	59	59
Mortality Rate Table	(D)	(C)	(C)	(C)	(A)

CITY OF IRVINE
CITY OF IRVINE OTHER POSTEMPLOYMENT PLAN (OPEB)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS

Measurement Periods Ended June 30,	2025	2024*	2023	2022	2021	2020	2019	2018 ⁽¹⁾
Total Pension Liability:								
Service Cost	\$ 586,188	\$ 465,964	\$ 467,000	\$ 675,000	\$ 605,000	\$ 537,000	\$ 505,000	\$ 490,000
Interest on Total OPEB Liability	421,122	355,187	334,000	190,000	222,000	242,000	239,000	227,000
Differences Between Expected and Actual Experience	683,509	-	782,000	-	585,000	-	-	-
Changes in Assumptions	(661,455)	(87,139)	(554,000)	(1,383,000)	306,000	454,000	291,000	-
Benefit Payments	(562,421)	(541,595)	(500,000)	(495,000)	(449,000)	(431,000)	(401,000)	(380,000)
Net Change in Total Pension Liability	466,943	192,417	529,000	(1,013,000)	1,269,000	802,000	634,000	337,000
Total OPEB Liability - Beginning of Year	9,196,426	9,004,009	8,475,000	9,488,000	8,219,000	7,417,000	6,783,000	6,446,000
Total OPEB Liability - End of Year	<u>\$ 9,663,369</u>	<u>\$ 9,196,426</u>	<u>\$ 9,004,000</u>	<u>\$ 8,475,000</u>	<u>\$ 9,488,000</u>	<u>\$ 8,219,000</u>	<u>\$ 7,417,000</u>	<u>\$ 6,783,000</u>
Covered - Employee Payroll	\$ 111,508,677	\$ 103,040,386	\$ 91,205,000	\$ 79,596,000	\$ 77,536,000	\$ 77,898,000	\$ 78,178,000	\$ 74,034,000
OPEB Liability (Asset) as Percentage of Covered - Employee Payroll	8.67%	8.93%	9.87%	10.65%	12.24%	10.55%	9.49%	9.16%

(1) The Schedule of Changes in Total OPEB Liability & Related Ratios – Last Ten Years includes only eight years of data because information for the fiscal years 2015, 2016, and 2017 is unavailable. The requirement to report this schedule was implemented with Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other than Pension (GASB 75)*, which became effective for fiscal years beginning after June 15, 2017. As a result, earlier data may not have been collected or reported in the same manner.

Notes to Schedule:

The City does not accumulate assets in a trust to pay related benefits.

*Starting in measurement period 2024, the City ACFR was prepared utilizing dollars, prior fiscal years all rounded to the thousand.

SUPPLEMENTAL SCHEDULES

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OTHER GOVERNMENTAL FUNDS

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**CITY OF IRVINE
OTHER GOVERNMENTAL FUNDS**

The combining statements for Other Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements summarize the financial information contained in the Other Special Revenue Funds, Other Capital Projects Funds, and Permanent Fund.

Debt Service Fund

Irvine Facilities Financing Authority Fund – This fund accounts for the accumulation and disbursement of monies to meet the debt service requirements for the Series 2023A lease revenue bonds.

Permanent fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Senior Services – This fund accounts for adult day health services and senior citizen programs which are funded from interest earnings and additional donations.

**CITY OF IRVINE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Other Special Revenue Funds	Other Capital Projects Funds	Irvine Facilities Financing Authority Debt Service Fund	Senior Services Permanent Fund	Total Other Governmental Funds
ASSETS					
Cash and Investments	\$ 225,066,652	\$ 197,849,582	\$ 24,946,107	\$ 970,510	\$ 448,832,851
Receivable, Net of Allowances:					
Taxes	1,806,544	-	-	-	1,806,544
Accounts	3,669,076	-	-	-	3,669,076
Accrued Interest	1,512,359	888,838	-	5,419	2,406,616
Escrow Deposits	10,316,168	-	-	-	10,316,168
Due from Other Governments	2,870,841	11,888,512	-	-	14,759,353
Long-Term Notes Receivable, Net of Allowances	2,890,547	-	-	-	2,890,547
Total Assets	<u>\$ 248,132,187</u>	<u>\$ 210,626,932</u>	<u>\$ 24,946,107</u>	<u>\$ 975,929</u>	<u>\$ 484,681,155</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 6,580,994	\$ 7,708,020	\$ -	\$ 1,956	\$ 14,290,970
Accrued Liabilities	565,525	3,751,255	-	-	4,316,780
Due to Other Funds	1,325,941	-	-	-	1,325,941
Due to Other Governments	2,399	21,818	2,229,346	-	2,253,563
Retention Payable	-	808,428	-	-	808,428
Deposits	80,500	427,148	-	-	507,648
Total Liabilities	<u>8,555,359</u>	<u>12,716,669</u>	<u>2,229,346</u>	<u>1,956</u>	<u>23,503,330</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	6,264,971	11,206,349	-	-	17,471,320
Total Deferred Inflows of Resources					
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	501,288	501,288
Restricted	201,164,798	152,438,143	-	472,685	354,075,626
Committed	31,693,443	34,265,771	-	-	65,959,214
Assigned	2,051,107	-	22,716,761	-	24,767,868
Unassigned	(1,597,491)	-	-	-	(1,597,491)
Total Fund Balances (Deficits)	<u>233,311,857</u>	<u>186,703,914</u>	<u>22,716,761</u>	<u>973,973</u>	<u>443,706,505</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 248,132,187</u>	<u>\$ 210,626,932</u>	<u>\$ 24,946,107</u>	<u>\$ 975,929</u>	<u>\$ 484,681,155</u>

CITY OF IRVINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Other Special Revenue Funds	Other Capital Projects Funds	Irvine Facilities Financing Authority Debt Service Fund	Senior Services Permanent Fund	Total Other Governmental Funds
REVENUES					
Taxes	\$ 15,921,962	\$ -	\$ -	\$ -	\$ 15,921,962
Licenses and Permits	66,166	-	-	-	66,166
Investment Income	12,715,085	10,581,970	1,158,822	51,939	24,507,816
Intergovernmental	27,095,557	2,415,740	-	-	29,511,297
Charges for Services	1,023,434	435,124	-	-	1,458,558
Revenue from Developers	4,595,550	1,067,616	-	-	5,663,166
Special Assessments	16,838,797	-	-	-	16,838,797
Donations	-	-	-	43,705	43,705
Other Revenue	856,125	-	-	-	856,125
Total Revenues	79,112,676	14,500,450	1,158,822	95,644	94,867,592
EXPENDITURES					
Current:					
General Government	3,774,485	270,003	295,390	-	4,339,878
Public Safety	888,317	-	-	-	888,317
Public Works and Sustainability	38,131,223	1,101,542	-	-	39,232,765
Community Development	21,711	332	-	-	22,043
Community and Library Services	-	-	-	17,753	17,753
Capital Outlay	3,823,114	45,166,576	-	-	48,989,690
Debt Service:					
Interest and Fiscal Charges	-	-	15,928,000	-	15,928,000
Total Expenditures	46,638,850	46,538,453	16,223,390	17,753	109,418,446
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,473,826	(32,038,003)	(15,064,568)	77,891	(14,550,854)
OTHER FINANCING SOURCES (USES)					
Transfers In	12,130,519	23,934,806	-	-	36,065,325
Transfers Out	(26,040,243)	(1,137,671)	(285,830,377)	-	(313,008,291)
Total Other Financing Sources (Uses)	(13,909,724)	22,797,135	(285,830,377)	-	(276,942,966)
NET CHANGE IN FUND BALANCES	18,564,102	(9,240,868)	(300,894,945)	77,891	(291,493,820)
Fund Balances - Beginning of Year , as Previously Presented	67,145,117	419,284,633	-	896,082	487,325,832
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	147,602,638	(223,339,851)	323,611,706	-	247,874,493
Fund Balances - Beginning of Year, as Restated	214,747,755	195,944,782	323,611,706	896,082	735,200,325
FUND BALANCES - END OF YEAR	\$ 233,311,857	\$ 186,703,914	\$ 22,716,761	\$ 973,973	\$ 443,706,505



OTHER SPECIAL REVENUE FUNDS

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CITY OF IRVINE OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources derived from specific taxes or other earmarked revenues set aside in accordance with law or administrative regulations for expenditures restricted for specified services. Special Revenue Funds include the following:

County Sales Tax Measure M – This fund accounts for the one-half percent sales tax authorized by the Measure M tax initiative within the County of Orange. Sales tax proceeds are distributed by formula to the cities for use, which is restricted solely to transportation planning and implementation activities.

State Gasoline Tax – This fund accounts for revenues and expenditures apportioned under the Street and Highway Code of the State of California. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

Systems Development – This fund accounts for a 1 percent fee imposed by City Ordinance on all new construction. Revenues are committed for circulation and public facilities improvements.

Maintenance District – This fund is used to record City-wide street lighting and landscape maintenance costs, and the collection of assessments from property owners.

Air Quality Improvement – This fund accounts for receipts and disbursements made to reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 under Section 44244.1 of the California Health and Safety Code.

OCFA Settlement Agreement – This fund accounts for an agreement between Orange County Fire Authority and the City to reimburse the City for certain Public Safety expenditures.

Major Special Events – This fund is used for participant user fee for major events. The fees collected are applied to Public Safety costs incurred as a result of these events.

iShuttle – This fund accounts for the contributions for the iShuttle and the annual payment to the Orange County Transportation Authority to operate the iShuttle on the City's behalf.

Fees and Exactions Fund – This fund records the collections of fees imposed on developers and property owners for the future capital improvement projects from which they will receive a direct benefit. The fund also accounts for loans to developers from the Housing In Lieu fees, which assist in the stimulation of affordable housing projects.

Library System Fund – This fund accounts for the operations of the Irvine Public Library system which includes the Heritage Park and University Park Libraries. Funding for operations is received through property taxes.

Hotel Improvement District – This fund accounts for receipts and disbursements of the 2% Hotel Improvement District Assessment Tax. Of the 2% assessment, 1.5% is used to recruit business and tourism, and 0.5% is designated to the City of Irvine for cultural events.

Local Park Fees – This fund accounts for the fees received under the Subdivision Map Act of the California State Constitution that requires the developers to either contribute land or pay fees to provide recreational facilities within a development area.

**CITY OF IRVINE
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2025**

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Maintenance District	Air Quality Improvement	OCFA Settlement Agreement
ASSETS						
Cash and Investments	\$ 10,431,713	\$ 25,152,335	\$ 25,581,914	\$ 10,327,446	\$ 651,779	\$ 189,651
Receivable, Net of Allowances:						
Taxes	-	1,502,354	-	266,733	-	-
Accounts	-	-	-	72,514	109,489	-
Accrued Interest	79,044	173,135	104,370	56,733	3,296	1,329
Escrow Deposits	-	-	-	-	-	-
Due from Other Governments	1,337,862	1,512,640	-	20,339	-	-
Long-Term Notes Receivable, Net of Allowances	-	-	-	-	-	-
Total Assets	<u>\$ 11,848,619</u>	<u>\$ 28,340,464</u>	<u>\$ 25,686,284</u>	<u>\$ 10,743,765</u>	<u>\$ 764,564</u>	<u>\$ 190,980</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 1,046,860	\$ 188,862	\$ 4,788,436	\$ 117,946	\$ 47,186
Accrued Liabilities	-	79,091	284	422,241	-	4,570
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Total Liabilities	-	1,125,951	189,146	5,210,677	117,946	51,756
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	-	31,015	-	-
Total Deferred Inflows of Resources	-	-	-	31,015	-	-
FUND BALANCES (DEFICITS)						
Restricted	11,848,619	27,214,513	-	-	646,618	139,224
Committed	-	-	25,497,138	5,502,073	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>11,848,619</u>	<u>27,214,513</u>	<u>25,497,138</u>	<u>5,502,073</u>	<u>646,618</u>	<u>139,224</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 11,848,619</u>	<u>\$ 28,340,464</u>	<u>\$ 25,686,284</u>	<u>\$ 10,743,765</u>	<u>\$ 764,564</u>	<u>\$ 190,980</u>

CITY OF IRVINE
COMBINING BALANCE SHEET (CONTINUED)
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Major Special Events	i/Shuttle	Fees and Exactions	Library System	Hotel Improvement District	Local Park Fees	Total Other Special Revenue Funds
ASSETS							
Cash and Investments	\$ 612,048	\$ -	\$ 11,972,189	\$ 195	\$ 1,627,523	\$ 138,519,859	\$ 225,066,652
Receivable, Net of Allowances:							
Taxes	-	-	37,457	-	-	-	1,806,544
Accounts	48,732	3,104,119	-	-	334,222	-	3,669,076
Accrued Interest	-	-	292,536	116	8,259	793,541	1,512,359
Escrow Deposits	-	-	-	-	-	10,316,168	10,316,168
Due from Other Governments	-	-	-	-	-	-	2,870,841
Long-Term Notes Receivable, Net of Allowances	-	-	2,890,547	-	-	-	2,890,547
	<u>-</u>	<u>-</u>	<u>2,890,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,890,547</u>
Total Assets	<u>\$ 660,780</u>	<u>\$ 3,104,119</u>	<u>\$ 15,192,729</u>	<u>\$ 311</u>	<u>\$ 1,970,004</u>	<u>\$ 149,629,568</u>	<u>\$ 248,132,187</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 227,294	\$ -	\$ -	\$ 164,410	\$ -	\$ 6,580,994
Accrued Liabilities	-	36,000	-	-	23,339	-	565,525
Due to Other Funds	-	1,325,941	-	-	-	-	1,325,941
Due to Other Governments	-	-	2,399	-	-	-	2,399
Deposits	-	-	80,500	-	-	-	80,500
Total Liabilities	<u>-</u>	<u>1,589,235</u>	<u>82,899</u>	<u>-</u>	<u>187,749</u>	<u>-</u>	<u>8,555,359</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	<u>-</u>	<u>3,112,375</u>	<u>3,121,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,264,971</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>3,112,375</u>	<u>3,121,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,264,971</u>
FUND BALANCES (DEFICITS)							
Restricted	-	-	9,903,690	311	1,782,255	149,629,568	201,164,798
Committed	660,780	-	33,452	-	-	-	31,693,443
Assigned	-	-	2,051,107	-	-	-	2,051,107
Unassigned	-	(1,597,491)	-	-	-	-	(1,597,491)
Total Fund Balances (Deficits)	<u>660,780</u>	<u>(1,597,491)</u>	<u>11,988,249</u>	<u>311</u>	<u>1,782,255</u>	<u>149,629,568</u>	<u>233,311,857</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 660,780</u>	<u>\$ 3,104,119</u>	<u>\$ 15,192,729</u>	<u>\$ 311</u>	<u>\$ 1,970,004</u>	<u>\$ 149,629,568</u>	<u>\$ 248,132,187</u>

CITY OF IRVINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2025

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Maintenance District	Air Quality Improvement	OCFA Settlement Agreement
REVENUES						
Taxes	\$ -	\$ -	\$ 11,500,140	\$ 4,269,270	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Investment Income	646,008	1,668,316	953,745	265,500	40,333	22,313
Intergovernmental	7,528,200	17,351,953	-	-	419,273	618,000
Charges for Services	-	-	1,470	45,922	-	-
Revenue from Developers	-	-	-	-	-	-
Special Assessments	-	-	-	13,226,935	-	-
Other Revenue	-	-	472,197	91,537	-	-
Total Revenues	8,174,208	19,020,269	12,927,552	17,899,164	459,606	640,313
EXPENDITURES						
Current:						
General Government	-	21,388	-	184,874	-	-
Public Safety	-	-	-	-	189,461	-
Public Works and Sustainability	-	5,732,776	1,076,446	28,859,490	8,679	645,087
Community Development	-	-	-	-	-	-
Capital Outlay	-	-	-	23,424	450,000	101,400
Total Expenditures	-	5,754,164	1,076,446	29,067,788	648,140	746,487
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,174,208	13,266,105	11,851,106	(11,168,624)	(188,534)	(106,174)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	11,057,440	-	-
Transfers Out	(6,206,825)	(11,304,201)	-	-	(28,455)	-
Total Other Financing Sources (Uses)	(6,206,825)	(11,304,201)	-	11,057,440	(28,455)	-
NET CHANGE IN FUND BALANCES	1,967,383	1,961,904	11,851,106	(111,184)	(216,989)	(106,174)
Fund Balances - Beginning of Year , as Previously Presented	9,881,236	25,252,609	13,646,032	5,613,257	863,607	245,398
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Restated	9,881,236	25,252,609	13,646,032	5,613,257	863,607	245,398
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 11,848,619</u>	<u>\$ 27,214,513</u>	<u>\$ 25,497,138</u>	<u>\$ 5,502,073</u>	<u>\$ 646,618</u>	<u>\$ 139,224</u>

CITY OF IRVINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
OTHER SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2025

	Major Special Events	i Shuttle	Fees and Exactions	Library System	Hotel Improvement District	Local Park Fees	Total Other Special Revenue Funds
REVENUES							
Taxes	\$ -	\$ -	\$ 152,552	\$ -	\$ -	\$ -	\$ 15,921,962
Licenses and Permits	-	-	66,166	-	-	-	66,166
Investment Income	-	(33,933)	749,865	311	66,534	8,336,093	12,715,085
Intergovernmental	-	-	1,178,131	-	-	-	27,095,557
Charges for Services	932,132	-	-	-	43,910	-	1,023,434
Revenue from Developers	-	-	2,503,950	-	-	2,091,600	4,595,550
Special Assessments	-	-	-	-	3,611,862	-	16,838,797
Other Revenue	788	-	291,603	-	-	-	856,125
Total Revenues	932,920	(33,933)	4,942,267	311	3,722,306	10,427,693	79,112,676
EXPENDITURES							
Current:							
General Government	-	-	390,357	-	3,177,866	-	3,774,485
Public Safety	698,856	-	-	-	-	-	888,317
Public Works and Sustainability	95,816	1,712,929	-	-	-	-	38,131,223
Community Development	5,457	-	16,254	-	-	-	21,711
Capital Outlay	-	-	548,290	-	-	2,700,000	3,823,114
Total Expenditures	800,129	1,712,929	954,901	-	3,177,866	2,700,000	46,638,850
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	132,791	(1,746,862)	3,987,366	311	544,440	7,727,693	32,473,826
OTHER FINANCING SOURCES (USES)							
Transfers In	-	265,846	807,233	-	-	-	12,130,519
Transfers Out	-	-	(2,799,999)	-	-	(5,700,763)	(26,040,243)
Total Other Financing Sources (Uses)	-	265,846	(1,992,766)	-	-	(5,700,763)	(13,909,724)
NET CHANGE IN FUND BALANCES	132,791	(1,481,016)	1,994,600	311	544,440	2,026,930	18,564,102
Fund Balances - Beginning of Year , as Previously Presented	527,989	(116,475)	9,993,649	-	1,237,815	-	67,145,117
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	147,602,638	147,602,638
Fund Balances - Beginning of Year, as Restated	527,989	(116,475)	9,993,649	-	1,237,815	147,602,638	214,747,755
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 660,780</u>	<u>\$ (1,597,491)</u>	<u>\$ 11,988,249</u>	<u>\$ 311</u>	<u>\$ 1,782,255</u>	<u>\$ 149,629,568</u>	<u>\$ 233,311,857</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
COUNTY SALES TAX MEASURE M
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 90,412	\$ 90,412	\$ 646,008	\$ 555,596
Intergovernmental	7,974,973	7,974,973	7,528,200	(446,773)
Total Revenues	8,065,385	8,065,385	8,174,208	108,823
EXPENDITURES				
Current:				
General Government	22,311	22,311	-	22,311
Public Works and Sustainability	150,000	150,000	-	150,000
Total Expenditures	172,311	172,311	-	172,311
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,893,074	7,893,074	8,174,208	281,134
OTHER FINANCING USES				
Transfers Out	(5,900,000)	(17,626,229)	(6,206,825)	11,419,404
Total Other Financing Uses	(5,900,000)	(17,626,229)	(6,206,825)	11,419,404
NET CHANGE IN FUND BALANCE	1,993,074	(9,733,155)	1,967,383	11,700,538
Fund Balance - Beginning of Year	9,881,236	9,881,236	9,881,236	-
FUND BALANCE - END OF YEAR	<u>\$ 11,874,310</u>	<u>\$ 148,081</u>	<u>\$ 11,848,619</u>	<u>\$ 11,700,538</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
STATE GASOLINE TAX
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 37,103	\$ 37,103	\$ 1,668,316	\$ 1,631,213
Intergovernmental	17,259,034	17,259,034	17,351,953	92,919
Total Revenues	17,296,137	17,296,137	19,020,269	1,724,132
EXPENDITURES				
Current:				
General Government	42,479	42,479	21,388	21,091
Public Works and Sustainability	6,783,655	6,883,656	5,732,776	1,150,880
Total Expenditures	6,826,134	6,926,135	5,754,164	1,171,971
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,470,003	10,370,002	13,266,105	2,896,103
OTHER FINANCING USES				
Transfers Out	(9,840,000)	(29,555,687)	(11,304,201)	18,251,486
Total Other Financing Uses	(9,840,000)	(29,555,687)	(11,304,201)	18,251,486
NET CHANGE IN FUND BALANCE	630,003	(19,185,685)	1,961,904	21,147,589
Fund Balance - Beginning of Year	25,252,609	25,252,609	25,252,609	-
FUND BALANCE - END OF YEAR	<u>\$ 25,882,612</u>	<u>\$ 6,066,924</u>	<u>\$ 27,214,513</u>	<u>\$ 21,147,589</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
SYSTEMS DEVELOPMENT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,580,000	\$ 6,580,000	\$ 11,500,140	\$ 4,920,140
Investment Income	214,891	214,891	953,745	738,854
Charges for Services	-	-	1,470	1,470
Other Revenue	-	-	472,197	472,197
Total Revenues	6,794,891	6,794,891	12,927,552	6,132,661
EXPENDITURES				
Current:				
Public Works and Sustainability	1,100,000	1,480,000	1,076,446	403,554
Total Expenditures	1,100,000	1,480,000	1,076,446	403,554
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,694,891	5,314,891	11,851,106	6,536,215
OTHER FINANCING USES				
Transfers Out	(12,132,500)	(24,983,252)	-	24,983,252
Total Other Financing Uses	(12,132,500)	(24,983,252)	-	24,983,252
NET CHANGE IN FUND BALANCE	(6,437,609)	(19,668,361)	11,851,106	31,519,467
Fund Balance - Beginning of Year	13,646,032	13,646,032	13,646,032	-
FUND BALANCE - END OF YEAR	<u>\$ 7,208,423</u>	<u>\$ (6,022,329)</u>	<u>\$ 25,497,138</u>	<u>\$ 31,519,467</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,132,981	\$ 4,132,981	\$ 4,269,270	\$ 136,289
Investment Income	8,827	8,827	265,500	256,673
Charges for Services	50,000	50,000	45,922	(4,078)
Special Assessments	13,197,053	13,197,053	13,226,935	29,882
Other Revenue	62,500	62,500	91,537	29,037
Total Revenues	17,451,361	17,451,361	17,899,164	447,803
EXPENDITURES				
Current:				
General Government	92,218	92,218	184,874	(92,656)
Public Works and Sustainability	28,506,235	31,092,328	28,859,490	2,232,838
Capital Outlay	168,611	168,611	23,424	145,187
Total Expenditures	28,767,064	31,353,157	29,067,788	2,285,369
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,315,703)	(13,901,796)	(11,168,624)	2,733,172
OTHER FINANCING USES				
Transfers In	11,057,440	11,057,440	11,057,440	-
Total Other Financing Uses	11,057,440	11,057,440	11,057,440	-
NET CHANGE IN FUND BALANCE	(258,263)	(2,844,356)	(111,184)	2,733,172
Fund Balance - Beginning of Year	5,613,257	5,613,257	5,613,257	-
FUND BALANCE - END OF YEAR	<u>\$ 5,354,994</u>	<u>\$ 2,768,901</u>	<u>\$ 5,502,073</u>	<u>\$ 2,733,172</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 13,320	\$ 13,320	\$ 40,333	\$ 27,013
Intergovernmental	350,000	350,000	419,273	69,273
Total Revenues	363,320	363,320	459,606	96,286
EXPENDITURES				
Current:				
General Government	1,700	1,700	-	1,700
Public Safety	180,000	180,000	189,461	(9,461)
Public Works and Sustainability	65,000	78,500	8,679	69,821
Capital Outlay	-	400,000	450,000	(50,000)
Total Expenditures	246,700	660,200	648,140	12,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	116,620	(296,880)	(188,534)	108,346
OTHER FINANCING USES				
Transfers Out	-	(28,455)	(28,455)	-
Total Other Financing Uses	-	(28,455)	(28,455)	-
NET CHANGE IN FUND BALANCE	116,620	(325,335)	(216,989)	108,346
Fund Balance - Beginning of Year	863,607	863,607	863,607	-
FUND BALANCE - END OF YEAR	<u>\$ 980,227</u>	<u>\$ 538,272</u>	<u>\$ 646,618</u>	<u>\$ 108,346</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
OCFA SETTLEMENT AGREEMENT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 5,063	\$ 5,063	\$ 22,313	\$ 17,250
Intergovernmental	618,000	618,000	618,000	-
Total Revenues	623,063	623,063	640,313	17,250
EXPENDITURES				
Current:				
Public Works and Sustainability	537,530	537,530	645,087	(107,557)
Capital Outlay	80,470	80,470	101,400	(20,930)
Total Expenditures	618,000	618,000	746,487	(128,487)
NET CHANGE IN FUND BALANCE	5,063	5,063	(106,174)	(111,237)
Fund Balance - Beginning of Year	245,398	245,398	245,398	-
FUND BALANCE - END OF YEAR	<u>\$ 250,461</u>	<u>\$ 250,461</u>	<u>\$ 139,224</u>	<u>\$ (111,237)</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
MAJOR SPECIAL EVENTS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 1,726,566	\$ 1,726,566	\$ 932,132	\$ (794,434)
Other Revenue	-	-	788	788
Total Revenues	1,726,566	1,726,566	932,920	(793,646)
EXPENDITURES				
Current:				
Public Safety	1,579,133	1,579,133	698,856	880,277
Public Works and Sustainability	101,940	101,940	95,816	6,124
Community Development	-	-	5,457	(5,457)
Total Expenditures	1,681,073	1,681,073	800,129	880,944
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45,493	45,493	132,791	87,298
OTHER FINANCING USES				
Transfers Out	60,000	60,000	-	(60,000)
Total Other Financing Uses	60,000	60,000	-	(60,000)
NET CHANGE IN FUND BALANCE	105,493	105,493	132,791	27,298
Fund Balance - Beginning of Year	527,989	527,989	527,989	-
FUND BALANCE - END OF YEAR	<u>\$ 633,482</u>	<u>\$ 633,482</u>	<u>\$ 660,780</u>	<u>\$ 27,298</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
SHUTTLE
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 17,336	\$ 17,336	\$ (33,933)	\$ (51,269)
Intergovernmental	-	1,653,285	-	(1,653,285)
Donations	10,660	10,660	-	(10,660)
Total Revenues	27,996	1,681,281	(33,933)	(1,715,214)
EXPENDITURES				
Current:				
Public Works and Sustainability	318,439	1,971,724	1,712,929	258,795
Total Expenditures	318,439	1,971,724	1,712,929	258,795
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(290,443)	(290,443)	(1,746,862)	(1,456,419)
OTHER FINANCING USES				
Transfers In	265,846	265,846	265,846	-
Transfers Out	60,000	60,000	-	(60,000)
Total Other Financing Uses	325,846	325,846	265,846	(60,000)
NET CHANGE IN FUND BALANCE	35,403	35,403	(1,481,016)	(1,516,419)
Fund Balance (Deficit) - Beginning of Year	(116,475)	(116,475)	(116,475)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (81,072)</u>	<u>\$ (81,072)</u>	<u>\$ (1,597,491)</u>	<u>\$ (1,516,419)</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FEES AND EXACTIONS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 250,000	\$ 250,000	\$ 152,552	\$ (97,448)
Licenses and Permits	71,012	71,012	66,166	(4,846)
Investment Income	138,321	138,321	749,865	611,544
Intergovernmental	-	-	1,178,131	1,178,131
Charges for Services	261,507	261,507	-	(261,507)
Revenue from Developers	-	-	2,503,950	2,503,950
Other Revenue	-	-	291,603	291,603
Total Revenues	720,840	720,840	4,942,267	4,221,427
EXPENDITURES				
Current:				
General Government	100,000	658,928	390,357	268,571
Public Works and Sustainability	296,486	6,440	-	6,440
Community Development	13,200	309,686	16,254	293,432
Capital Outlay	-	948,290	548,290	400,000
Total Expenditures	409,686	1,923,344	954,901	968,443
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	311,154	(1,202,504)	3,987,366	5,189,870
OTHER FINANCING USES				
Transfers In	-	807,038	807,233	195
Transfers Out	(60,000)	(60,000)	(2,799,999)	(2,739,999)
Total Other Financing Uses	(60,000)	747,038	(1,992,766)	(2,739,804)
NET CHANGE IN FUND BALANCE	251,154	(455,466)	1,994,600	2,450,066
Fund Balance - Beginning of Year	9,993,649	9,993,649	9,993,649	-
FUND BALANCE - END OF YEAR	<u>\$ 10,244,803</u>	<u>\$ 9,538,183</u>	<u>\$ 11,988,249</u>	<u>\$ 2,450,066</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
HOTEL IMPROVEMENT DISTRICT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ 66,534	\$ 66,534
Charges for Services	-	-	43,910	43,910
Special Assessments	<u>3,583,391</u>	<u>3,583,391</u>	<u>3,611,862</u>	<u>28,471</u>
Total Revenues	<u>3,583,391</u>	<u>3,583,391</u>	<u>3,722,306</u>	<u>138,915</u>
EXPENDITURES				
Current:				
General Government	<u>3,583,391</u>	<u>3,659,600</u>	<u>3,177,866</u>	<u>481,734</u>
Total Expenditures	<u>3,583,391</u>	<u>3,659,600</u>	<u>3,177,866</u>	<u>481,734</u>
NET CHANGE IN FUND BALANCE	-	(76,209)	544,440	620,649
Fund Balance - Beginning of Year	<u>1,237,815</u>	<u>1,237,815</u>	<u>1,237,815</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,237,815</u>	<u>\$ 1,161,606</u>	<u>\$ 1,782,255</u>	<u>\$ 620,649</u>

CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
LOCAL PARK FEES
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 2,185,456	\$ 2,185,456	\$ 8,336,093	\$ 6,150,637
Revenue from Developers	-	-	2,091,600	2,091,600
Total Revenues	2,185,456	2,185,456	10,427,693	8,242,237
EXPENDITURES				
Capital Outlay	-	100,250,000	2,700,000	97,550,000
Total Expenditures	-	100,250,000	2,700,000	97,550,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,185,456	(98,064,544)	7,727,693	(89,307,763)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,975,000)	(20,028,080)	(5,700,763)	14,327,317
Total Other Financing Sources (Uses)	(2,975,000)	(20,028,080)	(5,700,763)	14,327,317
NET CHANGE IN FUND BALANCES	(789,544)	(118,092,624)	2,026,930	(74,980,446)
Fund Balances - Beginning of Year	147,602,638	147,602,638	147,602,638	-
FUND BALANCES - END OF YEAR	<u>\$ 146,813,094</u>	<u>\$ 29,510,014</u>	<u>\$ 149,629,568</u>	<u>\$ (74,980,446)</u>

OTHER CAPITAL PROJECTS FUNDS

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**CITY OF IRVINE
OTHER CAPITAL PROJECTS FUNDS**

Other Capital Projects Funds are used for the construction of infrastructure and public facility improvements within the City and because of its complexity, typically requires more than one budgetary cycle to complete. Other Capital Projects Funds include the following:

Slurry Seal Fees – This fund accounts for developer construction fees to be utilized for the slurry seal of City streets that had wear and tear due to construction traffic and the capital projects related to the City's slurry seal program.

Capital Improvement Projects – This fund accounts for acquisition or construction of the City's general circulation related infrastructure including traffic signals, street medians, and bridges.

Assessment District Fund – This fund accounts for the financial transactions related to the capital project activities within the assessment districts.

Irvine Business Complex Fund – This fund accounts for related capital project activities and fee revenue generated within the Irvine Business Complex development area.



**CITY OF IRVINE
COMBINING BALANCE SHEET
OTHER CAPITAL PROJECTS FUNDS
JUNE 30, 2025**

	Slurry Seal Fees	Capital Improvement Projects	Assessment Districts	Irvine Business Complex	Total Other Capital Projects Funds
ASSETS					
Cash and Investments	\$ 4,182,174	\$ 34,598,980	\$ 33,268,031	\$ 125,800,397	\$ 197,849,582
Receivable, Net of Allowances:					
Accrued Interest	-	154,518	28,891	705,429	888,838
Due from Other Governments	357,843	8,785,488	-	2,745,181	11,888,512
Due from Developers	-	-	-	-	-
Total Assets	<u>\$ 4,540,017</u>	<u>\$ 43,538,986</u>	<u>\$ 33,296,922</u>	<u>\$ 129,251,007</u>	<u>\$ 210,626,932</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,601,874	\$ 2,287,875	\$ 257,276	\$ 1,560,995	\$ 7,708,020
Accrued Liabilities	-	646,593	2,529,543	575,119	3,751,255
Due to Other Governments	-	-	21,818	-	21,818
Retentions Payable	291,079	422,663	-	94,686	808,428
Deposits	-	427,148	-	-	427,148
Total Liabilities	<u>3,892,953</u>	<u>3,784,279</u>	<u>2,808,637</u>	<u>2,230,800</u>	<u>12,716,669</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	8,570,630	-	2,635,719	11,206,349
Total Deferred Inflows of Resources	-	8,570,630	-	2,635,719	11,206,349
FUND BALANCES (DEFICITS)					
Restricted	-	-	30,488,285	121,949,858	152,438,143
Committed	647,064	31,184,077	-	2,434,630	34,265,771
Total Fund Balances (Deficits)	<u>647,064</u>	<u>31,184,077</u>	<u>30,488,285</u>	<u>124,384,488</u>	<u>186,703,914</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 4,540,017</u>	<u>\$ 43,538,986</u>	<u>\$ 33,296,922</u>	<u>\$ 129,251,007</u>	<u>\$ 210,626,932</u>

CITY OF IRVINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
OTHER CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2025

	Slurry Seal Fees	Park Development	Capital Improvement Projects	Assessment Districts
REVENUES				
Investment Income	\$ 6,376	\$ -	\$ 1,761,489	\$ 1,916,875
Intergovernmental	-	-	2,306,278	-
Charges for Services	435,124	-	-	-
Revenue from Developers	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	441,500	-	4,067,767	1,916,875
EXPENDITURES				
Current:				
General Government	-	-	-	260,566
Public Works and Sustainability	180,467	-	501,454	53,990
Community Development	207	-	66	59
Capital Outlay	8,161,030	-	22,233,658	9,653,828
Total Expenditures	8,341,704	-	22,735,178	9,968,443
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,900,204)	-	(18,667,411)	(8,051,568)
OTHER FINANCING USES				
Transfers In	8,052,909	-	15,793,485	-
Transfers Out	-	-	(524,949)	-
Total Other Financing Uses	8,052,909	-	15,268,536	-
NET CHANGE IN FUND BALANCES	152,705	-	(3,398,875)	(8,051,568)
Fund Balances - Beginning of Year , as Previously Presented	494,359	44,402,337	34,582,952	38,539,853
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	(44,402,337)	-	-
Fund Balances - Beginning of Year, as Restated	494,359	-	34,582,952	38,539,853
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 647,064</u>	<u>\$ -</u>	<u>\$ 31,184,077</u>	<u>\$ 30,488,285</u>

CITY OF IRVINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
OTHER CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2025

	Irvine Business Complex	North Irvine Transportation Mitigation	Gateway Preserve CIP	Total Other Capital Projects Funds
REVENUES				
Investment Income	\$ 6,897,230	\$ -	\$ -	\$ 10,581,970
Intergovernmental	109,462	-	-	2,415,740
Charges for Services	-	-	-	435,124
Revenue from Developers	1,067,616	-	-	1,067,616
Other Revenue	-	-	-	-
Total Revenues	8,074,308	-	-	14,500,450
EXPENDITURES				
Current:				
General Government	9,437	-	-	270,003
Public Works and Sustainability	365,631	-	-	1,101,542
Community Development	-	-	-	332
Capital Outlay	5,118,060	-	-	45,166,576
Total Expenditures	5,493,128	-	-	46,538,453
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,581,180	-	-	(32,038,003)
OTHER FINANCING USES				
Transfers In	88,412	-	-	23,934,806
Transfers Out	(612,722)	-	-	(1,137,671)
Total Other Financing Uses	(524,310)	-	-	22,797,135
NET CHANGE IN FUND BALANCES	2,056,870	-	-	(9,240,868)
Fund Balances - Beginning of Year , as Previously Presented	122,327,618	179,783,889	(846,375)	419,284,633
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	(179,783,889)	846,375	(223,339,851)
Fund Balances - Beginning of Year, as Restated	122,327,618	-	-	195,944,782
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 124,384,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,703,914</u>



PERMANENT FUND

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CITY OF IRVINE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
SENIOR SERVICES
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 8,510	\$ 8,510	\$ 51,939	\$ 43,429
Donation	17,500	17,500	43,705	26,205
Total Revenues	26,010	26,010	95,644	69,634
EXPENDITURES				
Current:				
Community and Library Services	156,900	156,900	17,753	139,147
Total Expenditures	156,900	156,900	17,753	139,147
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(130,890)	(130,890)	77,891	208,781
OTHER FINANCING USES				
Transfers In	120,000	120,000	-	(120,000)
Total Other Financing Uses	120,000	120,000	-	(120,000)
NET CHANGE IN FUND BALANCE	(10,890)	(10,890)	77,891	88,781
Fund Balance - Beginning of Year	896,082	896,082	896,082	-
FUND BALANCE - END OF YEAR	<u>\$ 885,192</u>	<u>\$ 885,192</u>	<u>\$ 973,973</u>	<u>\$ 88,781</u>



INTERNAL SERVICE FUNDS

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**CITY OF IRVINE
INTERNAL SERVICE FUNDS**

Internal Service Funds account for operations that provide services to other departments of the City on a cost reimbursement basis. Internal Service Funds include the following:

Self-Insurance – This fund accounts for payments made for insurance services relative to workers' compensation, general liability, automotive coverage and to maintain a sinking fund for future claims.

Equipment and Services – This fund accounts for fleet and central services, as well as equipment replacement.

Inventory – This fund accounts for the warehousing of the City's central supplies and their distribution to operating departments.

CITY OF IRVINE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025

ASSETS	<u>Self-Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
CURRENT ASSETS				
Cash and Investments	\$ 27,316,022	\$ 18,145,056	\$ 140,051	\$ 45,601,129
Receivables, Net of Allowances:				
Accounts	128,264	38,773	-	167,037
Prepaid Items	<u>-</u>	<u>1,436,887</u>	<u>110,236</u>	<u>1,547,123</u>
Total Current Assets	<u>27,444,286</u>	<u>19,620,716</u>	<u>250,287</u>	<u>47,315,289</u>
NONCURRENT ASSETS				
Capital Assets:				
Equipment	-	25,341,835	-	25,341,835
Less Accumulated Depreciation/Amortization	<u>-</u>	<u>(12,427,710)</u>	<u>-</u>	<u>(12,427,710)</u>
Total Capital Assets, Net	<u>-</u>	<u>12,914,125</u>	<u>-</u>	<u>12,914,125</u>
 Total Noncurrent Assets	 <u>-</u>	 <u>12,914,125</u>	 <u>-</u>	 <u>12,914,125</u>
 Total Assets	 27,444,286	 32,534,841	 250,287	 60,229,414
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	<u>236,030</u>	<u>1,075,245</u>	<u>-</u>	<u>1,311,275</u>
Total Deferred Outflows of Resources	236,030	1,075,245	-	1,311,275

CITY OF IRVINE
COMBINING STATEMENT OF NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
JUNE 30, 2025

LIABILITIES	<u>Self-Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 176,529	\$ 3,431,814	\$ 63,378	\$ 3,671,721
Accrued Liabilities	137,365	152,641	-	290,006
Interest Payable	-	27,243	-	27,243
Subscription Payable	-	2,017,092	-	2,017,092
Compensated Absences	169,957	287,432	-	457,389
Claims Payable	9,450,372	-	-	9,450,372
Total Current Liabilities	9,934,223	5,916,222	63,378	15,913,823
NONCURRENT LIABILITIES				
Subscription Payable	-	6,836,351	-	6,836,351
Compensated Absences	511,604	652,414	-	1,164,018
Claims Payable	14,940,069	-	-	14,940,069
Net Pension Liability	549,698	2,504,182	-	3,053,880
Total Noncurrent Liabilities	16,001,371	9,992,947	-	25,994,318
Total Liabilities	25,935,594	15,909,169	63,378	41,908,141
DEFERRED INFLOWS OF RESOURCES				
Pension Related	3,740	17,036	-	20,776
Total Deferred Inflows of Resources	3,740	17,036	-	20,776
NET POSITION				
Net Investment In Capital Assets	-	3,874,769	-	3,874,769
Unrestricted	1,740,982	13,809,112	186,909	15,737,003
Total Net Position	<u>\$ 1,740,982</u>	<u>\$ 17,683,881</u>	<u>\$ 186,909</u>	<u>\$ 19,611,772</u>



CITY OF IRVINE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	Self-Insurance	Equipment and Services	Inventory	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 13,526,074	\$ 29,606,031	\$ 583,130	\$ 43,715,235
Other	61,212	64,528	542	126,282
Total Operating Revenues	13,587,286	29,670,559	583,672	43,841,517
OPERATING EXPENSES				
Salaries and Benefits	3,631,115	8,027,086	-	11,658,201
Supplies and Equipment	71,579	11,263,531	587,345	11,922,455
Contract Services	953,557	11,928,196	-	12,881,753
Administration	10,712	2,941,248	-	2,951,960
Self-Insured Losses	6,396,820	-	-	6,396,820
Insurance Premiums	6,036,498	383,297	-	6,419,795
Depreciation and Amortization	-	4,502,002	-	4,502,002
Total Operating Expenses	17,100,281	39,045,360	587,345	56,732,986
OPERATING INCOME (LOSS)	(3,512,995)	(9,374,801)	(3,673)	(12,891,469)
NONOPERATING REVENUES (EXPENSES)				
Interest Expense	-	(316,486)	-	(316,486)
Gain on Disposal of Equipment	-	333,451	-	333,451
Total Nonoperating Revenues	-	16,965	-	16,965
INCOME (LOSS) BEFORE TRANSFERS	(3,512,995)	(9,357,836)	(3,673)	(12,874,504)
CONTRIBUTIONS				
Capital Contributions	-	450,000	-	450,000
Total Contributions	-	450,000	-	450,000
TRANSFERS				
Transfers In	4,287,240	-	-	4,287,240
Total Transfers	4,287,240	-	-	4,287,240
CHANGE IN NET POSITION	774,245	(8,907,836)	(3,673)	(8,137,264)
Net Position - Beginning of Year	966,737	26,591,717	190,582	27,749,036
NET POSITION - END OF YEAR	\$ 1,740,982	\$ 17,683,881	\$ 186,909	\$ 19,611,772

CITY OF IRVINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	Self-Insurance	Equipment and Services	Inventory	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from Interfund Services Provided	\$ 13,903,070	\$ 29,669,038	\$ 583,672	\$ 44,155,780
Paid to Suppliers and Providers	(12,899,373)	(27,923,865)	(556,276)	(41,379,514)
Paid for Salaries and Benefits	(3,003,584)	(7,635,612)	-	(10,639,196)
Net Cash Provided (Used) by Operating Activities	(1,999,887)	(5,890,439)	27,396	(7,862,930)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	4,287,240	-	-	4,287,240
Net Cash Provided (Used) by Noncapital Financing Activities	4,287,240	-	-	4,287,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	333,451	-	333,451
Acquisition of Capital Assets	-	(2,436,089)	-	(2,436,089)
Capital Contributions	-	450,000	-	450,000
Payment of Interest on Subscriptions	-	(316,486)	-	(316,486)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,969,124)	-	(1,969,124)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,287,353	(7,859,563)	27,396	(5,544,814)
Cash and Cash Equivalents - Beginning of Year	25,028,669	26,004,619	112,655	51,145,943
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 27,316,022</u>	<u>\$ 18,145,056</u>	<u>\$ 140,051</u>	<u>\$ 45,601,129</u>

CITY OF IRVINE
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	Self-Insurance	Equipment and Services	Inventory	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (3,512,995)	\$ (9,374,801)	\$ (3,673)	\$ (12,891,469)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	4,502,002	-	4,502,002
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:				
Accounts Receivable, Net of Allowances	315,784	(1,521)	-	314,263
Prepays Items	-	(164,075)	(5,123)	(169,198)
Deferred Outflows of Resources - Pension Related	30,429	138,622	-	169,051
Increase (Decrease) in Operating Liabilities and Deferred Inflows of Resources:				
Accounts Payable	(118,397)	91,072	-	(27,325)
Accrued Liabilities	42,107	(13,757)	-	28,350
Interest Payable	-	(21,430)	-	(21,430)
Due to Other Governments	-	-	36,192	36,192
Compensated Absences	545,327	222,564	-	767,891
Claims Payable	688,190	-	-	688,190
Net Pension Liability	17,864	81,382	-	99,246
Subscriptions Payable	-	(1,313,160)	-	(1,313,160)
Deferred Inflows of Resources - Pension Related	(8,196)	(37,337)	-	(45,533)
Total Adjustments	<u>1,513,108</u>	<u>3,484,362</u>	<u>31,069</u>	<u>5,028,539</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,999,887)</u>	<u>\$ (5,890,439)</u>	<u>\$ 27,396</u>	<u>\$ (7,862,930)</u>



FIDUCIARY FUNDS

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CITY OF IRVINE FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance governmental entities own operating programs. Fiduciary Funds include the following:

Pension Trust Funds – These funds account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements and defined contribution agreements.

Custodial Funds – These funds account for assets that are held in a custodial relationship. As assets are received, they may be temporarily invested and then remitted to individuals, private organizations, or other governments. One of these funds, the Interagency Custodial Fund, is used to account for cash seized by Public Safety and held until final disposition of the cases. The other custodial funds primarily reflect amounts collected and remitted under the terms of the various assessment and community facility districts.

CITY OF IRVINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2025

	December 31, 2024		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total Pension Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 168,408	\$ -	\$ 168,408
Receivables, Net of Allowances:			
Employer Contributions	16,793	2,890	19,683
Plan Member Contributions	1,076	1,521	2,597
Accrued Interest	83	-	83
Loans	-	13,258	13,258
Investments:			
Government Securities	-	17,550	17,550
Mutual Funds - Closed End Funds Equity	18,308,038	-	18,308,038
Mutual Funds - Equity	-	6,484,299	6,484,299
Mutual Funds - Corporate Bonds	-	426,185	426,185
Mutual Funds - Balanced	-	3,945,647	3,945,647
Total Assets	<u>18,494,398</u>	<u>10,891,350</u>	<u>29,385,748</u>
LIABILITIES			
Accounts Payable	-	2,375	2,375
Accrued Liabilities	<u>4,131</u>	<u>-</u>	<u>4,131</u>
Total Liabilities	<u>4,131</u>	<u>2,375</u>	<u>6,506</u>
NET POSITION			
Restricted for Pensions	<u>18,490,267</u>	<u>10,888,975</u>	<u>29,379,242</u>
Total Net Position	<u>\$ 18,490,267</u>	<u>\$ 10,888,975</u>	<u>\$ 29,379,242</u>

CITY OF IRVINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 2025

	December 31, 2024		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 594,717	\$ 76,518	\$ 671,235
Plan Members	37,597	40,275	77,872
Interest from Participants' Loan	-	1,315	1,315
Total Contributions	632,314	118,108	750,422
Investment Income (Loss):			
Interest and Dividends	357,805	349,648	707,453
Net Appreciation in Fair Value of Investments	325,096	1,222,157	1,547,253
Total Investment Income	682,901	1,571,805	2,254,706
Less: Investment Expenses	(61,424)	-	(61,424)
Net Investment Income	621,477	1,571,805	2,193,282
Total Additions	1,253,791	1,689,913	2,943,704
DEDUCTIONS			
Benefit Payments	1,489,797	1,655,209	3,145,006
Administrative Expenses	4,162	5,300	9,462
Total Deductions	1,493,959	1,660,509	3,154,468
CHANGE IN NET POSITION	(240,168)	29,404	(210,764)
Net Position - Beginning of Year	18,730,435	10,859,571	29,590,006
NET POSITION - END OF YEAR	<u>\$ 18,490,267</u>	<u>\$ 10,888,975</u>	<u>\$ 29,379,242</u>

CITY OF IRVINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025

	Eastwood Assessment District 13-25	Stonegate Assessment District 07-22	Orchard Hills Reassessment District 05-21	Portola Springs Reassessment District 04-20	Woodbury Assessment District 03-19
ASSETS					
Cash and Investments	\$ 3,733,412	\$ 4,666	\$ 18,356,279	\$ 7,856,661	\$ 10,036
Receivable, Net of Allowances:					
Taxes	35,166	-	149,196	61,349	-
Accounts	-	-	-	-	-
Accrued Interest	-	19	237	659	89
Due from Developers	-	23,336	30,845	11,429	102,942
Total Assets	<u>3,768,578</u>	<u>28,021</u>	<u>18,536,557</u>	<u>7,930,098</u>	<u>113,067</u>
LIABILITIES					
Accounts Payable	\$ 1,425	\$ 12,292	\$ 5,931	\$ 8,885	\$ 8,563
Accrued Liabilities	639	979	1,881	1,512	964
Due to Other Governments	-	-	-	-	-
Deposits	-	-	-	-	-
Total Liabilities	<u>2,064</u>	<u>13,271</u>	<u>7,812</u>	<u>10,397</u>	<u>9,527</u>
NET POSITION					
Held in Trust for Bondholders	<u>3,766,514</u>	<u>14,750</u>	<u>18,528,745</u>	<u>7,919,701</u>	<u>103,540</u>
Total Net Position	<u>\$ 3,766,514</u>	<u>\$ 14,750</u>	<u>\$ 18,528,745</u>	<u>\$ 7,919,701</u>	<u>\$ 103,540</u>

CITY OF IRVINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	Shady Canyon/ Turtle Ridge Assessment District 00-18	Irvine Spectrum Reassessment District 85-7	Irvine Spectrum Assessment District 87-8	Irvine Spectrum Assessment District 93-14	Reassessment District 12-1
ASSETS					
Cash and Investments	\$ 165,101	\$ 24,381	\$ 121	\$ 8,189,028	\$ 9,160,581
Receivable, Net of Allowances:					
Taxes	-	-	-	-	43,876
Accounts	-	-	-	-	-
Accrued Interest	177	96	1	305	-
Due from Developers	21,490	37,285	-	102,530	-
	<u>186,768</u>	<u>61,762</u>	<u>122</u>	<u>8,291,863</u>	<u>9,204,457</u>
Total Assets					
	<u>186,768</u>	<u>61,762</u>	<u>122</u>	<u>8,291,863</u>	<u>9,204,457</u>
LIABILITIES					
Accounts Payable	\$ 18,963	\$ 34,738	\$ -	\$ 88,405	\$ 4,806
Accrued Liabilities	484	482	-	4,306	775
Due to Other Governments	-	-	-	-	-
Deposits	-	-	-	-	-
	<u>19,447</u>	<u>35,220</u>	<u>-</u>	<u>92,711</u>	<u>5,581</u>
Total Liabilities					
	<u>19,447</u>	<u>35,220</u>	<u>-</u>	<u>92,711</u>	<u>5,581</u>
NET POSITION					
Held in Trust for Bondholders	<u>167,321</u>	<u>26,542</u>	<u>122</u>	<u>8,199,152</u>	<u>9,198,876</u>
	<u>167,321</u>	<u>26,542</u>	<u>122</u>	<u>8,199,152</u>	<u>9,198,876</u>
Total Net Position	<u>\$ 167,321</u>	<u>\$ 26,542</u>	<u>\$ 122</u>	<u>\$ 8,199,152</u>	<u>\$ 9,198,876</u>

CITY OF IRVINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	Reassessment District 13-1	Reassessment District 15-1	Reassessment District 15-2	Reassessment District 19-1	CFD 2004-1 Central Park
ASSETS					
Cash and Investments	\$ -	\$ 9,508,867	\$ 44,925	\$ 5,582,860	\$ 7,186,280
Receivable, Net of Allowances:					
Taxes	-	106,612	51,631	66,316	23,851
Accounts	-	-	-	-	-
Accrued Interest	-	749	313	-	774
Due from Developers	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>9,616,228</u>	<u>96,869</u>	<u>5,649,176</u>	<u>7,210,905</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 2,122	\$ 1,683	\$ 2,323	\$ 546
Accrued Liabilities	-	1,112	69	959	434
Due to Other Governments	-	-	-	-	-
Deposits	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>3,234</u>	<u>1,752</u>	<u>3,282</u>	<u>980</u>
NET POSITION					
Held in Trust for Bondholders	<u>-</u>	<u>9,612,994</u>	<u>95,117</u>	<u>5,645,894</u>	<u>7,209,925</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ -</u>	<u>\$ 9,612,994</u>	<u>\$ 95,117</u>	<u>\$ 5,645,894</u>	<u>\$ 7,209,925</u>

CITY OF IRVINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	CFD 2005-2 Columbus Grove	CFD 2013-3 Great Park	Reassessment District 21-1	Irvine Facilities Financing Authority	Reassessment District 24-1
ASSETS					
Cash and Investments	\$ 1,939,181	\$ 53,102,308	\$ 6,243,147	\$ 13,962	\$ 5,289,773
Receivable, Net of Allowances:					
Taxes	10,354	1,795,030	71,034	-	78,966
Accounts	-	13,328,566	-	-	1,362
Accrued Interest	-	748,556	939	-	-
Due from Developers	-	-	-	-	-
Total Assets	<u>1,949,535</u>	<u>68,974,460</u>	<u>6,315,120</u>	<u>13,962</u>	<u>5,370,101</u>
LIABILITIES					
Accounts Payable	\$ 752	\$ 52,088	\$ 96,391	\$ 210	\$ 2,023
Accrued Liabilities	174	351,066	725	-	1,052
Due to Other Governments	-	13,382,874	-	-	-
Deposits	-	335,497	-	-	-
Total Liabilities	<u>926</u>	<u>14,121,525</u>	<u>97,116</u>	<u>210</u>	<u>3,075</u>
NET POSITION					
Held in Trust for Bondholders	<u>1,948,609</u>	<u>54,852,935</u>	<u>6,218,004</u>	<u>13,752</u>	<u>5,367,026</u>
Total Net Position	<u>\$ 1,948,609</u>	<u>\$ 54,852,935</u>	<u>\$ 6,218,004</u>	<u>\$ 13,752</u>	<u>\$ 5,367,026</u>

CITY OF IRVINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	Reassessment District 25-1	Inter-Agency Custodial Fund	Total Custodial Funds
ASSETS			
Cash and Investments	\$ 36,139,604	\$ 238,657	\$ 172,789,830
Receivable, Net of Allowances:			
Taxes	-	-	2,493,381
Accounts	-	-	13,329,928
Accrued Interest	-	-	752,914
Due from Developers	-	-	329,857
	<u>36,139,604</u>	<u>238,657</u>	<u>189,695,910</u>
Total Assets			
	<u>36,139,604</u>	<u>238,657</u>	<u>189,695,910</u>
LIABILITIES			
Accounts Payable	\$ 77	\$ -	\$ 342,223
Accrued Liabilities	116	-	367,729
Due to Other Governments	-	238,657	13,621,531
Deposits	-	-	335,497
	<u>193</u>	<u>238,657</u>	<u>14,666,980</u>
Total Liabilities			
	<u>193</u>	<u>238,657</u>	<u>14,666,980</u>
NET POSITION			
Held in Trust for Bondholders	<u>36,139,411</u>	<u>-</u>	<u>175,028,930</u>
Total Net Position	<u>\$ 36,139,411</u>	<u>\$ -</u>	<u>\$ 175,028,930</u>



CITY OF IRVINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Eastwood Assessment District 13-25	Stonegate Assessment District 07-22	Orchard Hills Reassessment District 05-21	Portola Springs Reassessment District 04-20	Woodbury Assessment District 03-19
ADDITIONS					
Special Assessments or Special Taxes					
Collected from Property Owners	\$ 1,955,986	\$ 284,553	\$ 8,746,850	\$ 4,271,803	\$ 1,535,742
Investment Income	151,787	326	607,064	314,774	132
Charge for Services	-	-	-	-	-
Contributions from other Districts	-	-	-	-	-
Bond Proceeds	-	-	24,210,000	-	-
Total Additions	<u>2,107,773</u>	<u>284,879</u>	<u>33,563,914</u>	<u>4,586,577</u>	<u>1,535,874</u>
DEDUCTIONS					
Administration Expenses	41,741	78,816	500,986	112,764	324,700
Contributions to other Districts	-	-	-	-	-
Payment for Special Assessment or Special Tax Debt	1,928,133	174,389	28,500,224	4,129,201	1,034,629
Contribution to City for Infrastructure	-	-	-	-	-
Apportionment Services	-	-	-	-	-
Total Deductions	<u>1,969,874</u>	<u>253,205</u>	<u>29,001,210</u>	<u>4,241,965</u>	<u>1,359,329</u>
CHANGE IN NET POSITION	137,899	31,674	4,562,704	344,612	176,545
Net Position - Beginning of Year	<u>3,628,615</u>	<u>(16,924)</u>	<u>13,966,041</u>	<u>7,575,089</u>	<u>(73,005)</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,766,514</u></u>	<u><u>\$ 14,750</u></u>	<u><u>\$ 18,528,745</u></u>	<u><u>\$ 7,919,701</u></u>	<u><u>\$ 103,540</u></u>

CITY OF IRVINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Shady Canyon/ Turtle Ridge Assessment District 00-18	Irvine Spectrum Reassessment District 85-7	Irvine Spectrum Assessment District 87-8	Irvine Spectrum Assessment District 93-14	Reassessment District 12-1
ADDITIONS					
Special Assessments or Special Taxes					
Collected from Property Owners	\$ 325,951	\$ 2,610,547	\$ 13,745,412	\$ 1,794,382	\$ 4,302,989
Investment Income	7,167	1,053	5,791	349,385	376,155
Charge for Services	-	-	-	-	-
Contributions from other Districts	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Total Additions	<u>333,118</u>	<u>2,611,600</u>	<u>13,751,203</u>	<u>2,143,767</u>	<u>4,679,144</u>
DEDUCTIONS					
Administration Expenses	106,013	171,066	221,868	434,611	89,345
Contributions to other Districts	-	-	-	-	-
Payment for Special Assessment or Special Tax Debt	200,532	2,400,339	13,689,131	1,259,521	5,794,663
Contribution to City for Infrastructure	-	-	-	-	-
Apportionment Services	-	-	51,288	-	-
Total Deductions	<u>306,545</u>	<u>2,571,405</u>	<u>13,962,287</u>	<u>1,694,132</u>	<u>5,884,008</u>
CHANGE IN NET POSITION	26,573	40,195	(211,084)	449,635	(1,204,864)
Net Position - Beginning of Year	<u>140,748</u>	<u>(13,653)</u>	<u>211,206</u>	<u>7,749,517</u>	<u>10,403,740</u>
NET POSITION - END OF YEAR	<u><u>\$ 167,321</u></u>	<u><u>\$ 26,542</u></u>	<u><u>\$ 122</u></u>	<u><u>\$ 8,199,152</u></u>	<u><u>\$ 9,198,876</u></u>

CITY OF IRVINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Reassessment District 13-1	Reassessment District 15-1	Reassessment District 15-2	Reassessment District 19-1	CFD 2004-1 Central Park
ADDITIONS					
Special Assessments or Special Taxes					
Collected from Property Owners	\$ 19,142,701	\$ 4,615,916	\$ 3,831,992	\$ 3,509,993	\$ 955,037
Investment Income	169,817	371,254	287,851	-	320,209
Charge for Services	-	220	-	220,447	-
Contributions from other Districts	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Total Additions	<u>19,312,518</u>	<u>4,987,390</u>	<u>4,119,843</u>	<u>3,730,440</u>	<u>1,275,246</u>
DEDUCTIONS					
Administration Expenses	215,711	65,755	49,297	62,873	23,040
Contributions to other Districts	-	-	7,179,697	-	-
Payment for Special Assessment or Special Tax Debt	32,993,489	5,039,875	3,853,675	3,422,200	1,146,913
Contribution to City for Infrastructure	-	-	-	-	-
Apportionment Services	-	-	-	-	-
Total Deductions	<u>33,209,200</u>	<u>5,105,630</u>	<u>11,082,669</u>	<u>3,485,073</u>	<u>1,169,953</u>
CHANGE IN NET POSITION	(13,896,682)	(118,240)	(6,962,826)	245,367	105,293
Net Position - Beginning of Year	<u>13,896,682</u>	<u>9,731,234</u>	<u>7,057,943</u>	<u>5,400,527</u>	<u>7,104,632</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 9,612,994</u>	<u>\$ 95,117</u>	<u>\$ 5,645,894</u>	<u>\$ 7,209,925</u>

CITY OF IRVINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	CFD 2005-2 Columbus Grove	CFD 2013-3 Great Park	Reassessment District 21-1	Irvine Facilities Financing Authority	Reassessment District 24-1
ADDITIONS					
Special Assessments or Special Taxes					
Collected from Property Owners	\$ 1,101,516	\$ 41,665,990	\$ 3,621,978	\$ 20,617,238	\$ 4,659,988
Investment Income	70,666	(1,732,625)	-	609	-
Charge for Services	-	-	244,954	-	84,983
Contributions from other Districts	-	36,395	-	-	184,487
Bond Proceeds	-	-	-	-	20,601,403
Total Additions	<u>1,172,182</u>	<u>39,969,760</u>	<u>3,866,932</u>	<u>20,617,847</u>	<u>25,530,861</u>
DEDUCTIONS					
Administration Expenses	18,106	693,221	144,416	2,206	489,009
Contributions to other Districts	-	-	-	-	19,142,701
Payment for Special Assessment or Special Tax Debt	1,094,619	111,406,097	3,607,700	20,617,238	532,125
Contribution to City for Infrastructure	-	150,926	-	-	-
Apportionment Services	-	-	-	-	-
Total Deductions	<u>1,112,725</u>	<u>112,250,244</u>	<u>3,752,116</u>	<u>20,619,444</u>	<u>20,163,835</u>
CHANGE IN NET POSITION	59,457	(72,280,484)	114,816	(1,597)	5,367,026
Net Position - Beginning of Year	<u>1,889,152</u>	<u>127,133,419</u>	<u>6,103,188</u>	<u>15,349</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 1,948,609</u>	<u>\$ 54,852,935</u>	<u>\$ 6,218,004</u>	<u>\$ 13,752</u>	<u>\$ 5,367,026</u>

CITY OF IRVINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	Reassessment District 25-1	Inter-Agency Custodial Fund	Total Custodial Funds
ADDITIONS			
Special Assessments or Special Taxes			
Collected from Property Owners	\$ -	\$ -	\$ 143,296,564
Investment Income	-	-	1,301,415
Charge for Services	-	-	550,604
Contributions from other Districts	7,179,697	-	7,400,579
Bond Proceeds	29,604,407	-	74,415,810
Total Additions	36,784,104	-	226,964,972
DEDUCTIONS			
Administration Expenses	644,693	-	4,490,237
Contributions to other Districts	-	-	26,322,398
Payment for Special Assessment or Special Tax Debt	-	-	242,824,693
Contribution to City for Infrastructure	-	-	150,926
Apportionment Services	-	-	51,288
Total Deductions	644,693	-	273,839,542
CHANGE IN NET POSITION	36,139,411	-	(46,874,570)
Net Position - Beginning of Year	-	-	221,903,500
NET POSITION - END OF YEAR	<u>\$ 36,139,411</u>	<u>\$ -</u>	<u>\$ 175,028,930</u>

STATISTICAL SECTION

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CITY OF IRVINE STATISTICAL SECTION

This section of the City of Irvine's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Schedules – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position
- Changes in Fund Balances of Governmental Funds
- Fund Balances of Governmental Funds
- Tax Revenue by Source – Governmental Funds

Revenue Capacity Schedules – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Taxable Sales by Category
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity Schedules – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Schedule of Direct and Overlapping Bonded Debt
- Legal Debt Margin

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers
- Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function

Operating Information – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

- Capital Asset Statistics
- Operating Indicators by Function
- Miscellaneous Statistical Information

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant years.



FINANCIAL TRENDS SCHEDULES

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**CITY OF IRVINE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,044,219	\$ 1,653,386	\$ 1,909,569	\$ 1,892,115	\$ 1,931,810	\$ 1,986,371	\$ 2,028,242	\$ 1,745,962	\$ 1,601,315	\$ 1,566,452
Restricted	1,628,205	1,399,131	1,305,809	571,035	653,852	652,403	613,872	493,547	583,855	500,057
Unrestricted	214,866	855,780	563,130	568,355	443,796	420,129	434,434	442,116	433,617	434,395
Total Governmental Activities										
Net Position	<u>\$ 3,887,290</u>	<u>\$ 3,908,297</u>	<u>\$ 3,778,508</u>	<u>\$ 3,031,505</u>	<u>\$ 3,029,458</u>	<u>\$ 3,058,903</u>	<u>\$ 3,076,548</u>	<u>\$ 2,681,625</u>	<u>\$ 2,618,787</u>	<u>\$ 2,500,904</u>
Primary Government:										
Net Investment in Capital Assets	\$ 2,044,219	\$ 1,653,386	\$ 1,909,569	\$ 1,892,115	\$ 1,931,810	\$ 1,986,371	\$ 2,028,242	\$ 1,745,962	\$ 1,601,315	\$ 1,566,452
Restricted	1,628,205	1,399,131	1,305,809	571,035	653,852	652,403	613,872	493,547	583,855	500,057
Unrestricted	214,866	855,780	563,130	568,355	443,796	420,129	434,434	442,116	433,617	434,395
Total Primary Government										
Net Position	<u>\$ 3,887,290</u>	<u>\$ 3,908,297</u>	<u>\$ 3,778,508</u>	<u>\$ 3,031,505</u>	<u>\$ 3,029,458</u>	<u>\$ 3,058,903</u>	<u>\$ 3,076,548</u>	<u>\$ 2,681,625</u>	<u>\$ 2,618,787</u>	<u>\$ 2,500,904</u>

Source: City Fiscal Services Division.

**CITY OF IRVINE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EXPENSES										
Governmental Activities:										
General Government	\$ 78,685	\$ 77,508	\$ 46,583	\$ 74,944	\$ 30,083	\$ 31,233	\$ 37,912	\$ 46,151	\$ 36,411	\$ 29,152
Public Safety	134,150	125,352	113,807	84,025	95,632	99,254	80,988	77,266	71,836	63,878
Public Works	203,880	182,929	147,662	90,102	92,186	89,371	98,899	99,067	106,478	91,387
Community Services	32,367	59,015	56,357	46,450	46,219	47,703	41,163	46,104	40,231	37,152
Community Development	63,454	43,579	36,392	36,450	41,206	55,174	32,720	31,993	34,743	27,943
Interest on Long-Term Debt	15,928	14,026	3,853	8	-	-	-	-	-	-
Unallocated Infrastructure Depreciation	61,666	59,972	59,067	61,455	69,998	67,617	63,071	58,997	55,529	51,423
Total Governmental Activities Expenses	590,130	562,381	463,721	393,434	375,324	397,833	361,073	362,986	345,228	300,935
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	13,726	22,837	16,004	14,581	12,190	12,068	11,177	9,805	12,259	11,336
Public Safety	2,937	3,605	4,191	3,994	3,035	3,758	3,213	2,870	2,984	2,968
Public Works	3,119	4,703	52,415	49,619	51,342	39,737	30,833	30,947	33,599	26,898
Community Services	42,426	22,495	21,021	19,699	10,695	13,760	16,340	15,230	13,526	12,611
Community Development	24,620	40,171	18,003	18,680	24,239	20,261	19,955	25,296	29,367	27,545
Transportation ⁽¹⁾	-	-	-	-	-	755	865	227	-	-
Operating Grants and Contributions	35,583	28,924	38,331	85,415	38,077	44,589	40,146	36,550	26,790	29,738
Capital Grants and Contributions	78,890	243,902	824,445	16,785	26,585	45,591	432,784	185,320	170,654	136,641
Total Governmental Activities Program Revenues	201,301	366,637	974,410	208,773	166,163	180,519	555,313	306,245	289,179	247,737
Total Net Revenues (Expenses)	(388,829)	(195,744)	510,689	(184,661)	(209,161)	(217,314)	194,240	(56,741)	(56,049)	(53,198)

(1) During fiscal year 2019-20, the Transportation department was reabsorbed into the Public Works department.

Source: City Fiscal Services Division.

CITY OF IRVINE
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Tax	\$ 106,929	\$ 101,068	\$ 94,747	\$ 89,089	\$ 84,349	\$ 79,784	\$ 74,492	\$ 68,135	\$ 62,374	\$ 57,944
Sales Taxes	104,736	101,326	94,241	84,008	68,260	64,278	69,597	62,834	61,617	62,120
Franchise Taxes	24,897	19,860	17,789	15,236	14,182	13,822	14,059	14,243	14,022	14,669
Transient Occupancy Taxes	24,087	19,313	21,168	13,750	5,788	12,387	20,597	18,632	15,708	15,368
Document Transfer Taxes	4,463	4,077	3,602	4,861	4,671	3,461	4,385	4,631	3,957	3,762
Capital Contributions	450									
Unrestricted Motor Vehicle In-Lieu	496	380	318	314	207	222	133	140	116	101
Gain on Sale of Assets	361	(5,821)	258	330	2	118	71	3,884	-	-
Investment Revenue	100,534	80,631	3,868	(26,444)	457	22,376	17,135	4,441	2,500	5,779
Other Revenue	869	4,698	323	5,564	1,800	3,221	214	214	184	825
Total General Revenues	367,822	325,532	236,314	186,708	179,716	199,669	200,683	177,154	160,478	160,568
Extraordinary Gain (Loss)	-	-	-	-	-	-	-	-	-	(7,781)
Special Item	-	-	-	-	-	-	-	-	-	99
CHANGES IN NET POSITION	\$ (21,007)	\$ 129,788	\$ 747,003	\$ 2,047	\$ (29,445)	\$ (17,645)	\$ 394,923	\$ 120,413	\$ 104,429	\$ 99,688

(1) During fiscal year 2019-20, the Transportation department was reabsorbed into the Public Works department.

Source: City Fiscal Services Division.

CITY OF IRVINE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Taxes:										
Property Taxes	\$ 105,080	\$ 100,268	\$ 94,747	\$ 89,089	\$ 84,349	\$ 79,784	\$ 74,492	\$ 68,135	\$ 62,374	\$ 67,060
Sales and Use Taxes	97,208	94,085	94,421	90,235	73,448	64,278	74,661	68,543	67,622	70,047
All Other Taxes	57,579	52,719	45,998	52,443	44,957	54,636	53,573	53,989	47,472	51,291
Licenses and permits	16,678	9,002	11,324	10,141	8,633	9,478	8,521	9,806	9,301	9,594
Fines and Forfeitures	1,316	1,412	1,254	1,112	1,238	1,167	1,348	1,415	1,394	1,453
Investment Income	100,822	81,128	11,278	(34,864)	1,467	36,447	29,870	4,453	2,941	7,098
Intergovernmental	54,620	34,795	36,138	76,131	25,405	15,060	8,054	7,583	9,870	14,317
Charges for Services	66,201	70,007	43,036	40,062	25,981	33,259	35,367	34,226	39,332	36,023
Contributions from Property Owners -										
Special Districts Contributions	151	127,842	465,633	1,960	136	6,325	104,714	19,676	137,228	77,699
Revenue from Developers	8,187	69,015	13,607	11,057	33,654	16,531	22,404	34,726	45,527	53,373
Special Assessments	38,209	31,768	50,744	46,193	42,009	34,690	25,165	20,240	17,559	6,809
Donations	4,101	503	924	461	464	474	562	627	549	724
Other Revenue	8,493	9,831	4,799	7,873	2,712	4,196	5,850	5,138	4,165	4,660
Total Revenues	<u>558,645</u>	<u>682,375</u>	<u>873,903</u>	<u>391,893</u>	<u>344,453</u>	<u>356,325</u>	<u>444,581</u>	<u>328,557</u>	<u>445,334</u>	<u>400,148</u>
EXPENDITURES										
Current:										
General Government	73,584	71,517	44,168	76,520	28,740	28,850	41,069	44,549	34,962	29,957
Public Safety	124,818	118,124	110,804	97,126	95,497	90,391	82,172	77,210	73,116	70,062
Public Works	113,009	102,044	100,986	80,489	69,392	61,512	57,472	51,149	53,331	60,261
Community Development	30,115	40,624	35,625	38,708	40,679	41,904	33,694	30,578	35,494	31,341
Community Services	59,039	55,612	54,671	49,694	44,753	45,514	45,223	44,912	40,618	39,673
Transportation ⁽¹⁾	-	-	-	-	-	5,465	5,374	3,398	-	-
Capital Outlay	542,860	19,848	123,293	55,709	30,541	50,459	76,320	121,663	128,972	121,094
Debt Services:										
Principal Retirement	-	-	27	24	-	-	-	-	-	-
Interest and Fiscal Charges	15,928	14,025	-	1	-	-	-	-	-	-
Total Expenditures	<u>959,353</u>	<u>421,794</u>	<u>469,574</u>	<u>398,271</u>	<u>309,602</u>	<u>324,095</u>	<u>341,324</u>	<u>373,459</u>	<u>366,493</u>	<u>352,388</u>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(400,708)	260,581	404,329	(6,378)	34,851	32,230	103,257	(44,902)	78,841	47,760

(1) During fiscal year 2019-20, the Transportation department was reabsorbed into the Public Works department.

Source: City Fiscal Services Division.

CITY OF IRVINE
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OTHER FINANCING SOURCES (USES)										
Proceeds from Financing of Capital Asset	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Subscriptions	-	-	27	-	-	-	-	-	-	-
Proceeds from Lease Revenue Bond	-	-	326,280	-	-	-	-	-	-	-
Premiums	-	-	7,388	-	-	-	-	-	-	-
Proceeds from Sale of Property	27	36	-	34	36	15	-	4,027	21	125
Transfers In	361,670	127,281	62,166	104,587	61,227	58,191	73,441	46,581	71,162	55,454
Transfers Out	(365,957)	(131,258)	(62,254)	(104,615)	(61,123)	(59,872)	(75,182)	(45,981)	(71,187)	(55,617)
Total Other Financing Sources (Uses)	(4,260)	(3,941)	333,607	106	140	(1,666)	(1,741)	4,627	(4)	(38)
EXTRAORDINARY GAIN (LOSS)										
Settlement Agreement	-	-	-	-	-	-	-	-	-	(6,568)
Special Item	-	-	-	-	-	-	-	-	-	99
Total Extraordinary Gain (Loss)	-	-	-	-	-	-	-	-	-	(6,469)
NET CHANGE IN FUND BALANCES	\$ (404,968)	\$ 256,640	\$ 737,936	\$ (6,272)	\$ 34,991	\$ 30,564	\$ 101,516	\$ (40,275)	\$ 78,837	\$ 41,253
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	3.8%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: City Fiscal Services Division.

CITY OF IRVINE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL FUND										
Nonspendable	\$ 96	\$ 1,850	\$ 118	\$ -	\$ 1,396	\$ -	\$ 1,358	\$ 5	\$ -	\$ 87
Restricted	-	-	-	38	212	356	419	5,936	2,784	8,188
Committed	66,190	62,653	57,175	-	57,664	51,700	43,783	36,811	41,034	30,090
Assigned	159,382	154,095	154,143	50,388	99,374	95,729	69,526	72,601	79,242	77,713
Unassigned	3,013	3,072	19,344	147,342	-	9,989	11,594	9,788	3,912	12,163
Total General Fund	228,681	221,670	230,780	29,886	158,646	157,774	126,680	125,141	126,972	128,241
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	692	824	973	1,085	1,941	500	501	499	518	526
Restricted	1,245,639	1,029	972,086	571,278	643,532	623,950	607,503	499,515	585,466	502,440
Committed	65,959	99,267	96,304	100,716	103,466	90,749	84,846	77,230	106,858	374,603
Assigned	37,400	630,881	603,093	264,923	264,004	267,621	289,001	305,023	269,151	2,899
Unassigned	(2,457)	(962)	-	(356)	(17)	(4,013)	(2,514)	(2,907)	(3,495)	(2,493)
Total All Other Governmental Funds	1,347,233	731,039	1,672,456	937,646	1,012,926	978,807	979,337	879,360	958,498	877,975
Total Governmental Funds	\$ 1,575,914	\$ 952,709	\$ 1,903,236	\$ 967,532	\$ 1,171,572	\$ 1,136,581	\$ 1,106,017	\$ 1,004,501	\$ 1,085,470	\$ 1,006,216

Source: City Fiscal Services Division.

CITY OF IRVINE
TAX REVENUES BY SOURCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended June 30	Property Tax		Sales Tax ^{(2) (3)}	Transient Occupancy Tax ⁽⁴⁾	Franchise Tax	Document Transfer Tax	Other	Total
	City	Redevelopment Agency ⁽¹⁾						
2025	\$ 105,080	\$ 1,849	\$ 97,208	\$ 19,270	\$ 20,497	\$ 4,463	\$ 11,500	\$ 259,867
2024	100,267	801	94,085	18,173	19,859	4,077	9,810	247,072
2023	94,421	326	94,241	16,933	17,789	3,602	3,619	230,931
2022	88,788	301	90,235	13,750	14,042	4,861	19,790	231,767
2021	84,072	277	73,448	5,787	13,169	4,671	21,330	202,754
2020	79,511	273	70,028	12,387	13,822	5,461	19,216	200,698
2019	74,271	221	74,661	16,463	13,098	4,385	19,627	202,726
2018	67,957	178	68,543	14,883	13,217	4,631	21,258	190,667
2017	62,217	157	67,622	12,520	13,089	3,957	17,906	177,468
2016	66,934	126	70,047	12,294	13,828	3,762	21,407	188,398

(1) Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

(2) Sales Tax includes the pass-through half cent sales tax received from Orange County Transportation Authority for the use of transportation planning and implementation activities.

(3) Beginning in fiscal year 2022-23, the pass-through shared sales tax received from the Orange County Transportation Authority is not included in the Sales Tax total. These revenues are now recorded as Intergovernmental.

(4) Beginning in fiscal year 2022-23, the Transient Occupancy Tax total also includes the Irvine Hotel Improvement District Assessment.

Source: City Fiscal Services Division.



REVENUE CAPACITY SCHEDULES

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CITY OF IRVINE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended June 30	City			Redevelopment Agency ⁽¹⁾			Tax Rate
	Secured	Unsecured	Assessed Value	Secured	Unsecured	Incremental Valuation	
2025	\$ 107,304,924	\$ 5,867,282	\$ 113,172,206	\$ 10,447,488	\$ 170,084	\$ 10,617,572	0.0864%
2024	102,203,178	5,360,963	107,564,141	9,340,501	163,547	9,504,048	0.0863%
2023	95,725,688	4,504,408	100,230,096	8,419,691	169,128	8,588,819	0.0871%
2022	89,758,310	5,435,422	95,193,732	7,385,968	182,691	7,568,659	0.0867%
2021	85,793,409	4,264,770	90,058,179	6,789,106	116,370	6,905,476	0.0870%
2020	80,881,596	4,163,416	85,045,012	5,640,707	119,674	5,760,381	0.0820%
2019	74,391,378	4,048,378	78,439,756	4,340,438	145,260	4,485,698	0.0822%
2018	67,809,744	4,088,964	71,898,708	3,139,318	534	3,139,852	0.0908%
2017	61,937,181	3,817,062	65,754,243	2,540,087	2,565	2,542,652	0.0913%
2016	57,124,817	3,787,877	60,912,694	1,770,828	453	1,771,281	0.1070%

Note:

Estimated value of taxable property not readily available in the State of California. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations of proposition 13 passed in 1978.

(1) Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

**CITY OF IRVINE
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

	2025 *	2024	2023	2022	2021	2020	2019	2018	2017	2016
Apparel Stores	*	\$ 273,155	\$ 276,465	\$ 300,944	\$ 280,685	\$ 206,416	\$ 224,535	\$ 211,329	\$ 218,728	\$ 222,412
General Merchandise	*	430,558	438,641	461,129	415,558	369,818	429,098	423,188	385,098	404,982
Food Stores	*	157,547	167,272	169,029	142,679	142,321	140,939	132,898	125,787	120,943
Eating and Drinking Places	*	1,073,271	1,041,700	997,573	833,220	563,070	880,875	832,162	776,070	724,466
Building Material and Farm Tools	*	190,915	174,894	179,212	172,702	146,802	144,896	169,673	143,658	137,627
Auto Dealers and Suppliers	*	1,849,111	2,206,214	1,838,616	1,329,683	965,743	1,028,427	963,272	900,540	837,144
Service Stations	*	247,675	292,248	345,227	299,551	160,528	283,159	299,396	247,127	235,122
Other Retail Stores	*	793,218	776,199	848,221	911,735	748,047	791,145	834,627	835,929	787,667
All Other Outlets	*	4,397,387	4,295,969	3,776,382	3,146,026	2,981,584	2,940,504	2,743,558	2,668,557	2,680,024
Total	\$ -	\$ 9,412,837	\$ 9,669,602	\$ 8,916,333	\$ 7,531,839	\$ 6,284,329	\$ 6,863,578	\$ 6,610,103	\$ 6,301,494	\$ 6,150,387
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.75% (1)

- (1) The State reduced the actual sales tax allocation by 0.25%, and used this 0.25% as security for the State's "Economic Recovery Bonds." The State has replaced the 0.25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from the County ERAF funds.
- (2) Beginning in March 2016, which represents sales activity starting January 1, 2016, and thereafter, the sales tax allocation will revert back to the original 1% amount.

* Statistics for fiscal year 2024-25 is unavailable at the present time.

Sources: California Department of Taxes and Fees Administration, State Board of Equalization, State Controller's Office, The HdL Companies.

CITY OF IRVINE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(EXPRESSED AS A RATE OF \$100 OF ASSESSED VALUE)

Agency	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Basic Levy ⁽¹⁾	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Irvine Ranch Water	0.19650	0.19650	0.19650	0.19650	0.21320	0.24300	0.24300	0.24300	0.20202	0.17102
Irvine Unified	0.02687	0.02391	0.02582	0.02310	0.02802	0.02533	0.02804	0.02714	0.00000	0.00000
Metropolitan Water District	0.00700	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Orange Usd Series 2022										
2018 2016	0.02443	0.02533	0.02555	0.01656	0.01664	0.02288	0.02685	0.00000	0.00000	0.00000
Rancho Santiago Community College	0.04509	0.04555	0.04691	0.04289	0.04520	0.05178	0.04537	0.05088	0.04945	0.05039
Saddleback Valley Unified	0.02108	0.02037	0.02227	0.02200	0.02336	0.02295	0.02392	0.02365	0.02688	0.03008
Santa Ana Unified	0.06076	0.05893	0.06976	0.06858	0.08127	0.07300	0.05561	0.06327	0.06377	0.06604
Tustin Unified General Fund	0.05761	0.05856	0.06647	0.06523	0.07102	0.06376	0.06687	0.06873	0.07001	0.07751
Total Direct and Overlapping Rates ⁽²⁾	<u>1.43934</u>	<u>1.43265</u>	<u>1.45678</u>	<u>1.43836</u>	<u>1.48221</u>	<u>1.50620</u>	<u>1.49316</u>	<u>1.48017</u>	<u>1.41563</u>	<u>1.39854</u>
City's Share of 1% Levy Per Prop 13 ⁽³⁾	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180
Voter Approved City Debt Rate										
Total Direct Rates ⁽⁴⁾	0.02863	0.03020	0.03031	0.03060	0.03051	0.03059	0.03090	0.03115	0.03157	0.03190

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1.00% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in fiscal year 2013-14, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during fiscal year 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: Orange County Assessor 2014/15-2023/24, HdL, Coren & Cone.

**CITY OF IRVINE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company	\$ 1,939,580,312	1	1.71%	\$ 4,573,435,711	1	7.51%
LBA IV-PPI LLC	753,169,072	2	0.67%	300,867,165	10	0.49%
B Braun Medical Inc	666,855,026	3	0.59%	398,642,431	6	0.65%
Edwards Lifesciences LLC	652,153,534	4	0.58%	-		
Allergan USA Inc	560,571,282	5	0.50%	487,347,875	4	0.80%
Irvine Promenade Apartments LLC	501,163,712	6	0.44%	-		
Park Place Michelson LLC	490,949,409	7	0.43%	307,290,993	9	0.50%
Irvine Apartment Communities LP	489,176,902	8	0.43%	707,238,089	3	1.16%
Jamboree Center LLC	461,641,492	9	0.41%	388,317,635	7	0.64%
Irvine Office Towers 1 LLC	441,482,468	10	0.39%	-		
KB Home Coastal Inc.	-			1,196,677,353	2	1.96%
Heritage Fields El Toro LLC	-			474,553,221	5	0.78%
Cox Communications CA	-			311,042,195	8	0.51%
Totals	<u>\$ 6,956,743,209</u>		<u>6.15%</u>	<u>\$ 9,145,412,668</u>		<u>15.00%</u>

Source: Orange County Assessor 2023/24 Combined Tax Rolls and the SBE Non Unitary Tax Roll, HdL, Coren & Cone.

**CITY OF IRVINE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ^{(1) (3)}	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount ⁽²⁾	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 97,225,172	\$ 97,813,581	100.61%	\$ 712,207	98,525,788	100.00%
2024	96,179,508	95,820,301	99.63%	602,632	96,422,933	100.00%
2023	98,309,458	97,608,496	99.29%	634,455	98,242,951	99.93%
2022	96,340,158	95,162,564	98.78%	836,224	95,998,788	99.65%
2021	94,289,660	93,592,424	99.26%	421,803	94,014,227	99.71%
2020	92,477,398	90,810,360	98.20%	365,026	91,175,386	98.59%
2019	90,281,935	89,869,241	99.54%	411,689	90,280,930	100.00%
2018	85,775,306	84,940,559	99.03%	458,377	85,398,936	99.56%
2017	82,074,158	81,122,025	98.84%	526,453	81,648,478	99.48%
2016	80,233,275	79,071,170	98.55%	625,501	79,696,671	99.33%

(1) Includes General City property tax revenue inclusive of secured, unsecured, and supplemental rolls as well as 1915 Act Assessment District and Proposition 218, "The right to Vote on Tax Initiative," special assessments.. Amount excludes property tax-in lieu VLF, sales and use tax compensation, ERAF, Trip flip or VLF swap. The amounts presented include City property taxes and redevelopment Agency tax increment beginning in fiscal year 2006-07.

(2) Net collections reflect deductions for refunds, delinquencies and impoundments.

(3) Redevelopment Agency was dissolved on February 1, 2012, amounts exclude tax payments received for the enforceable obligations of the Successor Agency of the Dissolved Irvine Redevelopment Agency.

Source: Orange County Auditor-Controller.



DEBT CAPACITY SCHEDULES

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**CITY OF IRVINE
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Fiscal Year Ended June 30</u>	<u>Lease Revenue Bonds</u>	<u>Contract Capital Payable</u>	<u>Total Government Activities</u>	<u>Percentage of Personal Income ⁽¹⁾</u>	<u>% of Actual Assessed Value of Property ⁽¹⁾</u>	<u>Debt Per Capita</u>
2025	\$ 326,280	\$ 8,884	\$ 335,164	1.750%	0.296%	\$ 1,052
2024	326,280	10,217	336,497	1.860%	0.313%	1,070
2023	326,280	2,971	329,251	2.020%	0.328%	1,047
2022	-	-	-	0.000%	0.000%	-
2021	-	-	-	0.000%	0.000%	-
2020	-	-	-	0.000%	0.000%	-
2019	-	-	-	0.000%	0.000%	-
2018	-	-	-	0.000%	0.000%	-
2017	-	-	-	0.000%	0.000%	-
2016	-	-	-	0.000%	0.000%	-

(1) Assessed value used because actual value of taxable property not readily available in the State of California.

Sources: City Fiscal Services Divisions, Employment Development Department, State Department of Finance, U.S. Bureau of Census.

CITY OF IRVINE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA)

<u>Fiscal Year Ended June 30</u>	<u>Population ⁽¹⁾</u>	<u>Total General Obligation Bonds</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Percent of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
2025	319	-	-	-	0.000%	-
2024	315	-	-	-	0.000%	-
2023	315	-	-	-	0.000%	-
2022	310	-	-	-	0.000%	-
2021	308	-	-	-	0.000%	-
2020	278	-	-	-	0.000%	-
2019	275	-	-	-	0.000%	-
2018	270	-	-	-	0.000%	-
2017	263	-	-	-	0.000%	-
2016	254	-	-	-	0.000%	-

(1) City of Irvine Public Information Office

Source: City Fiscal Services Division.

CITY OF IRVINE

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

JUNE 30, 2025

2024-25 Assessed valuation: \$113,172,206,795

	Total Debt 6/30/25	% Applicable ⁽¹⁾	City's Share of Debt 6/30/25
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 17,155,000	2.780 %	\$ 476,909
Rancho Santiago Community College District	132,145,756	11.764	15,545,627
Rancho Santiago Community College District School Facilities Improvement District No. 1	138,730,000	22.141	30,716,209
Irvine Unified School District School Facilities Improvement District No. 1	207,575,000	97.282	201,933,112
Irvine Unified School District Community Facilities Districts	509,665,000	100	509,665,000
Orange Unified School District	275,590,000	0.0001	276
Saddleback Valley Unified School District	64,475,000	4.402	2,838,190
Santa Ana Unified School District	401,142,561	27.291	109,475,816
Santa Ana Unified School District Community Facilities District No. 2004-1	5,400,000	100	5,400,000
Tustin Unified School District	87,000,000	29.251	25,448,370
Tustin Unified School District School Facilities Improvement District No. 2002-1	32,340,000	9.404	3,041,254
Tustin Unified School District School Facilities Improvement District No. 2008-1	69,670,000	9.65	6,723,155
Tustin Unified School District School Facilities Improvement District No. 2012-1	42,090,000	21.567	9,077,550
Tustin Unified School District Community Facilities District No. 97-1	71,690,000	100	71,690,000
Tustin Unified School District Community Facilities District No. 2007-1	15,380,000	100	15,380,000
Tustin Unified School District Community Facilities District No. 2014-1	83,075,000	100	83,075,000
Irvine Ranch Water District Improvement Districts	450,303,960	10.512-100	302,639,172
City of Irvine Community Facilities District No. 2004-1	15,270,000	100	15,270,000
City of Irvine Community Facilities District No. 2005-2	10,415,000	100	10,415,000
City of Irvine Community Facilities District No. 2013-3, I.A. 1	81,997,623	100	81,997,623
City of Irvine Community Facilities District No. 2013-3, I.A. 4	128,630,000	100	128,630,000
City of Irvine Community Facilities District No. 2013-3, I.A. 6	169,996,780	100	169,996,780
City of Irvine Community Facilities District No. 2013-3, I.A. 7	220,000,000	100	220,000,000
City of Irvine Community Facilities District No. 2013-3, I.A. 8	71,255,000	100	71,255,000
City of Irvine Community Facilities District No. 2013-3, I.A. 9	56,709,892	100	56,709,892
City of Irvine Community Facilities District No. 2013-3, I.A. 10	102,690,000	100	102,690,000
City of Irvine 1915 Act Bonds	550,414,000	100	550,414,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			2,800,503,935
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	\$ 429,065,000	13.960 %	\$ 59,897,474
Orange County Board of Education General Fund Obligations	9,120,000	13.960	1,273,152
Orange Unified School District Certificates of Participation and Benefit Obligation	62,080,000	0.0001	62
Santa Ana Unified School District General Fund Obligations	38,301,736	27.291	10,452,927
City of Irvine Contract Capital Payable and Subscription Liability	8,883,603	100	8,883,603
City of Irvine General Fund Obligations	326,280,000	100	326,280,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 406,787,218
TOTAL DIRECT DEBT			\$ 335,163,603 ⁽²⁾
OVERLAPPING DEBT			\$ 2,872,127,550
COMBINED TOTAL DEBT			\$ 3,207,291,153 ⁽²⁾

⁽¹⁾The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

⁽²⁾Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.47%
Total Direct Debt (\$335,163,603).....	0.30% ⁽²⁾
Combined Total Debt.....	2.83%

Source: California Municipal Statistics, Inc.

**CITY OF IRVINE
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Assessed Valuation	\$ 113,172,206,795	\$ 107,564,141,585	\$ 100,230,096,499	\$ 95,193,731,766	\$ 90,058,178,619	\$ 85,045,012,271	\$ 78,439,755,961	\$ 71,898,708,288	\$ 65,754,243,380	\$ 60,912,693,965
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	28,293,051,699	26,891,035,396	25,057,524,125	23,798,432,942	22,514,544,655	21,261,253,068	19,609,938,990	17,974,677,072	16,438,560,845	15228/173491
Debit Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	4,243,957,755	4,033,655,309	3,758,628,619	3,569,764,941	3,377,181,698	3,189,187,960	2,941,490,849	2,696,201,561	2,465,784,127	22,842,260,241
Total Net Debt Application to Limit: General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 4,243,957,755</u>	<u>\$ 4,033,655,309</u>	<u>\$ 3,758,628,619</u>	<u>\$ 3,569,764,941</u>	<u>\$ 3,377,181,698</u>	<u>\$ 3,189,187,960</u>	<u>\$ 2,941,490,849</u>	<u>\$ 2,696,201,561</u>	<u>\$ 2,465,784,127</u>	<u>\$ 22,842,260,241</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Sources: California Municipal Statistics, Inc., HdL Coren & Cone, MuniServices, LLC, Orange County Assessor.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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**CITY OF IRVINE
DEMOGRAPHIC AND ECONOMIC STATISTIC
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Population ⁽¹⁾	(in thousands) Personal Income ⁽²⁾	(in thousands) Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾	Median Age ⁽²⁾	% of Population with High School Degree ⁽²⁾	% of Population with Bachelor's Degree ⁽²⁾
2025	318,629	\$ 19,151,734	\$ 60	4.0%	33.9	96.6%	70.6%
2024	314,550	18,074,961	57	3.7%	33.8	96.3%	70.0%
2023	314,550	16,321,418	51	3.1%	33.8	96.2%	68.6%
2022	310,250	13,944,948	45	5.3%	33.8	96.3%	69.5%
2021	307,670	13,662,292	44	7.1%	34.2	96.6%	68.9%
2020	281,707	12,788,062	46	2.6%	34.1	96.4%	68.5%
2019	280,202	12,272,130	43	2.8%	34.4	96.0%	67.5%
2018	276,176	12,272,130	41	3.2%	34.5	96.6%	68.0%
2017	267,086	12,840,224	40	3.0%	34.4	96.3%	66.4%
2016	258,386	10,946,242	39	3.3%	34.0	96.1%	65.6%

(1) City of Irvine Public Information Office.

(2) U.S. Census Bureau, American Community Survey

(3) State of California Employment Development Department, Labor Market Information Division

**CITY OF IRVINE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2025			2016		
	Number of Employees	Rank	Percentage of Employment	Number of Employees	Rank	Percentage of Employment
University of California Irvine	22,809	1	13.77%	20,386	1	16.08%
Irvine Unified School District	3,675	2	2.22%	2,749	3	2.17%
Edwards LifeSciences LLC (a)	3,152	3	1.90%	2,987	2	2.36%
Kaiser Permanente - Irvine	2,300	4	1.39%	-		
B. Braun Medical Inc.	1,960	5	1.18%	-		
Hoag Hospital & Orthopedic Institute	1,894	6	1.14%	-		
City of Irvine (b)	1,331	7	0.80%	-		
Irvine Valley College	856	8	0.52%	-		
Albertsons Distribution Center	777	9	0.47%	-		
Western Digital Technologies	715	10	0.43%	-		
Blizzard Entertainment	-			2,622	4	2.07%
Broadcom	-			1,900	5	1.50%
Parker Hannifin Corporation	-			1,700	6	1.34%
Nationstar Mortgage LLC	-			1,556	7	1.23%
Glidewell Laboratories	-			1,538	8	1.21%
24 Hour Fitness	-			1,426	9	1.12%
Thales Avionics	-			1,424	10	1.12%
Total Top 10 Employers	39,469		23.83%	38,288		30.20%
Total City Labor Force (1)	165,600					

Source: City Community Development Department

CITY OF IRVINE
BUDGETED FULL-TIME, PART-TIME, AND NON-HOURLY POSITIONS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Years as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Full-Time	186.00	148.55	141.70	124.70	103.70	106.70	103.70	103.00	94.00	92.00
Part-Time	9.70	9.70	11.50	11.50	15.90	15.14	14.44	12.01	14.61	14.61
Non-Hourly	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Public Safety:										
Full-Time	374.00	358.45	358.30	347.30	341.30	334.30	326.30	322.00	319.00	308.00
Part-Time	38.33	49.58	42.64	41.20	41.19	40.50	38.62	38.30	32.87	33.35
Non-Hourly	61.00	61.00	60.00	59.00	58.00	56.00	53.00	49.00	46.00	44.00
Public Works and Sustainability:										
Full-Time	218.00	200.00	191.00	169.00	169.00	162.00	164.00	155.00	155.00	150.00
Part-Time	3.90	3.90	6.75	6.75	6.75	7.20	5.74	5.24	5.24	6.50
Non-Hourly	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	-	-
Community Development:										
Full-Time	115.00	117.00	115.00	111.00	111.00	111.00	111.00	114.00	113.00	109.00
Part-Time	3.50	3.50	3.00	3.00	2.00	2.00	2.80	3.30	2.80	2.80
Non-Hourly	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Community & Library Services:										
Full-Time	181.00	150.00	147.00	132.00	131.00	130.00	127.00	127.00	125.00	118.00
Part-Time	201.50	255.06	272.16	271.60	286.91	286.90	282.73	274.77	262.33	250.44
Non-Hourly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Total	<u>1,423.93</u>	<u>1,388.74</u>	<u>1,381.05</u>	<u>1,309.05</u>	<u>1,299.75</u>	<u>1,284.74</u>	<u>1,262.33</u>	<u>1,236.62</u>	<u>1,197.85</u>	<u>1,156.70</u>

Note:

Part-time employees are expressed as full-time equivalents.

Project Delivery & Sustainability Department was established in fiscal year 2023-24.

Source: City Budget Office, City Human Resources Division



OPERATING INFORMATION

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**CITY OF IRVINE
CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

Function	Fiscal Years as of June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police Safety:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Units	84	78	73	76	72	64	61	61	55	51
Fire Stations ⁽¹⁾	12	12	12	12	12	12	12	12	12	12
Public Works:										
Streets (Miles) ⁽²⁾	477	477	477	482	2,083	2,068	2,035	2,002	1,985	1,973
Traffic Signals	382	382	380	378	376	366	366	356	344	344
Streetscape (Acres)	945	945	943	940	940	938	938	918	918	911
Open Space / Greenbelts (Acres)	6,673	6,673	6,673	6,673	6,673	6,673	6,672	6,638	6,638	6,638
Bicycle Path-On / Off Street (Miles) ⁽²⁾	257	257	257	257	400	372	364	154	154	154
Culture and Recreation:										
Community athletic parks	20	20	20	20	20	20	20	19	17	16
Neighborhood Parks	40	40	40	40	40	40	40	40	40	40
Multi use centers	25	20	20	20	20	20	18	16	15	15
Libraries	2	-	-	-	-	-	-	-	-	-
Dog parks	1	1	1	1	1	1	1	1	1	1
Skate parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	67	71	70	70	70	70	70	63	41	41
Swimming pools	3	3	3	3	3	3	3	3	3	3
Ball fields ⁽³⁾	64	59	58	58	57	57	-	-	-	-
Overlay (Soccer/Ball field)	24	24	24	24	24	24	24	24	21	21
Batting cages	24	24	22	22	22	22	22	14	14	14
Basketball courts	37	37	37	37	37	37	36	35	31	31
Racquetball/handball courts	12	12	12	13	13	14	14	14	14	14
Tennis courts	96	97	97	98	98	98	98	91	64	64
Volleyball courts	23	22	23	23	23	23	23	22	17	17
Pickleball (dedicated & overlays)	20	14	-	-	-	-	-	-	-	-

(1) Joint Power Authority with Orange County Fire Authority

(2) Beginning in 2022 Street and Bicycle Path miles are now measured in centerline miles.

(3) Data for ball fields not available for fiscal year 2018-19 or prior.

Source: Various City Departments.

**CITY OF IRVINE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Checks / Wire Transfers	58,345	54,877	56,084	47,031	43,936	49,591	50,333	51,905	47,912	46,499
Number of Purchase Orders Places	2,417	2,076	1,824	1,661	2,162	2,179	2,192	2,324	2,151	2,146
Police:										
Animal Control Service Calls	11,577	12,975	11,939	10,637	12,190	9,608	7,785	8,635	8,741	9,975
Physical Arrests	2,162	1,794	1,900	1,729	1,571	1,737	2,155	2,501	2,811	3,109
Parking Citations	8,218	6,563	9,429	4,244	4,919	7,006	6,853	6,272	5,171	4,413
Traffic Citations	16,689	14,510	16,955	14,185	16,793	16,513	22,050	18,848	20,151	19,641
Highways and Streets:										
Arterial Street Resurfacing (Centerline Miles)	3.30	21.00	8.40	19.90	33.75	4.40	44.22	49.00	65.00	58.00
Arterial Street Sweeping (Curb Miles) ⁽¹⁾	25,140	48,098	23,000	23,000	40,361	40,361	40,346	39,817	39,542	39,189
Community Development:										
Building Inspections Completed	109,839	80,622	95,466	105,233	97,080	140,808	174,363	220,565	225,782	194,718
Building Permits Issued	12,035	10,566	12,978	11,580	10,060	11,606	16,764	15,924	15,165	14,187
Culture and Recreation:										
Recreational and Instructional Classes Offered	16,332	17,511	18,852	18,185	13,123	9,345	9,345	11,530	9,624	9,238
Recreational and Instructional Enrollees	283,494	301,719	299,825	296,211	160,974	125,664	164,380	136,857	108,711	101,252
Recreational and Internet Registrants for Classes	64%	63%	63%	61%	69%	54%	64%	58%	56%	56%
Youth Services Participation Units	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Beginning in 2022, Arterial street sweeping curb miles do not include City-wide sweeping miles as in previous years.

Source: Various City Departments.

**CITY OF IRVINE
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2025**

<u>Date of Incorporation</u>	-	December 28, 1971
<u>Form of Government</u>	-	Charter, Council-Manager
<u>Incorporated Area</u>	-	66 square miles
<u>City Tree</u>	-	Camphor
<u>City Flower</u>	-	Lily of the Nile
<u>Registered Voters</u>	-	162,543
<u>Fire Protection</u>	-	Orange County Fire Authority (Joint Powers Authority)
<u>Water Supply</u>		Irvine Ranch Water District
<u>City Park and Landscape Areas</u>		<u>Acres</u>
Streetscape	-	945
Community Parks	-	1,677.5
Neighborhood Parks	-	180.4
Sports Field	-	194
<u>Facilities and Services Excluded in the Reporting Entity</u>		<u>Number</u>
Education:		
Preschool	-	1
Elementary Schools	-	30
Middle Schools	-	6
High Schools	-	5
Continuation / Independent Study High School	-	1
Other Schools	-	4

Sources: Various City Departments, Irvine Unified School District.





About the Cover

Bommer Canyon is a protected open space preserve in southern Irvine, offering scenic trails, wildlife habitat, and event spaces. As part of the City of Irvine's Open Space Preserve and the nationally recognized Irvine Ranch Natural Landmarks, the canyon reflects Irvine's long-standing commitment to land stewardship and outdoor recreation.

Covering approximately 4,000 acres, Bommer Canyon features rugged terrain, sycamore groves, and rock outcroppings popular with hikers and mountain bikers. A 15-acre area known as Cattle Camp pays to the site's ranching past and is available for private rentals. Acquired by the City in the early 1980s and designated a California Natural Landmark in 2008, Bommer Canyon preserves the region's natural and cultural legacy while inviting the community to explore and connect with Irvine's wildlands.

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

_____, 2026

Irvine Facilities Financing Authority
Irvine, California

Re: \$ _____ *Irvine Facilities Financing Authority (Food and Beverage Project) Taxable
Lease Revenue Bonds, Series 2026A*

Ladies and Gentlemen:

We have acted as bond counsel to the Irvine Facilities Financing Authority (the “Authority”) in connection with the issuance by the Authority of \$ _____ Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A (the “Bonds”), pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of December 1, 2026, (the “Indenture”), by and among the Authority, the City of Irvine (the “City”) and U.S. Bank Trust Company, National Association, as Trustee. The Bonds will be principally secured by lease payments to be made by the City pursuant to a Lease Agreement, dated as of December 1, 2026, (the “Lease”), by and between the Authority and the City. We have examined the law and such certified proceedings and other documents, agreements, opinions and matters as we deem necessary to render this opinion. This opinion is based on current statutory and constitutional law and published court decisions as of the date hereof. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Lease and the Ground Lease. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Lease, the Ground Lease, and the Assignment Agreement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds, the Indenture, the Lease, the Ground Lease or the Assignment Agreement; nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Lease or the Ground Lease, or the accuracy or sufficiency of the description contained therein, or the remedies available to enforce liens on, any such property contained therein.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the Authority payable solely from the Base Rental Payments and other moneys pledged under the Indenture as provided in the Indenture, but are not a debt of the City, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, neither the faith and credit nor the taxing power of the City, the State of California, or any of its political subdivisions is pledged for the payment thereof. The Authority has no taxing power.

3. Interest (and original issue discount) on the Bonds is exempt from personal income taxes imposed in the State of California.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the foregoing opinions 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 such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture or the Lease, or the accuracy or sufficiency of the description of any such property contained therein. We expressly disclaim any duty to advise the Owners of the Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Bonds.

We have not made or undertaken to make an investigation of the state of title to any of the real property described in the Lease or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

Respectfully submitted,

RUTAN & TUCKER, LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of December 1, 2026 (the “Disclosure Agreement”) is by and between the City of Irvine (the “City”) and Willdan Financial Services (the “Dissemination Agent”), in connection with the issuance of the Irvine Facilities Financing Authority’s (the “Authority”) \$ _____ (Food and Beverage Project) Taxable Lease Revenue Bonds, Series 2026A (the “Bonds”).

WHEREAS, the Bonds are being issued pursuant to an Indenture, dated as of December 1, 2026 (the “Indenture”), by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

WHEREAS, the Bonds are payable from the base rental payments to be made by the City under the Lease Agreement, dated as of December 1, 2026 (the “Lease Agreement”), between the City, as lessee, and the Authority, as lessor; and

WHEREAS, this Disclosure Agreement is being entered into by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (defined below).

NOW, THEREFORE, the City and the Dissemination Agent agree as follows:

SECTION 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean the Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the City Manager of the City, the Director of Administrative Services of the City, or their designee, or such other officer or employee as the City shall designate in writing from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 4(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule,

or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” shall mean the Official Statement relating to the Bonds, dated _____, 2026.

“Repository” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org>.

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

“State” shall mean the State of California.

“Underwriter” shall mean the original Underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 2. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent, not later than March 1 following the end of the City’s fiscal year (which presently ends on June 30) (the “Annual Report Date”), commencing with the report for the fiscal year ending June 30, 2026, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The City’s fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The City will promptly notify the MSRB and the Dissemination Agent (if other than the City) of a change in the fiscal year dates. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(b) If by five (5) Business Days prior to the Annual Report Date, the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such non-receipt.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the Annual Report Date, the Dissemination Agent shall provide in a timely manner to the MSRB (with a copy to the Trustee and the Underwriter) a notice, in substantially the form attached as Exhibit A.

(d) Unless the City has done so pursuant to Section 3(a) above, the Dissemination Agent (if other than the City) shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a certificate with the City to the effect that the Annual Report has been provided pursuant to this Disclosure Agreement, stating, to the extent it can confirm such filing of the Annual Report, the date it was provided.

SECTION 3. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The City's audited financial statements, prepared in accordance with generally accepted auditing standards for municipalities in the State of California. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in Appendix A to the Official Statement, in the following charts and tables: Tables 2, 3, 5, 6 and 7 (provided, however, that so long as the information in Table 7 to be updated is included in the City's audited financial statements, an update to Table 7 need not be provided).

(c) Information concerning the status of construction of the Project as of the end of the immediately preceding Fiscal Year, until the Annual Report in which completion of the Project is first reported, and thereafter this information shall no longer be included in the Annual Report.

Financial information relating to the City referenced in this Section 3 may be updated from time to time, and such updates may involve displaying data in a different format or table or eliminating data that is no longer available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. Tender Offers;
7. Defeasances;

8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar proceedings; and

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 4, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) business days after occurrence:

1. unless described in Section 4(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. modifications to the rights of Bondholders;

3. bond calls;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bond Owners.

(c) If the City determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the City, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the City determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the City, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The City hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the City and, if the Dissemination Agent is other than the City, the Dissemination Agent shall not be responsible for determining whether the City's instructions to the Dissemination Agent under this Section 4 comply with the requirements of the Rule.

SECTION 5. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The obligations of the City, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 4(a).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the City and shall have no duty to review any information provided to it by the City. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the City in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule taking into account any subsequent change in or official interpretation of the Rule; provided, the Dissemination Agent shall have first consented to any amendment that modifies or increases its duties or obligations hereunder. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 4(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement,

the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Owners or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

No Bond Owner or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall also be entitled to any further protections and limitations from liability afforded to the Trustee under the Indenture as if such provisions were fully set forth herein. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the City, the Bond Owners, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

City:	City of Irvine 1 Civic Center Plaza Irvine, California 92606 Attention: City Manager
Dissemination Agent:	Willdan Financial Services 27368 Via Industria, Suite 200 Temecula, California 92590 Attention: Federal Compliance Group

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Signature. This Disclosure Agreement has been executed by the undersigned on the date hereof, and such signature binds the City to the undertaking herein provided.

CITY OF IRVINE

By: _____
City Manager

WILLDAN FINANCIAL SERVICES, as Dissemination
Agent

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Irvine Facilities Financing Authority

Name of Issue: Irvine Facilities Financing Authority (Food and Beverage Project) Taxable Lease
Revenue Bonds, Series 2026A

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the City of Irvine (the “City”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2026, by and between the City and Willdan Financial Services. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

[DISSEMINATION AGENT]

By: _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2026A Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2026A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2026A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2026A Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 Standard & Poor's highest rating: "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 and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, 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. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

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

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

